Infrastructure at the **heart of UK communities**

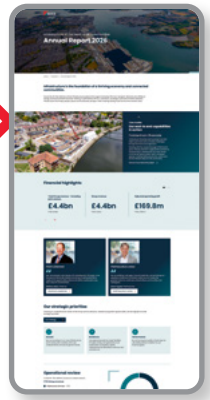
Annual Report and Accounts 2026

KIER

Welcome to our **Annual Report 2026**

Discover more online

Throughout our report, you'll find links to additional online content, providing deeper insight into our projects, people and performance.



Cover image: Devonport Royal Dockyard

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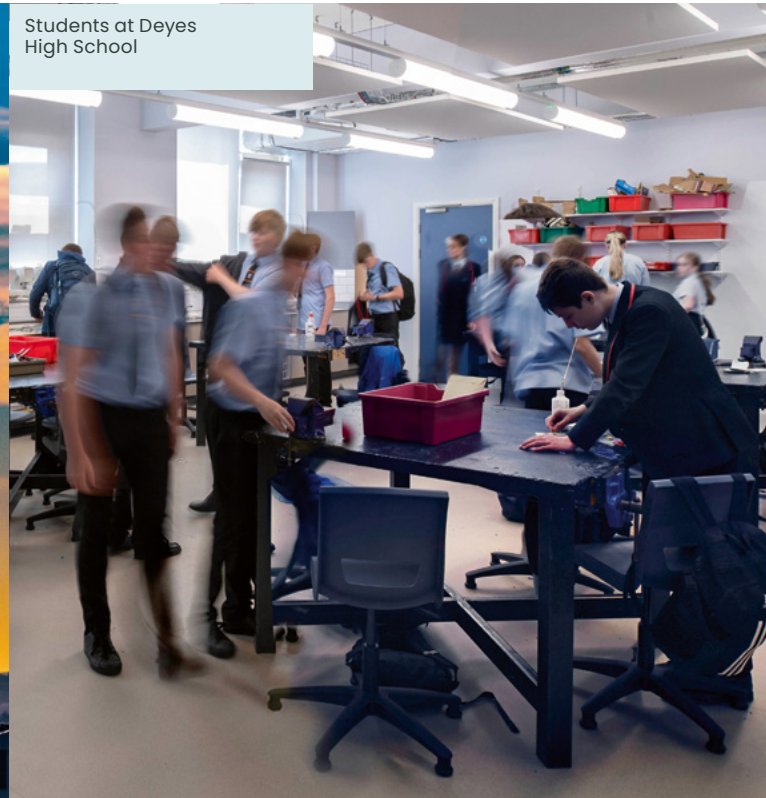
Students travelling to school across the dam crest of Toddbrook Reservoir

One of Kier's Love Your Workplace photo competition winners



Students at Deyes High School

Highlights

Financial

Total Group revenue – including joint ventures[1]

£4.4bn

FY25: £4.1bn

Group revenue[1]

£4.4bn

FY25: £4.1bn

Adjusted operating profit[2]

£169.8m

FY25: £159.1m

Operating profit[1]

£118.7m

FY25: £113.7m

Adjusted earnings per share[1, 3]

23.5p

FY25: 21.6p

Earnings per share[1, 3]

14.1p

FY25: 12.8p

Dividend[4]

7.8p

FY25: 7.2p

Order book

£11.9bn

FY25: £11.0bn

Net cash – 30 June[5]

£232.4m

FY25: £204.1m

Net cash/(debt) – average month end[5]

£10.7m

FY25: £(49.2)m

Non-financial

Reduction in Scope 1 and 2 emissions since 2019 baseline year

80.8%

Employee engagement index[6]

82.0%

FY25: 80.5%

Total added social value[7]

£422.6m

FY25: £530.8m

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1. See consolidated income statement on page 131.
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. See page 34.
7. See page 15.

Our **purpose** is to create **lasting value** through **essential infrastructure**

Infrastructure

Delivering vital economic infrastructure across the UK

Construction

Delivering vital social infrastructure across the UK

Property Progressing the strategic reallocation of capital towards our core businesses

See page 9 for more information

Our scale

£4.4bn revenue

£169.8m AOP

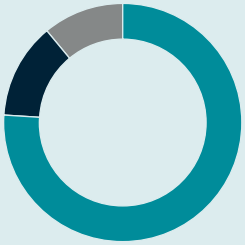
£11.9bn order book

120 frameworks

10,000+ employees

400+ live projects across the UK

Our customers



Public	76%
Regulated	13%
Private	11%

Our values

Trusted

Collaborative

Focused

Our key differentiators

- Long-term strategic framework positions
- National scale, local delivery
- End-to-end capability
- Naturally Digital
- Social value and outcomes
- Connected, high-performing culture

Creating value from a **stronger, more focused Kier**

Discover more online

Significant momentum and market opportunity

Order book growth (FY22-FY26)
5% CAGR

Framework positions
c.£200bn

Pipeline
£65bn

Strong financial profile

FY26 revenue growth
7.5%

Top tier industry margin
3.9%

FY26 operating cash conversion
121%

Enhanced shareholder returns

Cash generation and **reallocation of Property capital**

Lower finance costs in medium term from bond repayment

Significant capital for strategic allocation

Medium-term targets

Revenue growth
Mid-single digits

Adjusted operating margin
4.0% – 4.5%

Operating cash conversion
>90%

Average net cash by FY29
>£200m

Dividend cover
3x

Adjusted EPS growth
Double digit

"Kier has entered a new phase of its development. Stronger, more focused and financially resilient, the Group is well positioned to capture the opportunities ahead and deliver sustainable long-term value for shareholders."

Matthew Lester
Chair

Strong foundations and the next phase of growth

Strong foundations and the next phase of growth

This year has been one of strong progress for Kier. The Group delivered another year of growth, with high single-digit increases in revenue and adjusted operating profit, an order book of £11.9bn, up 8% on the prior year, our opportunity extending across c.£200bn of framework positions and a significant improvement in average net cash performance.

These results reflect the operational discipline, financial strength and customer focus that have become hallmarks of the business in recent years and reinforce the confidence the Board has in Kier's future prospects.

The firm foundations laid by the previous leadership and the implementation of robust succession plans mean Kier can enter the next phase of its development from a position of strength. Kier has clear opportunities to create further value through its leading positions in the UK's infrastructure and construction markets. All the while, the focus will be on deploying the Group's generated capital as effectively as possible, to drive attractive shareholder returns.

Evolving the strategy

The UK faces a significant requirement to renew, upgrade and expand its economic and social infrastructure. From transport and utilities to healthcare, education, defence and housing, the demand for high-quality infrastructure remains substantial. The Board is confident that Kier's scale, capabilities, ability to innovate, strong customer relationships and proven delivery record position the Group well to benefit from these long-term market opportunities.

The Board has spent considerable time assessing how the Group's strategy should evolve to support long-term value creation. Having listened carefully to shareholders and other stakeholders, we are clear that the greatest opportunity lies in focusing attention on our core Infrastructure and Construction businesses, while continuing to realise value from the existing Property portfolio and reducing future capital commitments. Supported by around £200bn of framework positions across our markets, the Group enters this next phase with significant opportunities for growth.

Shareholders who participated in the 2021 rights issue have already seen a market-leading return. The challenge for the new leadership is to continue to deliver high levels of return now that the business is well beyond recovery phase. The Board has endorsed a strategy focused on taking advantage of its leading positions in its core markets to deliver sustainable earnings growth and further strengthen the balance sheet. This will drive increased returns for shareholders over the medium term. Alongside disciplined organic growth, we will continue to evaluate selective value-accretive acquisition opportunities that enhance our capabilities and strengthen our position.

Leadership and succession

We are delighted that Stuart Togwell has put his leadership team in place smoothly and swiftly. The combination of promoting proven internal talent and attracting strong external candidates demonstrates a succession process designed to ensure we have the right talent to execute our strategy and deliver value for our stakeholders.

Chair's statement continued

We are pleased to welcome Tom Hinton as Chief Financial Officer and Executive Director. Further appointments to strengthen the Executive Committee have enhanced the breadth of capability across the business, ensuring Kier is well placed to build on the considerable progress achieved in recent years.

On behalf of the Board, I would like to thank the Executive team for its leadership throughout the year and my fellow Directors for their support, challenge and stewardship of the Group. I would also like to thank Margaret Hassall for her significant contribution to the Group and congratulate Anne Baldock on her appointment as Chair of the Remuneration Committee.

Culture, safety, responsible business and people

The Board firmly believes that sustainable performance is built upon strong culture. Throughout the year, we maintained a close focus on colleague engagement, leadership, succession, wellbeing and the values that underpin our business. While some elements need to adapt, we believe that, fundamentally, Kier has a culture in place to realise its ambitions.

Visiting the team at HMP Elmley

The Board is also focused on maintaining high standards of governance, ensuring its composition, oversight and effectiveness remain aligned to the evolving needs of the business.

Safety remains our foremost priority and is fundamental to our licence to operate. The Board continues to monitor safety performance closely through regular reporting, site visits and direct engagement across the business. During the year, Board members visited sites ranging from Glasgow to Greenwich, providing valuable insight into the complexity of our operations and the professionalism and commitment demonstrated by our teams every day.

The Board also continued to oversee the Group's broader sustainability and governance priorities. We recognise that customers, investors and wider society expect businesses to deliver not only strong financial performance but also positive environmental and social outcomes. Safety, environmental responsibility, social value creation, ethical business conduct and effective governance remain integral to the Board's oversight and decision-making and are central to how Kier creates long-term value for all stakeholders.

We continue to engage actively with shareholders, customers, Government and industry partners. During the year, the Board commissioned an independent perception study involving key external stakeholders, providing valuable insight into how Kier is viewed externally, helping to inform future strategic decision-making. As our strategy evolves, understanding these perspectives and ensuring we continue to strengthen our leadership, capabilities and competitive position remain key priorities.

I also had the privilege of visiting HMP Elmley to meet Shannon Parks, winner of the Pride of the Kier Chair's Award. Shannon's commitment to developing future talent and creating opportunity for others represents the very best of Kier and serves as a reminder that our people remain one of the Group's greatest strengths.

I would like to thank all those who work for Kier. Significant leadership changes, even those that are well planned, can cause people to lose focus on delivering for customers. I am delighted to see that our employee engagement score remains market leading and our people have delivered such a strong performance against all metrics.

Shareholder returns and capital allocation

The Board's role is to ensure we have disciplined capital allocation. Our objective is clear: to deploy capital where it can generate the greatest long-term value, support sustainable earnings growth and strengthen returns for shareholders.

Reflecting this progress, the Board has overseen significant increases to the dividend and has continued and expanded the share buyback programme, and we are pleased to confirm that shareholder returns will continue to be an important part of our capital allocation framework. These actions demonstrate our confidence in Kier's financial position, future cash generation and long-term prospects.

We believe the strategic decisions taken during the year reinforce Kier's ability to achieve these objectives.

Looking ahead

The past year has enhanced the Board's confidence in Kier's future prospects. The Group enters the next phase of its development with strong foundations, attractive market opportunities, a growing order book, and a leadership team focused on disciplined delivery.

On behalf of the Board, I would like to thank our colleagues for their continued commitment and professionalism, our customers and partners for their trust, and our shareholders for their ongoing support. We look to the future with confidence and remain committed to delivering sustainable growth, lasting impact and attractive returns for shareholders.

Matthew Lester
Chair

"We are building a stronger, more focused Kier, concentrating our expertise, investment and talent where we can create the greatest value for customers, shareholders, communities and colleagues."

Stuart Togwell
Chief Executive

Creating greater **value** from a **stronger, more focused** Kier

Highlights and strategic progress

As I reflect on my first months as Chief Executive, I am more confident than ever in Kier's future. Our strong foundations, disciplined approach and leading positions in essential infrastructure markets continue to provide a firm platform from which to grow and create lasting value for all our stakeholders.

FY26 represented a year of strong performance and demonstrated our ability to continue to perform consistently. We delivered FY26 revenue and profit growth and continued to strengthen our financial position, achieving an average net cash position for the first time in over a decade. We also saw further improvements in both employee engagement and customer satisfaction.

Initially, it was important that I spent my first months listening carefully to our customers, shareholders, colleagues and partners and, at the same time, I initiated an in-depth review of the Group and the opportunities ahead. This confirmed to me the strength of Kier's culture, as well as our ability to secure high-quality, disciplined work through our expertise in winning and renewing framework positions, reinforced by our ability to truly deliver locally through our regional model of Kier offices, people and long-standing supply chain relationships.

What resonated most strongly with me was the strategic advantage Kier gains from both its scale and its end-to-end in-house capabilities. Together they provide the strength to pursue long-term growth opportunities with confidence, while retaining the agility to pivot to sectors with evolving market demands as demonstrated by our success in water and defence.

The key to making the most of our scale is a simple, disciplined and efficient operating model that drives consistency across the Group. By focusing our efforts on the sectors where we see the greatest opportunity, we will continue to strengthen our balance sheet, creating greater flexibility to allocate capital that supports sustainable growth and long-term shareholder value.

We have also taken steps to strengthen our leadership team to support the next phase of Kier's development, with new appointments to the Executive Committee that enhance operational oversight, bring greater commercial rigour and ensure we have the capability and discipline to continue delivering at scale.

Leveraging our positions to deliver growth

At its heart, Kier is a UK-based infrastructure and construction business with national reach, strong local delivery and a presence in markets that are critical to the UK and supported by long-term structural demand. This is reflected in our 400 plus live projects in communities across the country. We are building a more focused Kier centred on some of the UK's most attractive infrastructure markets where we have strong capabilities and customer relationships. With significant investment being directed through the Government's 10-Year Infrastructure Strategy and commitment to backing British business, there is clear alignment to the economic and social infrastructure we deliver.

Chief Executive's review continued

To strengthen our position further, in FY26 we brought together our Transportation, Natural Resources and Energy businesses to create an infrastructure 'powerhouse' division. In doing so, we have enhanced our ability to act as a strategic delivery partner on complex programmes and have positioned ourselves strongly to benefit from generationally significant infrastructure investment.

This is complemented by our Construction division, where our Regional Building and Strategic Projects businesses combine national scale with strong local presence. Our approach delivers exceptional results across both every day and complex major projects through long-term SME and manufacturer relationships.

Together this structure provides access to significant investment opportunities and supports growth in sectors that more than offset the expected reduction in High Speed Rail 2 (HS2) spend. We are expanding our presence in attractive growth markets including water, defence, energy and healthcare, while maintaining leading positions in highways, rail, education and justice & borders.

Our position is further strengthened by our footprint in the London commercial market, our more than 800-person strong in-house design capability group-wide, and our ability to self-deliver mechanical and electrical fit-out across a significant proportion of our projects. In FY26, Kier Design was recognised as a Top 25 consultancy in Building Magazine's Top 150 Consultants ranking, reflecting the scale and breadth of this in-house expertise.

Kier Places continues to enhance our customer offering through long-term facilities management, housing maintenance, refurbishment and specialist services. With significant infrastructure maintenance expenditure expected over the next 10 years, it provides resilient recurring revenue streams while strengthening customer relationships and creating opportunities across the wider Group.

Together, the end-to-end capabilities we have, from designing and providing solutions through to delivery and maintaining assets, help to strengthen relationships and create further opportunities across the Group.

Looking ahead

We have a clear strategy to create long-term sustainable value centred around the three strategic pillars of **Growth**, **Resilience** and **Performance**. Central to this is disciplined capital allocation: focusing on the parts of the Group where we have the strongest market positions, the greatest opportunities for growth and the ability to generate the highest returns. In doing so, we will strengthen our balance sheet, improve the quality of earnings and build a more focused, resilient and higher-performing Kier.

Consistent with this strategy, we have decided not to invest in new development opportunities within our Property division. Our existing development projects, of which c. 80% now have planning consent, will continue to be delivered with our joint venture partners as expected. The reallocation of capital will be managed in a controlled and disciplined way, balancing value realisation with continuity of delivery.

This decision marks the next stage in Kier's development. It enables us to focus the Group more clearly on the attractive infrastructure and construction markets in which we have strong positions, deep expertise and significant opportunities for growth. With a clearer strategic focus and disciplined execution, we are well positioned to build on the progress we have made.

We can look ahead with confidence. We have already secured more than 95% of FY27 revenue and more than 70% of FY28 (based on consensus as at 14 September 2026), on similar terms and risk allocation to the work delivered in FY26. This visibility is provided by our £11.9bn order book and £2bn of work currently in one-to-one negotiation.

Our disciplined approach to work winning is underpinned by deep customer relationships and access to more than 120 Infrastructure and Construction frameworks, providing visibility of c.£200bn of future opportunities over the next five to ten years. Through early contractor involvement, we work alongside customers at the earliest stages of project development, helping to provide solutions and value for money and improve outcomes.

The combination of long-term market drivers, strong revenue visibility and trusted customer relationships gives us confidence in the opportunities ahead. It also reinforces our conviction that a more focused Kier, centred on its core growth engines, is best placed to deliver sustainable growth and value for all our stakeholders.

Enhancing performance through digital and operational excellence

While demand and revenue visibility give us confidence in future growth, we also see significant opportunities to further improve performance across the Group.

Sustainable growth depends on being a productive, resilient and future-ready business that can make informed decisions at scale. Through our Naturally Digital programme, we are investing in data, AI and digital capability to improve operational performance, strengthen decision-making and enhance project delivery, creating long-term value for customers and shareholders.

Our cyber resilience credentials also continue to strengthen through 'Cyber Essentials', and the Defence Infrastructure Organisation's 'Secure by Design' accreditations as well as our commitment to the Government's Cyber Pledge. FY26 also saw us enhance our design management capability, combining in-house expertise, disciplined processes and digital tools to develop more efficient and buildable solutions. Together, these investments are helping us improve productivity, manage risk more effectively and enhance certainty of delivery for customers.

Alongside this, we have maintained a relentless focus on work winning, project delivery and commercial discipline. This approach continues to strengthen the balance sheet while ensuring capital is directed towards opportunities that support sustainable margins and attractive returns. The resulting financial strength has enabled us to maintain our practice of increasing dividends in line with earnings and launch a further share buyback programme, reinforcing our confidence in the Group's prospects.

Chief Executive's review continued

Risks, opportunities and areas of focus

We remain ever mindful of our responsibility to address underlying industry cost pressures, skills' demands and evolving customer requirements. Additionally, while our safety performance and culture are moving in the right direction, our ambition is higher still. Our new health, safety and wellbeing strategy is focused on embedding consistent standards, stronger oversight and a more proactive, predictive and continuous learning approach across all our projects, ensuring safer, more consistent delivery.

Turning to our capital structure, we are building further resilience in our balance sheet, through rigorous resource allocation, continued disciplined bidding and strong operational control as we grow.

Delivering better outcomes for customers and communities

Customers are increasingly focused on the broader impact of their investment, beyond the asset created itself. They are looking for partners who can help deliver economic growth, social value and environmental benefits alongside high-quality infrastructure and buildings. Kier's scale, expertise and strong regional presence position it particularly well for these objectives. By engaging early, applying our design and delivery expertise and identifying innovative, value-engineered solutions, we help customers achieve better outcomes, secure greater value for money and create lasting benefits for the communities they serve.

Social value and environmental sustainability are embedded throughout this approach. As procurement increasingly emphasises outcomes such as local jobs, skills, apprenticeships and community benefit, our ability to create wider economic and social value alongside high-quality project delivery is an important part of how we support customers. We also continue to reduce our environmental impact and help customers achieve their net zero ambitions and are making progress in reducing Scope 1, 2 and 3 emissions through the solutions we design, deliver and maintain, contributing to our recognition as a sector leader in the Financial Times Climate Leaders' Index.

It is this approach that sets us apart, underpins the strength of our customer relationships and supports the ongoing growth of our business.

People, culture and capability

Kier's 10,000+ people, alongside its strong local supply chain, deliver for customers, communities and stakeholders every day and are central to the Group's performance and to the next phase of its growth.

We continue to invest in capability through structured learning and development, technical training, apprenticeships and emerging talent programmes, ensuring we have the expertise needed to deliver our pipeline of work while, at the same time, supporting Government and industry efforts to create more opportunities and develop the workforce of the future.

Creating an engaged and high-performing culture remains a key priority. During the year, our employee engagement score increased to 82% and we enhanced our external reputation as an employer, including recognition in the Glassdoor Top 50. We also launched our Kier Cares programme, reinforcing our commitment to health, safety and wellbeing while continuing to invest in the development of our people.

We continue to make progress on diversity and inclusion, reflected in our recognition in leading our sector in the FTSE Women Leaders' Review and The Times Top 50 Employers for Gender Equality. We have also continued to reduce both our gender and ethnicity pay gaps. While there is more to do, we remain committed to building a workplace where everyone can thrive and contribute to Kier's long-term success.

Recognition on Glassdoor

Top 50

Employee engagement score

82%

FY25: 80.5%

Outlook and closing reflections

The long-term fundamentals of our chosen markets remain compelling. With strong positions in sectors critical to the UK's infrastructure resilience, asset renewal and economic growth, we are well placed to benefit from sustained investment over the years ahead.

I am confident that our three strategic priorities of **Growth**, **Resilience** and **Performance** provide a clear framework for the next phase of Kier's development.

I would like to thank everyone who has contributed to our progress this year: our colleagues across the Group for their commitment, professionalism and focus on delivery; our customers, partners and shareholders for their continued support and collaboration; and my colleagues on the Executive Committee and the Board for their support and guidance during my first year as Chief Executive.

Together, we are building a business with clear strategic focus, strong market positions and a disciplined approach to value creation. This gives me confidence in our ability to grow, improve performance and create sustainable value for shareholders over the years ahead.

Stuart Togwell
Chief Executive

Our strategic priorities

Following a comprehensive review of the Group and its divisions, markets and growth opportunities, we are aligned on **three strategic priorities**:

Discover more online

Growth

We are focusing on our core Infrastructure and Construction markets which are underpinned by structural growth trends.

Purpose

Reduce earnings volatility and improve overall returns on capital, underpinning our financial goals.

See page 3 for more information

Target

Align to the Government's 10-Year Infrastructure Strategy pipeline, including full project lifetime service, together with emerging public private partnership opportunities.

Next steps

Seize opportunities in growth sectors such as Water, Defence, Energy and Healthcare where Kier has proven capability and significant opportunity ahead.

Resilience

Strengthening balance sheet flexibility through strong cash generation and reallocation of Property capital. Underpinned by diversified customer and contract mix.

Purpose

Provide flexibility, resilience and greater alignment with the industry.

Target

Achieve average net cash of >£200m by FY29.

Maintain strong customer and contract mix, and disciplined commercial bidding.

Next steps

Reallocate capital invested in the Property business, over a circa three year period, in line with the Group's capital allocation framework.

Performance

By enhancing the quality of earnings we are adding further ambition to our financial goals.

Purpose

Drive performance for all stakeholders, demonstrating conviction in our sector strategy and the benefit of our differentiated business model.

Target

- Mid-single-digit revenue growth
- 4.0%-4.5% adjusted operating margin
- Double-digit adjusted EPS growth

Next steps

Deliver on our updated financial targets, growing the core business and using technology investment to drive enhanced returns with substantially reduced financing costs.

A **generational investment** in UK infrastructure

Kier is closely aligned to a 10-year UK infrastructure programme of over £700bn, overseen by NISTA[1]. This investment is underpinned by compelling long-term structural trends. Our customer base comprises Government, regulated and blue-chip sectors.

Market drivers

Long-term economic and political factors provide a supportive environment for growth.

Macro environment

A focus on domestic productivity and growth, driving political and economic decision-making.

Ageing infrastructure

Age of asset base and environmental regulations underlining urgency of investment requirement.

Demographic factors

Longevity and population growth adding pressure to health, social care and housing.

Geographic imbalance

Efforts to increase spending and regeneration to narrow the UK's regional inequality.

Climate change

Energy security and net zero commitments driving domestic investment.

Defence and energy security

A renewed focus on national security across traditional defence sectors and recognition of key infrastructure as central to UK resilience.

1. The National Infrastructure and Service Transformation Authority (NISTA) is a UK Government agency established on 1 April 2025. Currently over 100 projects listed within NISTA are still to be procured with no value yet attributed to them.

Helping the UK **deliver its infrastructure ambitions to 2035**

Addressable capital spend
£475bn+

Addressable maintenance spend[1]
£500bn+

Our framework positions[2]
c.£200bn

Identified opportunities aligned to Kier capabilities

Transport
£121.0bn
Strategic roads investment (RIS) rail renewals and enhancements, city-region transport and mass transit programme

Healthcare
£95.0bn
NHS estate upgrades and New Hospital Programme (NHP)

Education
£72.6bn
School Rebuilding Programme (CF25), estate modernisation and growing pupil capacity requirements

Water and environment
£69.4bn
AMP8 and AMP9 regulatory funding, wastewater and other schemes

Housing and regeneration
£56.1bn
Housing delivery, brownfield regeneration and local growth initiatives

Energy
£46.0bn
Gas network upgrades, solar, decarbonisation schemes and energy infrastructure

Justice and borders
£12.0bn
Prison capacity expansion, estate maintenance and immigration accommodation upgrades

Defence[3]
£3.5bn
Ministry of Defence estate modernisation and infrastructure upgrades

Science and research
£0.8bn
Innovation, research facilities, Regional Growth Zones, and emerging opportunities

Other
£0.7bn
Communications and cultural infrastructure

1. Forecast based on ONS projected Infrastructure maintenance spend and not currently included in pipeline of work.
2. Total advertised value.
3. Defence spend awaiting NISTA update following publication of Defence Investment Plan (containing estimated £20bn+ addressable market).

Focus on **core growth engines** – a simplified business

Infrastructure

Revenue	**£2.34bn**
AOP	**£129m**
Margin	**5.5%**

Delivering vital **economic infrastructure** across the UK

Order book
£7.4bn

Frameworks
£29bn

Construction

Revenue	**£1.99bn**
AOP	**£77m**
Margin	**3.9%**

Delivering vital **social infrastructure** across the UK

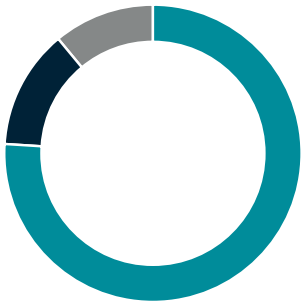
Order book
£4.5bn

Frameworks
£169bn

Our customers

Balanced customer portfolio helps provide through-cycle resilience

- Public sector work is based on long-term relationships across local and central government
- Regulated market work consists of some of the largest water and energy projects
- Private customer work focuses on opportunities in the London commercial market



Public	76%
Regulated	13%
Private	11%

How we contract

Selective bidding and contracting are key to underpinning our high-quality order book

- Cost reimbursable (including target cost and cost plus contracts) is generally applied in Infrastructure, providing strong customer alignment and commercial protection
- Two-stage processes entail early contractor involvement to scope and price projects pre-construction

Cost reimbursable/two stage	95%
Other	5%

Our key differentiators

Long-term strategic framework positions

Unrivalled range of framework positions

c.£200bn

- Visibility of future workflows and opportunities
- Long-term strategic relationships
- Opportunities to deliver social value and environmental sustainability
- Lower bidding costs

National scale, local delivery

Live projects

400+

- Strong national, regional and local relationships
- Deeply embedded within local supply chains
- Ability to reallocate talent according to project requirements and market need

Connected, high performing culture

Colleagues

10,000+

- Broad talent base with extensive capabilities
- Inclusive and diverse workforce
- Investing in future talent with 574 apprentices and 167 graduates
- Glassdoor 'Best Places to Work 2026', and highest ranked contractor

Naturally Digital

Copilot-enabled colleagues

3,800

- Investing in data, AI and digital capability
- Building a safer, simpler and smarter Kier
- Improving operational performance
- Enhancing project delivery and productivity
- Strengthening our resilience

Social value and outcomes

Spend with SMEs and voluntary, community and social enterprises (VCSEs)

c.£1.2bn

- Deeply embedded within the regions and local communities
- Long-term collaborative supply chain relationships across the country
- Supporting UK jobs, skills and resilient local supply chains by increasing opportunities for SMEs and VCSEs

End-to-end capability

Combined addressable capital and maintenance spend

£975bn+

- Aligning capability to opportunity
- End-to-end capability across the project lifecycle from design to delivery to long-term asset support
- Access to government capital and operational spend across economic and social infrastructure
- In-house design and mechanical and electrical expertise

Our key performance indicators

Financial

Link to strategic priorities:

1. Focus on core growth engines
2. Strengthen the balance sheet
3. Uplift our financial performance
R. Link to remuneration

Total Group revenue including JVs[1]

£4.4bn

The growth in revenue is predominantly driven by increased activity in the Infrastructure segment, which reported revenue growth of 10% compared to the prior year.

Strategic priorities: 1 2 3

Adjusted operating profit[1,2]

£169.8m

Adjusted operating profit has increased primarily due to the increased activity in the Infrastructure segment. This is partly offset by increased Corporate costs, which have increased in line with revenue.

Strategic priorities: 2 3 R

Adjusted earnings per share[1,3]

23.5p

Adjusted earnings per share has increased due to the improved profit generation of the Group, along with a reduction in the Weighted Average Number of Shares as a result of the share buyback programmes.

Strategic priorities: 2 3 R

Order book

£11.9bn

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

The increase compared to the prior year is driven by significant new work won within Infrastructure.

Strategic priorities: 1 2 3

Free cash flow[4]

£165.0m

The Group generated a free cash inflow during the year driven by a strong operational performance. The free cash inflow increased by 6.2% compared to FY25 and represents cash conversion of 121%.

Strategic priorities: 3 R

Net cash – 30 June[5]

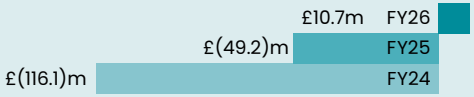
£232.4m

The Group's net cash position has improved compared to the prior year due to the strong free cash generation, partly offset by returns to shareholders by way of share buyback and dividends.

Strategic priorities: 3

Net cash/(debt) – average[5]

£10.7m



The Group generated operating profit and a working capital in flow which was used to complete its initial share buyback programme and commence a further programme, pay dividends and make pension deficit repayments.

Strategic priorities: 3 R

Dividend[6]

7.8p

The Board has proposed, subject to shareholder approval, a final dividend of 5.2p per share. The total dividend of 7.8p represents a cover of 3x.

Strategic priorities: 1 2 3

1. See consolidated income statement on page 131.
2. See note 5 to the consolidated financial statements.
3. See note 12 to the consolidated financial statements.
4. See Financial review on page 24.
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

Link to strategic priorities:

1 Growth
2 Resilience
3 Performance
R Link to remuneration

Total added social value
£422.6m

Provide and drive total added social value

Our total added social value is calculated via Thrive using net spend methods. It covers added social value delivered through our workforce, supply chain and the positive impact on our communities. During FY26, we saw a reduction in SME spend – a significant contributor to this measure – although non-spend-based social value increased in FY26.

Strategic priorities:

1 2

Employee engagement index
82.0%

Continuously improve employee engagement

We continue to engage with our people through the Your Voice surveys, which showed an 82% engagement index, demonstrating the impact of our culture programme and recognition of the steps we take to implement colleague feedback.

Strategic priorities:

1 2 R

Scope 1 and 2 carbon intensity[2]
4.3

Achieve a continuous reduction in Scope 1 and 2 carbon intensity in line with SBTi[3]-validated targets

We have achieved a 37.7% decrease in our Scope 1 and 2 carbon intensity against FY25 – a 81.9% decrease against our FY19 baseline. This is in line with our net zero carbon targets.

Strategic priorities:

1 2 R

Payment performance
32 days

Maintain a good relationship with supply chain partners

In line with the Fair Payment Code, our latest Duty to Report on Payment Practices and Reporting submission covers the period from 1 January 2026 to 30 June 2026, showing the Group's aggregate average payment days had been maintained (H1: 32 days).

We remain committed to further improvements in our payment practices, including complying with the 30-day payment requirements for SMEs, and we continue to work with both customers and suppliers to achieve this.

Strategic priorities:

1 2

Safety – Accident Incident Rate (AIR)
101

Achieve year-on-year improvement and remain below the HSE[1] benchmark

The 12-month rolling AIR represents a decrease of 12.2% to 101 compared to 115 in FY25. The 12-month rolling All Accident Incident Rate (AAIR) decreased by 21.6% to 269 compared to 343 in FY25.

The FY26 safety performance reflects the Group's continuous improvement approach to health, safety and wellbeing.

Strategic priorities:

1 2 R

Investing in young talent – total emerging talent
832

Invest in and attract emerging talent

Emerging talent includes apprentices, student industrial placements and graduates. In FY25 we launched CMI-accredited courses, replacing management apprenticeships. Government funding for Level 7 apprenticeships has reduced since January 2026, and therefore we are providing alternative emerging talent programmes.

Strategic priorities:

1 2

Scope 3 carbon intensity[4]
152.5

Achieve a continuous reduction in Scope 3 carbon intensity SBTi[3]-validated targets

We have achieved a 10.0% decrease in our Scope 3 carbon intensity against FY25 – a 49.1% 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 priorities:

1 2

1. Health and Safety Executive.
2. Market-based tCO_2e/£m revenue.
3. Science Based Targets initiative.
4. tCO_2e/£m revenue.

Infrastructure

"Our long-term collaborative relationships and strategic framework positions are underpinned by our integrated design, build and maintain model. Our breadth and depth of capability and focus on performance excellence and digital innovation are driving strong, resilient, repeatable growth across our target sectors, including water, where AMP8 investment increased project activity and delivered better customer outcomes."

Joe Incutti
Group managing director for Infrastructure

	Twelve months to 30 June 2026	Twelve months to 30 June 2025	*Change*
Revenue (£m)	**2,340.1**	2,136.0	*10%*
Adjusted operating profit (£m)[1]	**128.7**	111.0	*16%*
Adjusted operating margin (%)	**5.5**	5.2	*30bps*
Reported operating profit (£m)	**109.8**	89.5	*23%*
Order book (£bn)	**7.4**	6.5	*14%*

1. Stated before adjusting items of £18.9m (FY25: £21.5m).

Strong growth driven by infrastructure investment

Infrastructure delivered another year of strong growth, with revenue increasing by 10% and adjusted operating profit increasing by 16% to £129m (FY25: £111m), and with margin improving to 5.5% (FY25: 5.2%). Growth was driven by increased activity across water, continued investment in road infrastructure, such as the A66 dualling and M6 Lune Gorge viaduct projects, and sustained delivery in rail at both a regional and national level.

The water business performed particularly strongly as customer investment accelerated under AMP8. Kier now holds leading positions on frameworks worth approximately £13bn across ten water customers and is delivering more than 140 live projects across the UK.

The order book increased 14% to £7.4bn, reflecting significant new work secured across highways, water, rail and energy, providing visibility equivalent to more than three years of divisional revenue.

Key contract wins and extensions include:

- £200m first stage of the pioneering STEP Fusion energy programme, with future opportunities valued up to £10bn
- A significant contract at Sizewell C to build the main site entrance to the £38bn nuclear power station
- A £900m+ contract for National Highways to help restore its road network
- £700m Norfolk Highways contract, which mobilised on 1 April 2026 and will run for a period of up to 14 years
- South West Water's (SWW) c.£140m Network Services Alliance extension where we'll be delivering vital maintenance and improvements across SWW's operational region over the next two years
- Bridgwater Tidal Barrier Scheme, where we've been awarded a c.£100m Construction Continuation Contract with the Environment Agency

A leading infrastructure powerhouse

In FY26, we integrated our Transportation and Natural Resources businesses, creating the Kier Infrastructure division. This recognises the interdependencies that exist between different clients and markets across Infrastructure. For a community to thrive, it will need energy, clean water and wastewater processing, it will require water management solutions to protect that community from the threat of flooding, and it will need transport to allow that community to be connected to places of learning, work and play. Of course, we must also enable communities with infrastructure in a way that prioritises whole life sustainability, protects and enhances biodiversity and ensures social value is generated to leave a lasting legacy in the communities we serve. Kier Infrastructure doesn't only design, build and maintain infrastructure; it enhances the places in which we all live, work and play across the country.

Operational review continued

With population growth, alongside the challenges posed by climate change and the macroeconomic and geopolitical environment, the work done by Kier Infrastructure has never been more important. The Government's 10-Year Infrastructure Strategy is now in place which identifies a £700bn+ pipeline of work, providing clear visibility and stability of infrastructure investment.

Our growing 6,000+ strong workforce has the skills and capabilities to meet these challenges. That workforce extends to over 20,000 people including our long-term collaborative supply chain relationships across the country.
The majority of our workforce has skill and capability which are transferable across infrastructure sectors, providing resilience and flexibility for both the business and our clients. This is complemented by Kier's market-leading sector-specific specialist skills.

The business is focused on Government and regulated clients and markets, delivering solutions at scale and driving value through integrated design, build and maintenance and together we are shaping the future of infrastructure. This is evidenced by significant new contract awards in the year culminating in a high-quality end of year divisional order book equivalent to over three years of divisional turnover.

The combination of market opportunity, market-leading talent and a track record of assured delivery gives me absolute confidence in our future success and growth ambitions.

Bridgwater Tidal Barrier

Construction

"Since joining Kier, I have been struck by the strength of our culture, the capability of our teams and the ambition across our Construction business to deliver high-quality built assets with greater certainty for our customers. That has been evident throughout the year, with another strong performance from the Construction business and continued demand across our core sectors."

Martin Staehr
Group managing director for Construction

	Twelve months to 30 June 2026	Twelve months to 30 June 2025	*Change*
Revenue (£m)	**1,986.8**	1,910.5	*4%*
Adjusted operating profit (£m)[1]	**76.5**	75.0	*2%*
Adjusted operating margin (%)	**3.9**	3.9	-
Reported operating profit (£m)	**44.3**	54.9	*(19)%*
Order book (£bn)	**4.5**	4.5	-

1. Stated before adjusting items of £32.2m (FY25: £20.1m).

Strong delivery, high-quality pipeline and growing lifecycle capability

The Construction division delivered a resilient performance in FY26, with revenue increasing by 4% as major projects, including HMP Glasgow, entered full delivery phase. Our order book remained strong at approximately £4.5bn, providing excellent visibility of future revenue. During the year, we secured positions on several strategically important frameworks, further strengthening our future pipeline.

Alongside our core construction activities, Kier Places continued to enhance our customer offering through long-term facilities management, housing maintenance, refurbishment and specialist services. Representing approximately 15% of divisional revenue in FY26, the business provides resilient recurring revenue streams while strengthening customer relationships and creating opportunities across the wider Group. Together, our construction and lifecycle capabilities position us to support customers throughout the lives of their assets, from development and delivery through to operation and maintenance.

Over the past year, we have continued to build on our strong market positions, securing places on strategically important frameworks that support the UK's critical infrastructure priorities across justice, defence, health, education and beyond.

In Defence, for example, we are currently delivering more than £300m of projects across the UK, with a further ten projects progressing through the Pre-Construction Services Agreement (PCSA) stage. Working in partnership with the Defence Infrastructure Organisation (DIO), our teams are delivering high-quality accommodation, technical facilities and operational infrastructure that support the UK's soldiers, sailors and aircrew.

Key achievements include:

- Securing a place on the £37bn New Hospital Programme Hospital 2.0 Alliance framework, including the c.£500m redevelopment of Hinchingbrooke Hospital
- Appointment to the £15bn Department for Education CF25 framework
- Commencing delivery of the c.£680m HMP Glasgow project
- Securing further justice sector opportunities, including Lancaster Farms and Northumberland projects worth c.£250m
- Delivering the new Darlington Economic Campus, future home of Number 11 North, supporting the Government's ambition to strengthen regional decision-making and drive investment outside London

National capability, local delivery

This performance reflects the strength of our customer relationships, technical expertise and proven regional delivery model. With teams embedded in communities across the UK, we combine national scale with local delivery capability, helping customers access skilled supply chains, create employment opportunities and generate positive social value outcomes.

Operational review continued

With a strong order book, substantial PCSA pipeline and growing lifecycle capability through Kier Places, we are well positioned to support the Government's priorities, including expanding prison capacity, modernising defence infrastructure and delivering sustainable healthcare and education facilities. Our breadth of sector expertise, regional operating model and focus on operational excellence and value for money. The application of modern methods of construction and the use of innovative materials, processes and delivery models continue to differentiate Kier in an evolving market.

A key strength of our business is our ability to bring together complementary capabilities from across the Group. Kier Places provides valuable insight into how assets perform once operational, helping customers improve efficiency, extend asset life and enhance user experience. Combined with the expertise of KME, our in-house mechanical and electrical business, this enables us to deliver integrated solutions that reduce carbon, improve value for money and provide greater certainty of outcome throughout an asset's lifecycle.

Above all, our success is built on our people and the central role they play in delivering for our customers and communities. Their expertise, commitment and professionalism give me confidence in our future prospects, and I would like to thank all our colleagues across the UK for their hard work and dedication during the year.

RAF Lakenheath

Photo credit: The appearance of U.S. Department of Defense (DoW) visual information does not imply or constitute DoW endorsement.

Property

	Twelve months to 30 June 2026	Twelve months to 30 June 2025	Change
Revenue (£m)	**63.4**	38.4	*65%*
Adjusted operating profit (£m)	**9.1**	12.2	*(25)%*
Adjusted operating margin (%)	**14.4**	31.8	*(1,740)bps*
Reported operating profit (£m)	**9.1**	12.2	*(25)%*
Capital employed (£m)	**222**	198	*12%*
ROCE (%)	**4.3**	6.7	*(240)bps*

The Property business invests in and develops mixed-use commercial and residential urban regeneration schemes across the UK, largely through joint ventures.

The business generated revenue of £63.4m (FY25: £38.4m), while operating profit, driven by transaction timings, reduced to £9.1m (FY25: £12.2m) impacted by the wider macro-economic turbulence.

Against this challenging backdrop, the business continued to de-risk its portfolio, as follows:

- Planning permission secured on c.80% of projects overall, including a residential portfolio of over 5,000 units
- Construction currently in progress on seven individual projects, including three pre-funded projects, with 270 residential units
- Secured tenancy/active marketing on four individual projects

From FY27, in line with the Group's strategic priorities, there will be no investment in new Property development opportunities. This process will be managed in a controlled way to balance timing and value, with capital to be realised in line with existing development schedules.

Kier's Watford Riverwell development

Corporate

	Twelve months to 30 June 2026	Twelve months to 30 June 2025	Change
Adjusted operating loss (£m)[1]	**(44.5)**	(39.1)	*14%*
Reported operating loss (£m)	**(44.5)**	(42.9)	*4%*

1. Stated before adjusting items of £nil (FY25: £3.8m).

The Corporate segment comprises the costs of the Group's central functions.

Higher costs in the year reflect succession within several Executive positions as well as certain strategic initiatives.

Colleagues collaborating at Kier's Foley Street office

Our **end-to-end capabilities** in action

From design to delivery and long-term asset support, we are capturing the full scope of our growth opportunities.

Twickenham Riverside

Twickenham Riverside demonstrates how Kier helps customers solve complex challenges through its end-to-end approach.

Working with the London Borough of Richmond upon Thames, the £57m regeneration scheme is transforming a riverside site into new homes, commercial space, public realm and green spaces, creating lasting economic, social and environmental value for the community.

Located alongside the River Thames, the project presented significant engineering, environmental and infrastructure challenges, from flood protection and riverside works to utilities, highways and ecology. By bringing together Kier's development, design, pre construction and construction expertise, Kier was able to provide an integrated solution that helped manage risk, improve value for money and increase delivery certainty.

The project has already generated significant social value and demonstrates how Kier's integrated business model helps customers create better places, unlock regeneration and deliver long-term community benefits.

Read the full case study on our website to discover how Kier's end-to-end approach is helping unlock complex regeneration opportunities and create better places.

Discover more online

Twickenham Riverside

Naturally Digital

Naturally Digital is helping us build a safer, simpler and smarter Kier. By strengthening our digital foundations, embedding practical and innovative AI and investing in the skills of our people, we are improving productivity, enhancing resilience and delivering better outcomes for customers, communities and shareholders."

Louisa Finlay
Chief Operating Officer

Creating **long-term value** through **data, technology** and **AI**

Sustainable growth depends on a business that is productive, resilient and able to make informed decisions at scale. Through Naturally Digital, Kier is investing in data, AI and digital capability to improve operational performance, enhance project delivery and create long-term value for customers and shareholders.

A key enabler of this programme is our strategic partnership with Microsoft, which is helping us embed AI-powered tools and digital ways of working across our sites, depots and offices. Alongside continued investment in our enterprise data platform, cyber resilience and technology estate, this is helping to create a more connected, productive and resilient business.

Across the Group, we are strengthening the foundations that support better decision-making, improving access to trusted information and simplifying the digital tools used by our people. Together, these investments are helping colleagues work more efficiently, enabling greater consistency across projects and creating the conditions for responsible adoption of AI at scale.

Increasingly, digital capability is becoming a source of competitive advantage. The combination of trusted data, responsible AI and consistent digital tools is helping Kier improve operational performance, strengthen resilience and enhance project delivery. Naturally Digital is helping build the capabilities required for Kier's future growth. The investments being made today are helping create a more efficient, resilient and data-driven business, supporting sustainable growth and long-term shareholder value.

Naturally Digital

Safer
- AI and digital safety initiatives
- Better compliance and controls

Smarter
- Data, insight and AI
- Better decision making

Simpler
- Standardised tools
- Reduced duplication

Stronger
- Cyber resilience
- Enterprise data platform

Operational review continued

CYBER ESSENTIALS

Active users of Copilot

3,800

Employee digital confidence

79%

Colleagues trained in digital tools/AI/data

2,125

AskIMS – Knowledge at every colleague's fingertips

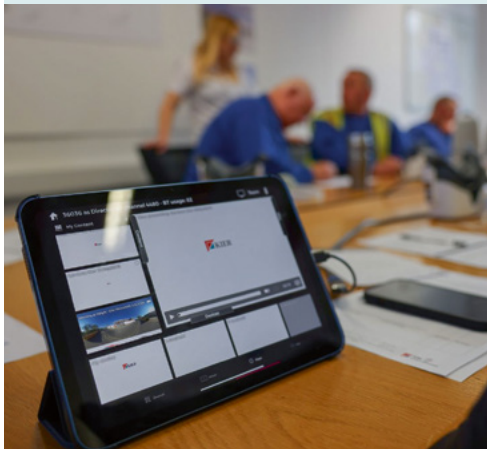
AskIMS is Kier's innovative enterprise AI agent, designed to make trusted information, guidance and expertise easier to find and use. By providing colleagues with instant access to approved knowledge and standards, AskIMS reduces time spent searching for information, supports better decision-making and helps our people focus more time on delivering value for customers.

As part of the Naturally Digital programme, AskIMS demonstrates how AI can be deployed responsibly at scale, and embedded within everyday workflows rather than used in isolation. By improving access to trusted information and encouraging greater self-service, AskIMS is helping to simplify the colleague experience, improve productivity and create the foundations for wider adoption of AI across the business.

Better decisions through trusted data

Data is a critical asset for Kier and a key enabler of informed decision-making across the Group. Through Naturally Digital, we are strengthening our enterprise data platform to provide greater visibility of performance, improve access to trusted information and support more consistent reporting and governance.

Alongside these improvements, we have enhanced our disaster recovery capability and strengthened the way data is managed and governed. Together, these investments are improving resilience, reducing risk and creating the foundations for future innovation, helping Kier make better decisions, operate more effectively and realise greater value from its data over time.



Digital tools transforming project delivery

A key component of Naturally Digital is the simplification and standardisation of the Group's digital toolset. By reducing duplication and establishing consistent ways of working, we are improving efficiency, strengthening governance and reducing delivery risk across projects and business functions.

Across our projects, digital tools are improving visibility, collaboration and access to information throughout the delivery lifecycle. Technologies such as QR-enabled site information, drones and digital twins support better decision-making, improve project outcomes and provide clients with richer information about their assets, helping create greater value across the asset lifecycle.

Strong growth in revenue, profit, cash generation and our order book reflects disciplined execution across the Group and provides a strong platform for future growth."

Tom Hinton
Chief Financial Officer

Strong **growth,** disciplined **delivery**

Introduction

The Group delivered a strong performance during the year, with year-on-year growth in revenue and profits, along with the year end order book standing at £11.9bn. The Group has also achieved an average cash position as a result of disciplined operational delivery and cash management.

The Group achieved growth of 7.5% giving total revenues of £4,393.0m (FY25: £4,087.8m) which helped generate an adjusted operating profit of £169.8m (FY25: £159.1m).

The continued strong operational performance led to a 4.4% increase in operating profit to £118.7m (FY25: £113.7m) and an increase in profit before tax to £83.8m (FY25: £78.1m).

Adjusting items were £52.6m (FY25: £47.3m). The current year charge includes £19.0m of amortisation of intangible contract rights and £32.1m of fire and cladding compliance costs, relating to updated regulations on legacy projects.

Net finance charges for the year were £34.9m (FY25: £35.6m), broadly in line with the prior year.

Adjusted earnings per share increased by 8.8% to 23.5p (FY25: 21.6p).

The Group generated Adjusted EBITDA of £236.1m (FY25: £227.9m) and recorded a £165.0m free cash inflow during the year (FY25: £155.4m), with supplier payment days remaining constant at 32 days (HY26: 32 days).

Driven by its strong underlying cash flow growth, the Group achieved average net cash for the year ended 30 June 2026 of £10.7m (FY25: net debt of £(49.2)m).

The order book increased to £11.9bn, an 8.2% increase since the prior year end (FY25: £11.0bn). Over 95% of revenue for FY27 is already secured which provides certainty for next year.

The Group completed its initial share buyback programme during the year and commenced a further buyback programme, in addition to the payment of the ordinary dividend. Further cash flow items included adjusting items, pension deficit obligations and purchasing existing Kier shares on behalf of the Group's employees. Net cash at 30 June 2026 of £232.4m was 13.9% higher compared to the prior year (FY25: £204.1m).

Alongside maintaining strict capital discipline, the Group continues to invest in areas that support long-term growth and value creation. This includes the Naturally Digital programme, where we will be investing in digital capability and AI-enabled tools designed to improve productivity, further strengthen delivery and help create a more efficient and scalable business. This ongoing investment will support both enhanced customer outcomes and the generation of sustainable returns.

Financial review continued

Summary of financial performance

	Adjusted results			Statutory reported results		
	30 June 2026	30 June 2025	Change %	**30 June 2026**	30 June 2025	Change %
Revenue (£m)	**4,393.0**	4,087.8	7.5	**4,393.0**	4,087.8	7.5
Revenue (£m) - Excluding JVs	**4,352.5**	4,077.1	6.8	**4,352.5**	4,077.1	6.8
Profit from operations (£m)	**169.8**	159.1	6.7	**118.7**	113.7	4.4
Profit before tax (£m)	**136.4**	125.4	8.8	**83.8**	78.1	7.3
Earnings per share (p)	**23.5**	21.6	8.8	**14.1**	12.8	10.2
Total dividend per share (p)	**7.8**	7.2	8.3			
Free cash flow (£m)	**165.0**	155.4	6.2			
Net cash (£m)	**232.4**	204.1	13.9			
Net cash/(debt) (£m) - average	**10.7**	(49.2)				
Order book (£bn)	**11.9**	11.0	8.2			

Revenue

The following table bridges the Group revenue from the year ended 30 June 2025 to the year ended 30 June 2026.

	£m
Revenue for the year ended 30 June 2025	**4,087.8**
Infrastructure	**204.1**
Construction	**76.3**
Property and Corporate	**24.8**
Revenue for the year ended 30 June 2026	**4,393.0**

Total Group revenue grew by £305.2m, with all segments contributing to the growth. In particular the Infrastructure business reported a 9.6% increase in revenue compared to the prior year.

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 profits 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 non-recurring 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
Adjusted operating profit for the year ended 30 June 2025	**159.1**
Infrastructure	**17.7**
Construction	**1.5**
Property and Corporate	**(8.5)**
Adjusted operating profit for the year ended 30 June 2026	**169.8**

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

	Operating profit		Profit before tax	
	30 June 2026 £m	30 June 2025 £m	**30 June 2026 £m**	30 June 2025 £m
Reported profit	**118.7**	113.7	**83.8**	78.1
Amortisation of acquired intangible assets	**19.0**	21.6	**19.0**	21.6
Fire compliance costs	**32.1**	17.0	**32.1**	17.0
Property-related items	**–**	4.8	**–**	4.8
Net financing costs	**–**	–	**1.5**	1.9
Other	**–**	2.0	**–**	2.0
Adjusted profit	**169.8**	159.1	**136.4**	125.4

Additional information about these items is as follows:

- Amortisation of acquired intangible assets £19.0m (FY25: £21.6m):

Comprises the amortisation of acquired contract rights through the acquisitions of MRBL Limited (Mouchel Group), May Gurney Integrated Services plc and the Buckingham Group. These balances will be fully amortised by the end of FY27.

- Fire and cladding compliance costs £32.1m (FY25: £17.0m):

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 year is for those projects where the Group has now confirmed liability and has a reasonable estimate of the cost to rectify the issues identified, less any confirmed insurance recoveries that are considered virtually certain of receipt.

Financial review continued

Earnings per share

Earnings per share (EPS), before adjusting items, amounted to 23.5p (FY25: 21.6p). Reported EPS, after adjusting items, from continuing operations amounted to 14.1p (FY25: 12.8p). Both EPS measures have increased due to a combination of improved profitability and a reduction in the Weighted Average Number of Shares as a result of the share buyback programmes.

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 year were £34.9m (FY25: £35.6m), which includes interest on bank borrowings and Senior Notes of £28.5m (FY25: £30.8m).

Lease interest was £10.4m (FY25: £9.1m).

The Group had a net interest credit of £2.7m (FY25: £4.3m) in relation to the defined benefit pension schemes which has arisen due to the overall pension surplus.

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

Dividend

The Board has proposed, subject to shareholder approval, a final dividend of 5.2p per share (FY25: 5.2p) which together with the interim dividend of 2.6p represents 3x adjusted earnings cover.

Balance sheet

Net assets

The Group had net assets of £511.4m at 30 June 2026 (FY25: £517.2m).

Goodwill

The Group held intangible assets of £583.1m (FY25: £608.4m) of which goodwill represented £543.5m (FY25: £543.5m).

The Group completed its annual review of goodwill assuming a pre-tax discount rate of 12.4% (FY25: 13.5%) and concluded that no impairment was required.

The Infrastructure 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 deferred tax asset of £127.7m recognised at 30 June 2026 (FY25: £136.7m) primarily due to historical losses. The year-on-year decrease in the asset is driven by the tax impact of the actuarial pension gains in the year, as well as 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 five years.

A tax credit of £12.0m (FY25: £8.5m) has been included within adjusting items.

Right-of-use assets and lease liabilities

At 30 June 2026, the Group had right-of-use assets of £110.2m (FY25: £96.5m) and associated lease liabilities of £178.0m (FY25: £151.1m). The movements at each balance sheet date reflect operational equipment requirements less associated depreciation and lease repayments.

Investment properties

As at 30 June 2026, the Group had investment properties with a fair value of £107.6m (FY25: £100.6m).

The Group has long-term leases on two office buildings which were formerly utilised by the Group that have been vacated and are now leased out to third parties, and as such are held as investment properties.

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

During the year the Group sold Tempsford Hall, its former head office, for £10.0m, whilst retaining the surrounding agricultural land.

Investment in Joint Ventures (JVs)

A number of projects within the Property division are developed alongside joint venture partners. Investment in JVs at 30 June 2026 was £158.7m (FY25: £145.8m).

Contract assets and 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 2026, total contract assets amounted to £487.4m (FY25: £374.0m).

Contract liabilities were £292.9m (FY25: £168.0m), reflecting an increase in cash advances across several projects.

Retirement benefits obligation

Kier operates a number of defined benefit pension schemes. At 30 June 2026, the reported surplus, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities (defined benefit obligation), was £59.3m (FY25: £47.2m), before accounting for deferred tax, with the movement in the year primarily as a result of actuarial gains of £6.3m (FY25: losses of £42.5m) and employer contributions of £5.2m (FY25: £7.0m).

The net actuarial gain results from a change in the financial assumptions used to calculate the defined benefit obligation (specifically higher corporate bond yields) and higher than assumed asset returns. These actuarial gains have been partially offset by increases in the defined benefit obligations caused by a change in the demographic assumptions (resulting in longer life expectancies). In addition, deficit reduction contributions have increased the schemes' assets.

During the year, the Group agreed triennial funding valuations for six of its seven defined benefit contribution schemes. Following these valuations, aggregate future deficit contributions will continue in line with the level of contributions made in FY26, at £5.2m per annum, until July 2030. In addition, the Group has agreed to pay one-off lump sum contributions totalling £0.9m in FY27.

Financial review continued

Free cash flow and Net cash

	30 June 2026 £m	30 June 2025 £m
Operating profit	**118.7**	113.7
Depreciation of owned assets	**6.2**	5.6
Depreciation of right-of-use assets	**47.8**	46.1
Amortisation	**31.3**	38.7
EBITDA	**204.0**	204.1
Adjusting items excluding adjusting amortisation and interest	**32.1**	23.8
Adjusted EBITDA	**236.1**	227.9
Working capital inflow	**9.8**	27.7
Net capital expenditure including finance lease capital payments	**(64.6)**	(64.9)
Joint Venture dividends less profits	**9.1**	5.4
Other free cash flow items	**15.8**	3.1
Operating free cash flow	**206.2**	199.2
Net interest and tax	**(41.2)**	(43.8)
Free cash flow	**165.0**	155.4

	2026 £m	2025 £m
Net cash at 1 July	**204.1**	167.2
Free cash flow	**165.0**	155.4
Adjusting items	**(19.7)**	(17.8)
Net investment in Joint Ventures	**(22.0)**	(51.0)
Pension deficit payments and fees	**(5.9)**	(7.8)
Purchase of own shares – share buyback	**(22.3)**	(6.4)
Purchase of own shares – employee benefit trust	**(29.7)**	(9.7)
Dividends paid	**(34.1)**	(24.1)
Other	**(3.0)**	(1.7)
Net cash at 30 June	**232.4**	204.1

The Group generated a £165.0m free cash inflow during the year (FY25: £155.4m), driven by strong operating cash conversion of 121%. The Group delivered a net cash position of £232.4m at 30 June 2026 (FY25: £204.1m).

The Group reported average cash for the year of £10.7m (FY25: net debt of £(49.2)m). Through its cash flows the Group completed its initial share buyback programme and commenced a further buyback programme, paid dividends, adjusting items, tax and interest and pension deficit obligations, and purchased existing Kier shares on behalf of employees.

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 £29.7m (FY25: £9.7m). A further £22.3m (FY25: £6.4m) 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 year.

Treasury facilities

At 30 June 2026, the Group had committed debt facilities of £440m as well as access to uncommitted short-term borrowing facilities, such as overdrafts.

In October 2025 the Group refinanced its Revolving Credit Facility (RCF). The new £190m RCF replaces the previous £150m facility and has been made available to the Group for an initial committed three-year term, with options to extend for a further two years to October 2030.

With committed facilities now comprising £250m of Senior Notes maturing in February 2029 and an extended £190m RCF, the Group has significant committed funding to support its growth plans.

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.

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.

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 12 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 2026, taking account of its current position and the potential impacts of the Group's principal risks and uncertainties (the PRUs) which are 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.

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 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.

Sustained progress in **prompt payment**

Our supply chain partners play a critical role in helping us deliver essential infrastructure across the UK, and we recognise that fair and timely payment is fundamental to building strong, sustainable and mutually beneficial relationships.

Improvement since FY23

% of suppliers paid within 60 days

95%

FY23: 85%

Average days to pay

32

FY23: 34

% of SMEs paid within 30 days

66%

FY23: 50%

We publish our payment performance every six months under the Government's Duty to Report on Payment Practices and Performance, providing transparency over our payment practices and progress. In addition, under Procurement Policy Note (PPN) 018, suppliers bidding for Government contracts above £5m must demonstrate strong payment performance, including paying at least 95% of invoices within 60 days.

Over the last three years, we have worked closely with our supply chain partners, particularly SMEs, to simplify payment processes and reduce administration challenges. Combined with system improvements, colleague training and enhanced ways of working, this has helped improve the experience of businesses working with Kier.

The results demonstrate sustained progress. Since FY23, the proportion of invoices paid within 60 days increased by 10 percentage points to 95%. For SMEs, where the target is payment within 30 days, performance has improved by 16 percentage points to 66%. Average payment times in FY26 reduced to 32 days (from 34 days).

In December 2025, five Kier entities achieved Bronze status under the Fair Payment Code, recognising their ability to pay more than 95% of invoices within 60 days over two consecutive reporting periods.

We continue to focus on further improvements, including reducing invoice queries and increasing the proportion of payments made within 30 days.

Introduction

Building for a **Sustainable World**

At Kier, we want to leave a positive legacy for the environment, our communities and our workforce, while supporting our clients and aligning to their priorities. We do this by addressing the environmental and social challenges facing our business and the communities where we operate, and by delivering critical and sustainable infrastructure at the heart of UK communities.

As a national business, we bring the advantage of our scale and expertise to act locally, helping to build places, engaging directly with communities and delivering initiatives that align to their needs.

In this report, we share our progress and priorities across our sustainability framework, focusing on the outcomes achieved for our stakeholders as well as the challenges we have faced.

Discover more online

"For us, sustainability is a mindset shared by our people and embedded in how we think, lead and deliver. From supporting the UK's transition to a greener economy to creating opportunities for our people and communities, we recognise the responsibility and opportunity we have to make a positive difference. I am proud of the progress highlighted in this report and the commitment our teams continue to demonstrate in building a sustainable future."

Tracey Collins
Group Sustainability Director

Recognised for our ESG performance

Kier was awarded ESG Leader (Contractor) 2026 at the New Civil Engineer Awards this year. The achievement recognises our work delivering positive environmental and social outcomes and demonstrating how strategy translates to improved ESG performance.

Total added social value
£422.6m

Green revenue as a % of Group revenue
69%

ESG report continued

Sustainability report

Our Building for a Sustainable World framework

Our sustainability framework is structured to deliver on our purpose: **to create lasting value through essential infrastructure.**

It is underpinned by a strong work culture, safety and procurement strategies, and an embedded approach to environmental, social and governance (ESG) activities that allow us to truly make a difference.

Midpoint review

In FY26, we conducted a midpoint review of our Building for a Sustainable World framework and double materiality assessment (DMA) to ensure their priorities and goals remain relevant to our business and the evolving ESG landscape.

The minor changes were reviewed across business leadership and approved by our Executive Committee and Board ESG Committee. Our review process and methodology are available in the DMA online. The updated framework and DMA build upon our approach as we work towards our FY28 strategic sustainability and ESG goals.

Discover more online

Strategic pillars and objectives	Our **People** Building a workforce and supply chain for the future	Our **Places** Making a positive impact in our local communities	Our **Planet** Improving the environment now and for future generations
Topics	**Developing our workforce** We will attract, retain and develop a skilled and diverse workforce enabled to deliver our success. **Ethical labour** We will work to ensure fair and equal treatment for our entire workforce and value chain.	**Investing in local communities** We will strengthen local communities by prioritising spend with local business and social organisations. **Raising aspirations** We will work to support under-represented communities to provide access to work, development and opportunities.	**Climate Action** We will reduce carbon emissions and adapt operations and infrastructure to climate change. **Nature restoration** We will work to protect and enhance nature across land and water. **Resource efficiency** We will optimise the use of resources, including water, and materials across our supply chain and project lifecycle.
Measures	• % of apprentices and people in training and development programmes • % within compliance of our modern slavery training programme	• % spend with SME and VCSEs • Number of beneficiaries from community or educational outreach	• Tonnes of carbon emissions (Scope 1, 2 and 3)/£m revenue • Significant Environmental Incident Rate • Tonnes of waste/£m revenue
	% Group revenue as added social value % of revenue from projects with a net environmental benefit		
How	Collaboration / Design / Innovation / Governance / Naturally Digital		
Underpinning strategies	Diversity & Inclusion / People / Health, Safety and Wellbeing / Procurement		

Our Places

Making a positive impact in our local communities

We invest in and partner with local communities, collaborate with clients and our supply chain and work to leave a positive, lasting legacy in the places in which we operate.

As part of this, we encourage each of our employees to take two paid volunteering days per year.

Investing in local communities

As a national business, we share best practice across a wide network and work locally to get to know and invest in our local communities. Our social impact teams work with projects and communities directly to identify initiatives which will have the biggest benefit and largest impact in the places where we work.

We do this by:

- Using local goods, labour and services including small and medium enterprises (SMEs) and voluntary, community and social enterprises (VCSEs)
- Prioritising disadvantaged communities local to our operations
- Engaging with local communities, businesses and charities, providing education, employment and collaboration opportunities to provide support that addresses local needs
- 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, it's key to our commitment to the Considerate Constructors Scheme (CCS), and part of our role as a strategic supplier to the UK Government.

In FY26, 41 (FY25: 49) of our projects received recognition in the CCS National Site Awards, and our average score through monitor visits was 44 (FY25: 43). As part of how we nurture community relations, we provide an openly accessible helpline for all projects allowing the public to raise concerns, as well as providing dedicated stakeholder liaisons to maintain dialogue.

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 SMEs and VCSEs is one of our primary opportunities to invest in the communities where we work. In FY26, 53% of our subcontracted spend was made with SMEs, including VCSEs, which supports growth in local economies.

Spend with SMEs and VCSEs

c.£1.2bn

FY25: £1.5bn

Volunteering days

1,524

Community engagement in action at Thorpe Hesley

Kier was appointed by the Mining Remediation Authority to deliver a major sustainable mine water treatment scheme at Thorpe Hesley, Rotherham, protecting drinking water, the environment and creating a positive local legacy.

Social value was embedded from the outset to leave a positive legacy. From involvement in the church fair, to sponsoring the local dog show, and helping the local church enhance its car park, we worked directly with the community to understand what it needed and how we could support it.

At Redscope Primary School, we engaged with students about our work and career opportunities within the construction sector.

Beyond the build: 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, including our annual Moving through May campaign.

Our charity partner for FY26 – FY28 is Action for Children. In FY26, we raised £209,239, supporting work helping vulnerable children and young people within local communities get the practical help they urgently need.

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

Refurbishing Cedars Nursery

We supported Action for Children by refurbishing Cedars Nursery in Exeter. Working in collaboration with our supply chain partners, Aeris and TS&B, we delivered a comprehensive upgrade to revitalise the environment.

ESG report continued

Sustainability report: Our Places continued

Raising aspirations

We believe that each of us should have the opportunity to be successful, no matter where we make our start in life, or what happens along the way. It's part of our commitment to leave a positive legacy in the places where we work and one of the ways in which we demonstrate social value in our UK Government contracts. In FY26, we have launched or continued several initiatives supporting this goal. These initiatives raise aspirations, helping local people develop new skills and, in particular, ensuring there are opportunities for young people to enter placements, employment and apprenticeships.

Discover more online

Kier's Building Brighter Futures initiative in Norfolk, supporting care-experienced young people into employment, training and further education

Our impact in FY26

18,553
beneficiaries of educational or community outreach

832
young people employed through our emerging talent programmes

9,361
days of work experience delivered

Enabling social mobility

In line with Social Mobility Commission guidance, we are collating employee data to establish a socio-economic diversity baseline and set meaningful targets.

We are focusing on schemes that support people from disadvantaged backgrounds into employment and career development. We regularly communicate our initiatives to raise awareness of social mobility topics.

Building Brighter Futures

In FY26, we launched a six-week programme for care-experienced young people in Norfolk with Norfolk County Council, Norfolk Virtual School and Your Own Place, preparing participants for employment, training or further study.

Support includes mentoring, workplace experience, priority access to apprenticeships, employability workshops and life skills training.

Youth Guarantee commitment

We are committed to supporting at least 2,000 young people over the next three years through the Government's Youth Guarantee, which aims to reduce the number of young people not in education, employment or training (NEET), supporting this Government priority area.

Our support will include engagement via **Kierriculum,** our award-winning education outreach programme.

School engagement

Kierriculum: Delivering employability skills, work experience, skills bootcamps and job shadowing.

STEM Ambassador Network: Bridging STEM subjects with real-world exposure to a career in construction.

Open Doors Week: Annual programme of site visits showcasing the range of careers available in our industry.

T Levels: Working with local colleges and delivery partners to provide work experience that delivers technical skills.

Making Ground

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 FY26, we launched Tools for Tomorrow, a pioneering mentoring programme for women at HMP Bronzefield, aligned with our Working Chance partnership and focus on under-represented groups.

Sustainability report: Our People

Our People

Building a workforce and supply chain for the future

Our people are at the heart of delivering sustainable infrastructure that supports communities across the UK and enables us to achieve our strategic ambitions. Building a workforce that is fit for the future requires us to attract, develop and retain talented individuals with the skills and capabilities needed to succeed. We are committed to creating meaningful career pathways that provide local people and emerging talent with opportunities to build rewarding and long-term careers.

Safety remains a fundamental priority across Kier and is essential to maintaining our licence to operate. We are committed to fostering a safe, fair and inclusive workplace, free from exploitation, where our colleagues and supply chain partners are valued, supported and empowered to contribute, develop and thrive.

Our employee engagement survey, Your Voice, is a key measure in understanding and improving our workplace culture based on employee feedback. In FY26, we achieved an employee engagement index of 82% (FY25: 80.5%) This year-on-year increase demonstrates the impact of our culture programme and recognition of the steps we've taken to implement feedback, demonstrating our commitment to listen and act. We communicate our actions from the surveys to employees on our 'You said, we did' Your Kier page.

We foster belonging and a supportive workplace where colleagues can thrive, with rewards and benefits helping make Kier an employer of choice. Read more about the benefits we provide to our people and our Remuneration Policy on pages 108-117.

TKJV employees at Lambeth Bridge

Kier Cares: health, safety and wellbeing

Safety is our foremost priority and fundamental to our licence to operate. We create a safe, collaborative and high-performing culture, with health, safety and wellbeing at the core.

In FY26, we launched our new health, safety and wellbeing (HSW) strategy. This sets out our objectives from 2025 to 2028 prioritising risk management, safety culture, wellbeing and mental health. It focuses on a proactive approach to health and wellbeing and simplifying our safety processes.

Underpinning the HSW strategy, we have launched Kier Cares, with a core principle that we create safe, healthy and supportive workplaces for our people.

Safety performance

Accident Incident Rate (AIR)

101

FY25: 115

All Accident Incident Rate (AAIR)

269

FY25: 343

RIDDOR incidents

27

FY25: 32

Lost Time Incident Frequency Rate (LTIFR)

0.120

FY25: 0.155

Our five safety priorities

We are prioritising five key areas to strengthen health, safety and wellbeing performance across the business:

1	Building supervisor capability through consistent training, assessment and digital tools.
2	Embedding learning, leadership and continuous improvement through The Kier Way.
3	Simplifying and digitalising our HSW systems to enhance accessibility and usability.
4	Building safer outcomes through design and collaboration to prevent, eliminate and reduce risk.
5	Predictive analytics and AI – using data and AI to identify trends and proactively manage risk.

ESG report continued

Sustainability report: Our People continued

Our FY26 safety performance reflects our effective processes and risk management across the business. Our performance across key indicators has improved year on year: our 12-month rolling AIR fell by 12%, our LTIFR reduced by 23% and our AAIR improved by 22%.

Embedding a proactive safety culture

In FY26, we launched visual standards in Kier Infrastructure following the successful FY25 roll out in Construction. Developed with colleagues across the business, they use simple images and consistent messaging to clarify expectations, support safer working and simplify our Integrated Management System. They also link to key hazards and procedures to bring them to life.

Our annual Group-wide Safety Climate Tool survey identified colleagues' perceptions of health and safety and key priorities. Its insights have strengthened our HSW strategy as we progress towards proactive performance.

For the eighth 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.

BRITISH SAFETY COUNCIL
International Safety Awards 2026 Distinction

Mental Health JCOP in action

Our approach to the Mental Health Joint Code of Practice (JCOP) is to take a prevention-led, system-based approach that identifies and reduces the root causes of poor mental health across project delivery, working collaboratively with clients, partners and the supply chain to create healthier working environments and better wellbeing outcomes.

Discover more online

We also launched a new e-learning offering via iHASCO in FY26. This provides easy to use, high-quality, accredited courses, including tailored occupational health awareness.

Our policies and processes formalise our health, safety and wellbeing commitments. The Integrated Management System (IMS) sets out the processes and information needed to work safely and meet legal obligations. The IMS also includes our environmental management system and is certified to ISO 9001, ISO 14001 and ISO 45001. 100% of projects where Kier is principal contractor operate within SHEMS and these certifications.

Kier cares

Kier Cares

Health and wellbeing are core to our Kier Cares programme, focusing on a proactive approach.

Employee health and wellbeing reflect the effectiveness of our safety governance and culture. Overseen by our Health, Safety and Wellbeing team, including Occupational Health, our holistic approach links physical and mental health and engagement to safety performance and risk management.

We are a corporate supporter of The Lighthouse Club charity, which provides access to mental health and wellbeing services to our employees and supply chain, including contingent and agency workers.

Across Kier, we have a network of 1,000 wellbeing champions and mental health first aiders who promote support for mental and physical health, finances and family matters. In FY26, we launched quarterly meetings and briefings to support engagement, highlight available resources and share best practice linked to Kier Cares and our wellbeing calendar.

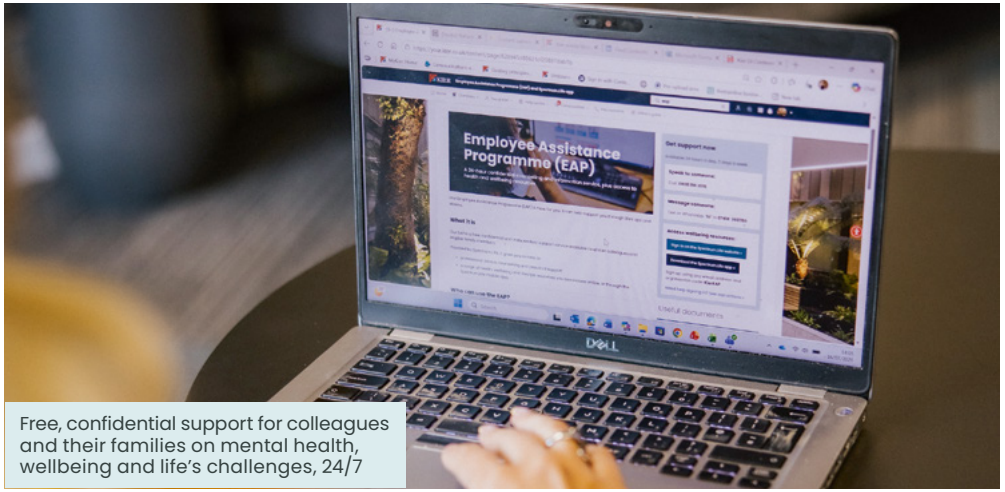
Over 130 line managers received Respond mental health awareness training and over 330 people completed mental health first aider training in FY26.

Our Employee Assistance Programme provides colleagues and their dependants with confidential, 24/7 health and wellbeing support, including signposting to Kier's financial wellbeing services.

Ensuring robust safety governance

Health, safety and wellbeing directly impacts our operations. These aspects are overseen by the Board and ESG Committee. Emerging risks, uncertainties, trends and opportunities are reviewed quarterly by the Board and regularly by executive, senior and operational management.

Read more about our ESG oversight on pages 82–84



Free, confidential support for colleagues and their families on mental health, wellbeing and life's challenges, 24/7

Sustainability report: Our People continued

Building an inclusive and diverse workforce

Kier is built by diverse, motivated and highly trained teams. Our Diversity and Inclusion roadmap, updated in FY26, lays out our plans to ensure every colleague feels valued for their contribution to Kier's success, sustainable growth and the delivery of our long-term strategy and shareholder returns.

In FY26, we assessed our inclusion rate from our employee engagement survey, Your Voice, for the first time. 82% of respondents felt that Kier is inclusive to all regardless of difference.

Inclusion rate

82%

Discover more online

Talent without barriers

Building a diverse workforce is a strategic opportunity to advance our culture, sustainability, social impact and mobility.

We recruit our people based on 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.

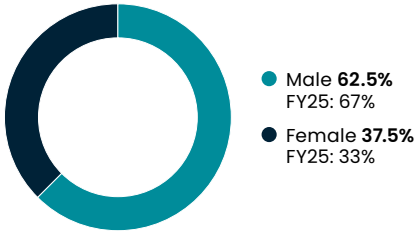
To achieve this goal, we focus on:

- **Inclusive recruitment** focusing on targeted training for recruitment, hiring, and line managers to encourage diversity at every stage of the hiring process and combat unconscious bias. In FY26, 712 managers received this training.
- **Positive action programmes** attracting diverse groups facing employment barriers, offering the chance of a successful career and highlighting the perspectives, skills and experience they bring.

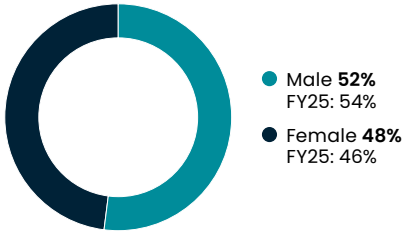
Kier 2026 Emerging Talent Conference

Gender and ethnic diversity[1]

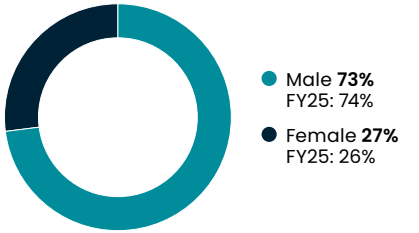
Board – Gender[2]



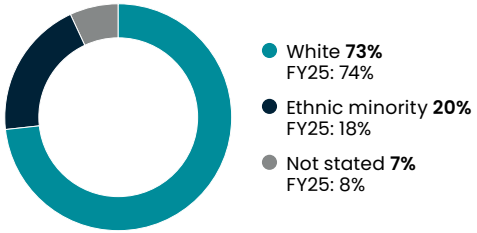
Senior managers – Gender[3]



All employees – Gender



All employees – Ethnicity



1. Kier employees only as of 30 June 2026. Excludes contingent workers.
2. See page 81 for details on Board sex/gender representation.
3. Senior managers include the Executive Committee and their direct reports.

For the second year running, 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 businesses, we ranked 16th (FY25: 23rd), demonstrating Kier's commitment to driving progress in this area.

Driving greater diversity in Leadership

To support our ambition of being a high-performing and diverse business, we have introduced a new diversity measure into the Long-Term Incentive Plan from FY27, focused on increasing female representation in senior leadership roles. Further detail on the operation and performance conditions of the LTIP is provided in the Remuneration report.

Sustainability report: Our People continued

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 FY26, we offered employment to 75 veterans and 6 reservists (FY25: 94 and 11 respectively).

Kier Commando Challenge at the Commando Training Centre for Royal Marines

Leading in disability confidence

As a Business Disability Forum member, we are committed to disability inclusion. Following third-party assessment in FY25, we achieved Disability Confident Leader status – the highest level under the UK Government scheme – reflecting our commitment to support disabled people in the workplace and transparently report on disability, mental health and wellbeing.

We work with our occupational health department to remove workplace barriers, making appropriate adjustments to roles, premises, workstations and providing appropriate equipment to our colleagues where required.

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. 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.

Kier is a proud family-friendly employer, offering 26 weeks' maternity leave and eight weeks' paternity leave, at full pay to all eligible employees. This is just one of the ways we support our people to belong, contribute and thrive at work, and in their home and family life.

Employee networks

Our employee networks connect our diverse, geographically dispersed workforce. With over 1,700 members across the business, they give colleagues a voice and help make Kier more inclusive. Each network 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.

Our networks include Kier Inclusion Network, Pride, Gender Alliance Inclusion Network (GAIN), Working Families Community, Kier Inclusion for Neurodiversity and Disability (KiND), Armed Forces Network, One World, Racial Inclusion Network (RacIN).

Go online to read more about our inclusion networks

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. On page 36, we disclose our FY26 gender and ethnic diversity at Board, senior management and Company-wide levels.

Times and BITC Gender Equality Top 50

In FY26, we were delighted to be featured in the BITC and Sunday Times Top 50 Employers for Gender Diversity. This achievement recognises our commitment to create an inclusive workplace where everyone, regardless of gender, can thrive and our efforts and achievements in doing so.

Recognising and supporting progress on diversity and inclusion

Clear Assured Bronze

Clear Assured is a globally recognised inclusion standard, providing a rigorous exploration of an organisation's diversity, equity and inclusion practices and policies. In FY26, we achieved bronze accreditation with Clear Assurance within our first 12 months of the partnership. This achievement demonstrates our progress in our workplace culture and diversity, equity and inclusion practices against a proven roadmap. We are currently working towards Silver accreditation.

The Future You Build: Kier Emerging Talent Conference 2026

Sustainability report: Our People continued

Developing our workforce

People in formal training and development programmes

10.9%[1]

FY25: 11.3%

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.

Apprentices in Kier's workforce

574

FY25: 590

At Kier, developing our people is central to how we deliver our strategy and build our workforce. From embracing digital upskilling and opportunities through Naturally Digital, to leadership development and supporting professional memberships, we want to provide professional development that attracts, retrains and demonstrates talent and is ready for the future. Kier Learn & Perform – our online learning and performance platform – sits at the heart of this, embedding our high-performance culture.

Through structured conversations at the start, mid-point and end of the financial year, colleagues set and review clear, timebound objectives aligned to our strategic priorities. 97% of in-scope employees completed their end-of-year FY26 performance reviews.

We invest in development and emerging talent, including apprenticeship and graduate schemes led by our Emerging Talent team, and support our supply chain to do the same. This work supports our efforts in leaving a lasting positive legacy in the communities in which we operate and supports our social value commitments.

Earn and Learn opportunities, such as apprenticeships and graduate programmes, are an opportunity to develop professionally and academically, simultaneously. These opportunities are available to all Kier colleagues as well as school leavers. With 91 future graduates on industrial placements, 167 university leavers on our graduate programme, and 574 apprentices in our workforce at year end, we are proud to be developing highly capable future talent to sustain our industry.

Apprenticeship employer: Top 100

In FY26, we were recognised among the top 100 apprenticeship employers by the Department for Education, Higherin 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.

5% Club: Platinum member

The 5% Club is an employer collective committed to offering training and development opportunities to its workforce. We hold 'Platinum' status, meaning that, for three or more consecutive years, more than 10% of our workforce has been on earn and learn programmes, such as apprenticeships or graduate programmes. We are proud of this accolade, which highlights our ongoing commitment to future talent.

National Apprenticeship Week 2026

Skills for the future

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.

Delivered with the Chartered Management Institute and UK universities, our leadership and management development programmes combine practical learning and recognised qualifications for colleagues at every leadership stage. As a CMI-accredited centre, we offer industry-recognised development that strengthens individual progression and organisational capability. In FY26, 398 employees enrolled and 354 employees completed one of these programmes.

We actively support colleagues to work towards professional accreditation and membership in more than 77 professional bodies relating to our business, recognising that this benefits both the individual and the business. We also offer financial recognition for those achieving chartered, incorporated or fellow status for the first time.

Our focus on capability is linked to our commitment to quality. Our CEO supported the Take Pride in Quality campaign to strengthen our competence, compliance and leadership across the business. In our Construction business, we developed in-house Building Safety Regime training covering the Building Safety Act and Building Regulations, with 874 employees trained in FY26. Kier Infrastructure has undertaken Get It Right Initiative (GIRI) training with over 1,360 employees since launch.

ESG report continued

Sustainability report: Our People continued

Ethical labour

As a major construction and infrastructure company operating across the UK, our supply chain is extensive and complex, increasing the risk of labour exploitation and modern slavery within our operations and wider supply chain. We are committed to respecting human rights and ensuring everyone working on our behalf is treated fairly, works safely and is paid appropriately.

As a strategic supplier to the UK Government, we support the objectives of PPN 02/23 in tackling modern slavery within public sector supply chains. We expect our employees, contractors and suppliers to work safely, ethically and responsibly, in line with the law, our Code of Conduct and our Ethical Labour Policy. We encourage anyone working for, or with Kier, to report concerns relating to labour exploitation or modern slavery through our confidential reporting channels.

Our ethical labour approach

Our Building for a Sustainable World ethical labour strategy sets out how we identify, prevent and address labour exploitation risks across our operations and supply chain. Underpinned by our Real Living Wage commitment[1] and specialist NGO guidance, we are embedding this through due diligence and collaboration with our people, suppliers and industry partners.

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.

We are committed to equipping our employees and supply chain with the knowledge to recognise, prevent and respond to labour exploitation and modern slavery. All Kier employees are required to complete mandatory modern slavery awareness training on joining the business and every two years thereafter. During FY26, we began rolling out enhanced modern slavery awareness training for supervisors, helping those managing workers on site to identify indicators of exploitation, respond appropriately and escalate concerns.

As a founding member of the Supply Chain Sustainability School (SCSS) and an active participant in the School's Built Environment Against Slavery Group (BEAS), we collaborate across the industry to develop guidance, training and resources that strengthen the sector's collective response to these risks.

Go online to discover more about our policies

Percentage of staff within compliance of our modern slavery training programme in FY26

95.5%

FY25: 92.3%

Supply chain engagement – working brilliantly together

Sustainable Procurement

Our Procurement, Sustainability and Compliance teams collaborate to manage supply-chain impacts across our Building for a Sustainable World framework topics.

Kier's Group procurement function is verified to ISO 20400 and holds the CIPS Corporate Ethics Kitemark.

As a founding member of the Supply Chain Sustainability School, we provide free sustainability and procurement resources to colleagues and suppliers and encourage supplier membership.

Key FY26 achievements included:

- Launching our Sustainable Procurement Policy, Supplier Code of Conduct and Ethical Labour Policy
- Completing detailed sustainability risk heat mapping to inform PQQ and ITT questions, contract KPIs and opportunities
- Rolling out free modern slavery training to key suppliers through the SCSS. Our target is 70% completion. We are on track to achieve this by the end of next year with current compliance at 66%

Go online to read about our procurement resources

Sustainability report: Our Planet

Our Planet

Improving the environment now and for future generations

Delivering environmental outcomes that support sustainable growth

Kier's environmental strategy is focused on delivering measurable outcomes that support long-term value creation. We prioritise climate action, nature restoration and resource efficiency – areas identified as financially and operationally material within our double materiality assessment.

Discover more online

In FY26, 69.0% of Group revenue was derived from projects delivering a net environmental benefit, as assessed under the London Stock Exchange's Green Economy Mark methodology. This represents an increase of 16.0 percentage points since FY22 and demonstrates the growing alignment between sustainability and commercial performance.

Go online to read more about our green revenue

Climate action

Accelerating decarbonisation

We continue to make strong progress against our Science Based Targets (SBTi), with:

- 80.8% reduction in Scope 1 and 2 emissions since FY19
- 33.2% reduction in Scope 3 emissions since FY22

- Scope 1 reduction since FY19 baseline **80.4%**
- Scope 2 reduction since FY19 baseline **87.9%**
- Scope 3 reduction since FY22 baseline **33.2%**

GREEN ECONOMY MARK
LONDON STOCK EXCHANGE

This year we have achieved a further 34.0% reduction in Scope 1 and 2 emissions. The majority of in-year operational decarbonisation has been driven by the expanded use of hydrotreated vegetable oil (HVO), replacing diesel, across our sites and operations.

94.1% of Kier operational emissions are from fleet and plant fuel consumption. The use of HVO has helped reduce fossil fuel use and deliver immediate emissions reduction.

While this is a considerable achievement, we also recognise it introduces a strategic dependency on global biofuel supply chains, which are subject to price volatility, geopolitical risk and sustainability assurance considerations. We are actively managing this by:

- Adopting rigorous sourcing standards and supply chain certification
- Monitoring cost exposure linked to energy markets and supply constraints
- Accelerating electrification of our fleet and plant, reducing long-term reliance on transitional fuels such as HVO

This balanced approach supports near-term delivery of our targets while maintaining resilience to future cost and supply risks.

Improving Scope 3 data and accelerating supply chain action

Purchased goods and services (Scope 3) remains our largest emissions source (85.0%) and a critical focus area for both risk management and value creation.

In FY26, we made a step change in data quality and actionability by implementing our emission hierarchy with strategic and preferred suppliers.

This has significantly improved our data accuracy and enables:

- Targeted engagement with high-impact suppliers
- Better-informed procurement and design decisions
- Accelerated and more credible decarbonisation across our value chain

The transition reflects our broader shift from measurement to active carbon management, strengthening both delivery credibility and investor confidence.

Our approach and supplier engagement have helped reduce our FY26 Scope 3 emissions by 5.3% compared to FY25.

Climate recognition

Climate CDP A List 2025

Kier's climate leadership continues to be recognised through leading independent benchmarks. During FY26, we achieved our first A rating in CDP's Climate Change Assessment, with an additional A rating in Supplier Engagement Assessment, recognising both our operational decarbonisation progress and our work to engage suppliers on climate action. We were also ranked first in the Construction & Building Materials sector in the Financial Times Europe's Climate Leaders 2026 listing, ranking as the third highest-ranked UK company and thirteenth overall in Europe, providing external validation of our continued progress in reducing emissions and delivering our climate strategy.

Sustainability report: Our Planet continued

Climate as a driver of growth and resilience

Climate change presents a material opportunity for Kier, particularly through increasing demand for low-carbon and climate-resilient infrastructure. Demand is growing across key markets, including flood defence, water infrastructure, transport resilience and low-carbon buildings.

This is reflected in our assessment for the London Stock Exchange's Green Economy Mark, with 48.9% of our revenue associated with activities that contribute to climate change adaptation, highlighting the significant opportunities to grow our business through projects which support people, places and planet.

We are also supporting the development of guidance from the UK Transition Finance Council, helping to road-test its voluntary guidelines, including assessing emerging criteria against our disclosures to support the flow of credible investment into high-emitting sectors.

We are actively supporting the UK's transition by:

- Delivering infrastructure resilient to physical climate risks
- Supporting clients with decarbonisation and adaptation strategies
- Expanding our capability in sustainable design and climate risk assessment

Toddbrook Reservoir

This project demonstrates how climate adaptation is driving demand for more resilient infrastructure. The scheme is designed to withstand a 1 in 10,000 year flood event, reflecting increasing climate risk and the need for more robust, future-ready assets.

By investing in enhanced resilience measures at Toddbrook Reservoir, the scheme is helping to safeguard communities, protect critical infrastructure and ensure essential services remain reliable in a changing climate. It demonstrates the vital role infrastructure renewal and adaptation will play in reducing climate-related risks and strengthening long-term resilience across the UK.

Nature restoration

Strengthening environmental performance and control

Our approach to nature is increasingly integrated with climate, reflecting their interdependence and shared risk profile. Our adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) supports improved identification and management of nature-related risks and dependencies.

Our Climate & Nature Report reflects this close relationship, recognising that for sectors such as construction, where interactions with land, ecosystems and natural resources are significant, long-term business resilience depends on progress across both climate and nature. Nature-related considerations are therefore integrated into our transition planning alongside climate action.

In FY26, we delivered an 84.1% year-on-year reduction in our Significant Environmental Incident Rate (SEIR)[1], reflecting a step-change improvement in operational performance and increased focus at site level.

This improvement is driven by the maturity of our environmental management approach, including:

- Consistent application of our ISO 14001-certified management system
- Strengthened operational controls and assurance processes
- Increased environmental capability within project teams

Nature restoration

Delivering the infrastructure needed to support climate adaptation often means working in some of the UK's most environmentally sensitive locations. Kier's technical expertise, environmental stewardship and collaborative approach enable it to balance the needs of critical infrastructure, biodiversity and local communities, ensuring projects are delivered responsibly while creating lasting environmental and social value.

The Bridgwater Tidal Barrier is a strong example of this approach in practice. As part of a major flood resilience programme protecting thousands of homes and businesses, Kier has delivered targeted habitat enhancement and species translocation measures to safeguard water voles, one of the UK's fastest declining mammals. By creating new habitats and successfully relocating populations ahead of construction, the project demonstrates how carefully planned infrastructure can not only mitigate environmental impacts but leave habitats and species in a stronger position than before.

Go online to read the full story

1. FY25 SEIR has been restated from 54 to 47 as a result of revised employee and subcontractor headcount data. The number of recorded incidents is unchanged.

Sustainability report: Our Planet continued

Building capability through accredited training

A key driver of improved performance has been investment in workforce capacity and capability:

- **178 sustainability professionals** support responsible operations across Kier, providing environmental expertise, assurance and compliance oversight
- **542 operational staff trained in FY26** through Institute of Sustainability and Environmental Professionals (ISEP) approved environmental programmes delivered by our sustainability teams

This approach embeds environmental expertise at site level, improving risk management, decision-making and compliance across our operations, and is reflected in the significant reduction in environmental incidents during the year.

Positioning for nature-related opportunity

As regulatory and investor focus on biodiversity and natural capital increases, we are strengthening our capability to support our clients in meeting emerging nature-related and climate resilience requirements, integrating biodiversity, water and climate adaptation into design and delivery. With our sustainable design and consulting teams working this year to expand our carbon design approach to include nature and climate adaptation for all design works over £100,000.

This creates opportunities to embed biodiversity, water stewardship and climate resilience into project design and delivery, supporting clients to meet evolving regulatory requirements while delivering positive nature and community outcomes.

Resource efficiency

Driving cost control and resource resilience

Resource efficiency is a key operational and commercial priority for Kier, supporting both cost management and environmental performance. Our approach focuses on reducing material use, improving productivity through innovation and strengthening control over increasingly constrained and volatile resource markets.

Our primary measure is **construction waste intensity (tonnes per £m revenue)**, with FY26 performance of 9.5 tonnes per £m revenue, reducing 18.5% from FY25.

During FY26, we reset this metric to focus on construction waste, aligning to BREEAM and supporting comparability of our performance.

Discover more online

From waste management to resource optimisation

Our strategy has evolved beyond waste management to a broader focus on resource optimisation across materials, water and energy.

This transition is supported by strengthened procurement controls and supply chain practices. During FY26 we strengthened our approach through:

- Heat mapping of key resource risks and opportunities
- Enhanced control standards for priority materials such as fuels, timber, soils and aggregates
- Integration of sustainability requirements into supplier contracts

These measures improve consistency across projects and reduce exposure to supply chain cost and compliance risks.

Resource efficiency in action

Delivering major infrastructure responsibly means maximising value from resources while minimising environmental impact. For United Utilities, at Blackburn Wastewater Treatment Works, Kier's technical expertise and collaborative approach enabled 194,000 tonnes of demolition materials to be safely treated and reused on site, avoiding carbon emissions of c.1700 tonnes.

The project demonstrates how circular economy principles can reduce waste, carbon emissions and transport impacts while delivering cost-effective, sustainable outcomes for customers, communities and the environment.

Discover more online

Expanding focus on water

As part of our mid-point sustainability strategy review, water was identified as an increasing strategic priority, relating to both operational consumption and climate-related risks such as water scarcity and extreme rainfall.

Our focus this year has been to improve visibility of water use, transitioning to a national preferred supplier, and building water management into project design, strengthening our ability to manage both cost and operational risk, particularly in climate-sensitive sectors.

This is recognised in our CDP water security score of A- and water consumption per £m revenue reducing by 13.7% to 18.8m^3 per £m revenue.

Positioning for future efficiency gains

Looking ahead, we are prioritising areas with the greatest potential to improve efficiency and reduce cost. This involves moving beyond a focus on waste, initially including enhanced data capture for concrete and steel, expansion of digital 'resource management' tools, and increased use of recycled and reused materials across projects.

These initiatives will support continued reduction in waste intensity while improving productivity and reducing reliance on constrained resources, reinforcing resource efficiency as a key driver of operational performance and long-term value.

ESG report continued

Sustainability report: Our Planet continued

Energy and carbon reporting

		Global					UK				
		Year ending 31 March 2026	Year ending 31 March 2025	Year ending 31 March 2024	Year ending 31 March 2022	Year ending 31 March 2019	**Year ending 31 March 2026**	Year ending 31 March 2025	Year ending 31 March 2024	Year ending 31 March 2022	Year ending 31 March 2019
Absolute emissions											
Scope 1	tCO_2e	**17,571**	26,873	28,853	38,643	89,490	**17,571**	26,862	28,675	36,113	77,468
Scope 2 (market based)	tCO_2e	**723**	860	115	324	5,970	**723**	860	106	298	5,934
Scope 2 (location based)	tCO_2e	**1,915**	2,266	2,521	4,589	7,170	**1,915**	2,266	2,512	4,543	7,132
Scope 1 and 2 (market based)	**tCO_2e**	**18,294**	27,733	28,968	38,967	95,460	**18,294**	27,722	28,781	36,411	83,402
Scope 3	tCO_2e	**648,399**	684,479	787,008	971,314	—	**648,399**	684,476	786,959	970,680	—
Scope 1, 2 (market based) and 3	**tCO_2e**	**666,693**	712,212	815,976	1,010,281	—	**666,693**	712,198	815,740	1,007,091	—
Market-based intensity											
Scope 1 and 2	tCO_2e/£m revenue	**4.3**	6.9	7.4	12.0	23.7	**4.3**	6.9	7.3	11.2	20.7
Scope 1, 2 and 3	tCO_2e/£m revenue	**156.8**	176.2	207.9	311.9	—	**156.8**	176.3	207.8	310.9	—
Location-based intensity											
Scope 1 and 2	tCO_2e/£m revenue	**4.6**	7.2	8.0	13.3	24.0	**4.6**	7.2	7.9	12.6	21.0
Scope 1, 2 and 3	tCO_2e/£m revenue	**157.1**	176.6	208.5	313.2	—	**157.1**	176.6	208.4	312.2	—
Energy consumption	**kWh**	**125,213,000**	128,579,000	138,746,000	179,465,000	380,090,000	**125,213,000**	128,534,000	138,714,000	169,551,000	330,568,000

Energy and carbon reporting notes:

1. Scope 1: combustion of fuel and operation of facilities.
2. Scope 2: electricity purchased.
3. Scope 3: indirect emission sources.
4. Our GHG emissions quantification methodology is aligned with the GHG Reporting Protocol – Corporate Standard.
5. Location-based uses the average emissions intensity from the grid where we source the energy.
6. Market-based uses the emissions intensity based specifically on the energy mix procured.
7. 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.
8. 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.
9. Energy consumption (Scope 1 and 2) is rounded to the nearest MWh due to legibility of kWh reporting.
10. FY24, FY25 and FY26 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.
11. As required by SBTi and ISO 14064-1, we exclude no more than 5% of GHG emissions from our reported total.
12. 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, our FY25 Climate & Nature Report and our FY26 Climate & Nature Report on our website.

Sustainability report: ESG oversight and governance

ESG **oversight** and **governance**

We integrate ESG matters, including climate-related risks and opportunities, into the Group's governance, operational decision-making and risk management framework through our principal risks and uncertainties (PRUs) and operational risk processes.

This reflects our Building for a Sustainable World approach, recognising that both environmental and social sustainability are intrinsically linked to our operations and should be managed holistically to mitigate risks and realise long-term opportunities.

Our sustainability governance is aligned to the AA1000 AccountAbility Principles and is supported by transparent reporting of performance and progress. This approach strengthens our ability to secure long-term frameworks and public sector contracts, where carbon reduction plans are required for annual contracts of £5m or more and social value commitments are increasingly important requirements.

Further information on our risk management framework and the effectiveness of our systems of risk management and internal control is provided on pages 51-52. Additional details on the governance of climate-related risks and opportunities can be found in our TCFD disclosures on pages 44-50.

Sustainability framework governance

Leadership

Board

ESG Committee
Chair: Non-Executive Director

Scope: Oversees all ESG matters, including risks and opportunities; advises on strategic direction, embedding ESG priorities into strategic decisions and objectives, and the annual budget process.

Advised by: Executive Committee, and Leadership Forums

Executive

Operations Board
Chair: Chief Operating Officer

Scope: Monitors, challenges and provides direction on all Building for a Sustainable World topics.

Advised by: Leadership Forums

Leaders and subject matter experts

Leadership Forums
Chair: Chief Operating Officer

Scope: Lead implementation of Building for a Sustainable World framework and commitments across all divisions.

Management[1]

Kier Group functions

Sustainability, health, safety and wellbeing, governance and compliance, assurance, and human resources
Scope: Providing business-wide co-ordination and direction for ESG strategy, including chairing management meetings, ensuring cross-divisional collaboration, ESG reporting, and relationship management with internal and external stakeholders.

Sustainability teams

Building for a Sustainable World framework pillar groups
Chair: Senior member of the Sustainability team

Scope: Co-ordinate strategy, activity and innovation within the respective strategic pillar of the Group.

Subject matter experts

Major risk, working and task, and finish groups
Chair: Nominated subject matter experts

Scope: Explore and action specific focus areas to support our continued improvement in performance across ESG topics.

Implementation

Business divisions

Building for a Sustainable World and Built by Brilliant People™
Scope: Co-ordinate and implement sustainability priorities; deliver division-specific action plans, initiatives and policies; support and embed awareness, compliance and enhanced standards; share innovation and collaborate to continually improve.

Enablers

Sustainability literacy

Providing knowledge and skills, and fostering sustainability mindsets, both at work and at home, to support informed and effective decision making for a sustainable future.

Learning and performance

Supporting professional development and performance reviews to ensure an equipped, competent and confident workforce.

Health, safety and wellbeing competencies

Ensuring appropriate skills and competency to manage health, safety and wellbeing in all areas of the business.

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

ESG report continued

Sustainability report: ESG oversight and governance continued

Governance and risk management

The Chief Executive, Chief Financial Officer and Executive Committee review risks quarterly, assessing emerging issues, controls and mitigation actions. The Risk Management and Audit Committee oversees the Group's principal risks and uncertainties and reviews the effectiveness of risk management and internal control systems. Further information is provided in the Risk management section from pages 51-52.

Climate-related risks and opportunities are considered through these governance and risk management processes and supported by the climate governance framework, outlined on pages 44-45. Further information on our approach to climate-related risks and opportunities can be found in our Climate & Nature Report.

The Board and its Committees receive regular updates on sustainability-related priorities, performance and emerging regulatory developments, helping to ensure environmental, social and governance considerations are reflected in strategic decision-making. This includes oversight of health, safety and wellbeing, climate and nature-related risks and opportunities, social value delivery, responsible business practices, modern slavery and human rights, and broader stakeholder expectations, supporting the effective management of risk and the creation of long-term sustainable value.

Integrated operational governance

We regularly review our operational governance arrangements to ensure environmental, social and people considerations remain embedded across the business. A programme of independent expert review and colleague feedback evaluates the effectiveness of policies, controls and training, helping us maintain compliance, strengthen organisational capability and support the delivery of our sustainability commitments.

Verifying our ESG performance

Transparent reporting and robust assurance underpin our approach to governance. We apply a multi-level assurance framework, combining internal verification and audit with independent third-party assurance of key ESG metrics.

BSI provides independent limited assurance over the measures within our Building for a Sustainable World framework in accordance with ISAE 3000 (Revised). Since FY23, BSI has also provided reasonable assurance over our carbon emissions data in accordance with ISO 14064-1. Further information can be found on pages 47 and 83 respectively.

Reflecting the environmental outcomes delivered through our projects, we have achieved the London Stock Exchange Green Economy Mark every year since FY23. Further information is available on page 40.

ESG reporting and performance

We monitor emerging sustainability regulations, frameworks and standards to maintain transparent, decision-useful reporting and meet evolving stakeholder expectations. Alongside our Annual Report, we publish supplementary disclosures, performance data and external ESG assessment results online.

Our climate-related disclosures continue to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our Climate & Nature Report provides further detail on our climate and nature-related risks, opportunities and dependencies and is informed by the Taskforce on Nature-related Financial Disclosures (TNFD) framework and UK Transition Plan Taskforce (TPT) guidance, supporting transparent disclosure of our transition planning and approach to delivering a low-carbon and nature-positive future.

To support investors and other stakeholders, we also publish an ESG Databook containing detailed sustainability performance metrics and disclosures aligned to the Sustainability Accounting Standards Board (SASB) standards for the engineering and construction services sector.

Through these publications, we provide a comprehensive and transparent view of our sustainability strategy, governance, risks, opportunities and performance.

Go online to read more about our ESG Databook, ratings and performance

Go online to read our Climate & Nature Report

TCFD report

TCFD disclosures and page references

Disclosures	Read more on page(s)
Governance	
(a) Board oversight of climate-related risks and opportunities	44, 51–52 and 59
(b) Management's role in assessing and managing climate-related risks and opportunities	44, 51–52 and 59
Strategy	
(a) Climate-related risks and opportunities	44-45, and 59
(b) Impacts of climate-related risks and opportunities	44-45, and 59
(c) Resilience of strategy under different climate-related scenarios	47–50
Risk management	
(a) Processes for identifying and assessing climate-related risks	44–45
(b) Processes for managing climate-related risks	44–45
(c) Integration of climate-related risks into overall risk management	44–45
Metrics and targets	
(a) Metrics used to assess climate-related risks and opportunities	43, and 46–50
(b) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions	43
(c) Targets used to manage climate-related risks and opportunities, and performance against them	15, 40–43 and 47

Introduction

As a leading construction and infrastructure business we have the responsibility and opportunity to support the United Kingdom's transition to a low emission, climate resilient built environment while minimising our own environmental impact. We align our business ambitions with our environmental and social goals, as reflected in our purpose, to create lasting value through essential infrastructure. This is supported by our Building for a Sustainable World framework, which addresses our most material issues, including climate action – reducing the carbon footprint of our operations and adapting to the impacts of climate change.

Here we detail our financially material climate-related 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. Further details relating to our carbon reduction, net zero targets and performance are detailed within the wider ESG Report and our associated disclosure.

Our Climate & Nature Report provides a more in-depth overview of Kier's actions to address climate change, including progress in aligning disclosures with the Taskforce on Nature-related Financial Disclosures (TNFD) and the Transition Plan Taskforce (TPT), recognising the strong alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Discover more online

Strategy

The local and global impacts of climate change continue to be felt, bringing with them both risks to operations and opportunities for growth as we, with our clients, suppliers and peers, take collective climate action to reduce our impact and increase resilience. To mitigate the risks, realise the opportunities, and ultimately inform our business strategy, it is critical that we maintain a thorough understanding of climate-related risks and opportunities that could materially impact our business.

We therefore continue to assess our risk and opportunity exposure under different climate outcomes, considering three socio-economic transition pathways and three time horizons, to provide an indicative range of potential impact. This assessment is used to inform materiality, magnitude and ultimately our strategy to mitigate risks and realise opportunities.

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 significant associated environmental outcomes or significantly affects financial performance. See pages 48–50 for a breakdown of our risk and opportunity analysis. 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.

Time horizons

To align with the climate scenarios projections and considering climate change timescales, we assessed the climate scenarios (see page 50) within the following time horizons:

- Short term: 2026–2030
- Medium term: 2031–2040
- Long term: 2041–2050

These periods reflect the lifecycle impacts of the buildings and infrastructure we construct and maintain alignment with the Paris Agreement net zero 2050 targets.

In previous years, medium term has been defined as up to 2030. As we approach the end of the decade, we have adjusted our definitions accordingly.

Risk management

Governance

Sustainability remains a principal risk for the business, and as such the governance of climate-related risks and opportunities is integrated within the Group's broader ESG oversight and risk management framework, as set out in the ESG report (pages 44–45).

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 continued to explore the potential impact of and mitigation methods for the climate-related risks and opportunities relevant to Kier since they were initially identified in FY22.

Climate-related risks and opportunities are identified and managed at divisional level through dedicated registers, with controls embedded into operational processes (for example, severe weather, dust and surface water management plans). Significant risks are escalated through the Group's risk governance structure.

Risk and opportunity assessment

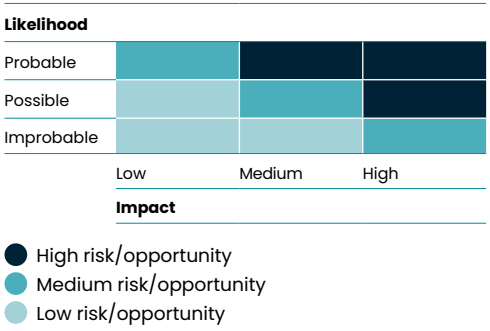
We prioritise risks and opportunities based on a risk score determined by a 3x3 matrix of impact magnitude and likelihood. In our assessment, we identified five key climate-related risks and five key climate-related opportunities.

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



Changes to our risk and opportunities

As part of our annual review, we have made the following material updates to our key risks and opportunities:

- **Reclassification of 'increasing customer requirements and industry standards'** Previously identified as a risk due to compliance costs and potential penalties, this area is now considered a commercial opportunity. Our established controls and strong external performance, including CDP A List recognition and consistently high ESG ratings, demonstrate our ability to meet evolving expectations. While no longer classified as a significant risk, it remains subject to annual review within our internal registers
- **Introduction of 'geopolitical volatility'** We have elevated geopolitical volatility to a significant risk in response to increasing national and global uncertainty observed in FY26. While previously captured within broader demand-related risks, continued instability could slow progress towards net zero and impact market conditions. As a result, the assessed risk magnitude has increased and is now reflected in the table on page 48.

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 FY26, we continued to internally develop our assessment of risks and opportunities to better understand the potential financial impact and cost of mitigation. A qualitative assessment of these impacts is provided on pages 48–49, and we continue to explore possible improvements to our TCFD disclosure as our reporting matures.

Metrics and targets

We monitor and report Scope 1, 2 and 3 greenhouse gas emissions and energy consumption alongside other ESG metrics as outlined in our ESG report on pages 40–43. 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 45.

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 40–43.

Discover more online

ESG report continued

TCFD report continued

Risks

	1 Carbon pricing mechanisms				2 Development and availability of low carbon materials and technology				3 Geopolitical volatility and market uncertainty				4 Disruption due to extreme weather events (supply chain disruption)				5 Climate impacts on productivity			
Risk rating by scenario	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average
Short term	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	High	High	High	High	High	High	High
Medium term	High	Medium	Medium	Medium	Medium	Medium	High	Medium	High	Medium	Medium	Medium	Medium	High	High	High	Medium	High	High	High
Long term	High	Medium	High	High	Medium	High	Very high	High	Medium	Medium	High	Medium	Medium	High	Very high	High	Medium	High	Very high	High
Time horizon	Medium term				Medium term				Long term				Long term				Long term			
Magnitude (post-mitigation)	Medium				Medium				Medium				High				High			
Type	Transition (policy and legal)				Transition - Market				Transition - Market				Physical - Chronic				Physical - Acute			
Area	Upstream				Upstream				Downstream				Upstream				Own operations			
Primary financial impact	Increased indirect (procurement) costs				Increased indirect (procurement) costs				Reduced revenues (reduced demand)				Increased indirect (procurement) costs				Reduced revenues (disruption)			
Description	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). There is a risk where we may be exposed to carbon emission costs and/or resultant price increases for procurement of applicable goods, for example fossil fuels.				Achieving regulatory and contractual sustainability requirements is dependent on the availability and scalability of low-carbon materials and technologies in line with increasing market demand. This also relies on supply chains remaining resilient to external pressures that may disrupt production or distribution. Constraints in supply chain or technology readiness could result in project delays, increased procurement costs as demand outpaces supply, and potential challenges in meeting client and regulatory requirements, which may in turn affect delivery performance and stakeholder confidence.				National and international policy frameworks are key drivers of climate transition, shaping demand for low-carbon construction and infrastructure. Statutory commitments to net zero, alongside mandatory climate-related disclosures, are accelerating market adoption of sustainable solutions, particularly within the public sector. Uncertainty in the political landscape may slow this transition, as reduced policy clarity or consistency could delay investment decisions across both public and private sectors, weakening demand for low-carbon assets in our core markets and impacting the pace of opportunity realisation.				Acute physical climate-related events, including storms, flooding, wildfires and extreme temperatures, may disrupt our operations and those of key suppliers. These impacts may be particularly significant in regions with lower resilience or limited capacity to respond and recover. Disruption to the production, transport or availability of critical materials and services could result in project delays, increased costs, reduced productivity and challenges in meeting client commitments.				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. There is a risk that we may be exposed to increased mitigation costs or potentially lost revenue due to service disruption.			
Mitigation	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. We have further developed our internal carbon pricing to integrate the potential impacts of this risk into our business decision making. 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.				We collaborate with suppliers, peers and clients regularly through various channels to address this risk, engaging with our supply chain to support decarbonisation. Where risks specific to certain materials or technology are identified, we work with our supply chain to improve our resilience, for example the use of contracting to secure HVO fuel supply and build resilience against fossil fuel market volatility. We remain an active partner of the Supply Chain Sustainability School, working with our peers and suppliers to accelerate development of low carbon solutions.				Our diversified sector exposure and secured positions on long-term frameworks and contracts enhance resilience to fluctuations in market demand. We actively monitor the proportion of revenue derived from projects delivering a net environmental benefit, enabling us to track demand trends and adjust our strategic focus accordingly. Our portfolio includes both low-carbon construction and climate adaptation and resilience projects. As the physical impacts of climate change intensify, demand for adaptation-related infrastructure is expected to remain strong, providing a degree of resilience against policy-driven market uncertainty.				We continue to use UKCP18 within our scenario analysis allowing the assessment of climate risks regionally to inform management and mitigation. We use market-specific scenario analysis and risk assessments to continually improve operational risk controls. We collect data from our preferred suppliers to better understand our key material dependencies. In FY26 we have developed bowtie risk assessments to explore key interventions to mitigate risks across our projects, and Kier Design is working across the business to embed climate resilience into project design.				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.			
Associated metrics	Carbon emissions				Carbon emissions				Green revenue				SEIR				SEIR			

ESG report continued

TCFD report continued

Opportunities

	1 Resource efficiency				2 Market growth for climate resilience and adaptation				3 Increased operating income for green-aligned projects				4 Enhanced reputation				5 Resilience to fossil fuel market volatility			
Opportunity rating by scenario	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average	SSP1	SSP2	SSP3	Average
Short term	Medium	Medium	Medium	Medium	High	High	High	High	High	High	High	High	Medium	Medium	Medium	Medium	High	High	High	High
Medium term	High	Medium	High	High	High	High	High	High	High	High	High	High	High	High	Medium	High	Very high	High	Medium	High
Long term	Very high	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	Very high	High	Medium	High
Time horizon	Short term				Short term				Short term				Short term				Short term			
Magnitude (post-mitigation)	Medium				High				High				Medium				High			
Type	Resource efficiency				Market				Market				Reputation				Market/Resource Efficiency			
Area	Own operations				Downstream				Downstream				Downstream				Own operations			
Primary financial impact	Reduced direct costs				Increased revenue (market growth)				Increased revenue (market growth)				Increased revenue (work winning)				Reduced direct costs			
Description	Both energy and resource efficiency are central to Kier's decarbonisation strategy and are increasingly embedded in regulatory requirements and client expectations. This presents a commercial opportunity to reduce operating costs and enhance competitiveness through more efficient design and delivery. By optimising energy use and minimising material waste across our projects and operations, we can lower expenditure on energy, fuel and resources, while delivering cost-effective, low-carbon solutions that align with evolving market demand.				The increasing physical impacts of climate change are expected to drive growing demand for infrastructure resilience across the UK. This includes both proactive measures, such as flood defence schemes, and reactive services, including repair and maintenance of highways and rail networks. These are established markets for Kier, presenting a clear opportunity for growth as investment in climate adaptation and resilience accelerates. Our existing capabilities and market presence position us to capture this increasing demand.				We assess our revenue in alignment with the FTSE Russell Green Revenues Classification System and have observed a consistent increase in the proportion of green-aligned activities, including low-carbon buildings, climate adaptation projects and sustainable transport infrastructure. Rising demand for green-aligned solutions presents a clear opportunity for revenue growth. Our established market presence and track record in these sectors position us well to capture this increasing demand.				Building and maintaining a reputation as a climate leader, along with consistent delivery beyond regulatory requirements and effective value chain decarbonisation, presents a significant commercial opportunity for Kier. This positioning can support competitive differentiation and growth, enhance our ability to attract and retain skilled talent, strengthen relationships with supply chain partners (including improved commercial terms), and facilitate access to capital as investors increasingly prioritise strong climate performance.				As we progress towards our near-term and net zero targets, we are exploring opportunities to increase on-site renewable electricity generation and to source energy from lower-carbon alternatives, including sustainable biomethane, hydrotreated vegetable oil (HVO) and Power Purchase Agreements (PPAs). These initiatives have the potential to reduce emissions, lower long-term energy costs and enhance resilience to energy market volatility and price fluctuations, supporting both margin stability and operational continuity.			
Opportunity realisation	Our ISO 14001-certified environmental management system (EMS) enables the efficient use of resources, minimisation of waste and protection of the natural environment across our operations. This is complemented by collaboration with Kier Design, specifically our in-house carbon assessment and advisory capability, which supports designing out of carbon-intensive materials and identifies opportunities to improve construction efficiency and reduce lifecycle costs. We also leverage our partnership with the Supply Chain Sustainability School to enhance supply chain capability and collaborate with clients and industry peers, supporting continuous improvement and the wider adoption of low-carbon solutions.				Our Building for a Sustainable World framework is informed by a double materiality assessment, ensuring alignment with stakeholder priorities. As such we have incorporated climate resilience into the 'Planet' pillar of our strategy, positioning ourselves well to capture growing demand. Kier Design provide in-house expertise and embeds climate resilience into project design and delivery, strengthening our ability to meet evolving client requirements and capitalise on this growth market. We continue to track the proportion of our revenue derived from projects with a net environmental benefit, including climate resilience activities. This provides transparency of performance and supports identification of trends.				Our Construction and Infrastructure 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. The establishment of Kier Design further strengthens our delivery capability, providing a more integrated and scalable approach to sustainable design. This enhances our ability to efficiently respond to growing demand for low-carbon buildings and infrastructure.				We maintain compliance with both statutory and voluntary disclosure frameworks, supporting transparent communication of our sustainability strategy, performance and governance. We continue to see measurable improvements in external assessments, including achieving CDP A List status for climate in FY26 and ranking first across Europe in the construction and building materials sector in the Financial Times Climate Leaders programme. These outcomes, alongside strong performance across leading ESG ratings, reinforce our credibility as a climate leader and strengthen our positioning to realise associated commercial and strategic benefits, including enhanced access to capital and competitive differentiation.				We are actively progressing initiatives to improve the sustainability and security of our energy sourcing. This includes working with our utility broker to strengthen procurement standards, with REGO-backed electricity as a minimum requirement and an ambition to expand the use of PPAs and on-site generation across our operations. We also utilise contractual arrangements with key suppliers to secure volumes of lower-carbon fuels, such as HVO, from sources aligned with our sustainability criteria. These actions support emissions reduction while reducing exposure to energy price volatility and supply risk.			
Associated metrics	Energy consumption, waste generation				Green revenue				Green revenue				CDP score				GHG emissions			

ESG report continued

TCFD report continued

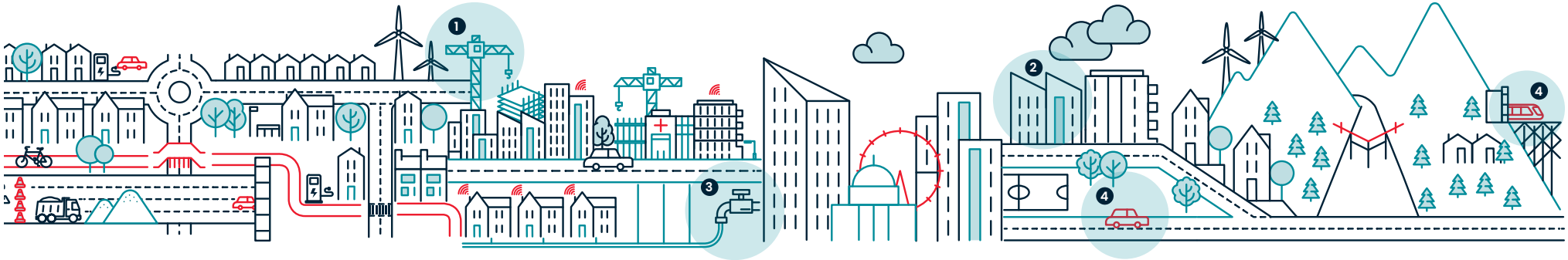
Scenarios (climate impacts by 2100)

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	SSP 1 (low challenge)	SSP 2 (medium challenge)	SSP 3 (high challenge)
Global temp. rise by 2100	Less than 2°C	2°C-3°C	3°C-4°C
Associated models	• CMIP6 mean model, World Meteorological Organisation (RCP 2.6) • UKCP18 RCP 2.6 • IMAGE 3.0	• CMIP6 mean model, World Meteorological Organisation (RCP 4.5) • UKCP18 RCP 4.5 • MESSAGEix-GLOBIUM	• CMIP6 mean model, World Meteorological Organisation (RCP 6.0) • UKCP18 RCP 6.0 • AIM/CGE
Description	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. Other assumptions (all by 2050): • Carbon price: $99.97/tCO$_2$e • Energy consumption per capita: 17.8 MWh • Global GDP per capita: $34.1k	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 SSP 1 but grow more severe over time, particularly by 2100. Other assumptions (all by 2050): • Carbon price: $12.32/tCO$_2$e • Energy consumption per capita: 19.5 MWh • Global GDP per capita: $25.2k	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. Other assumptions (all by 2050): • Carbon price: $28.59/tCO$_2$e • Energy consumption per capita: 15.7 MWh • Global GDP per capita: $17.2k

Divisional risks and opportunities

We have also identified the most substantive climate- and nature-related risks and opportunities for each of our divisions. These are summarised below.



1 Construction

Risks	Opportunities
Supply chain disruption due to extreme weather	Growth in climate mitigation and adaptation markets
Climate impacts on productivity	Commercial savings through resource efficiency
Insufficient development and scaling of low-carbon materials and technologies	Resilience to volatility in energy markets through use of renewable energy

2 Property

Risks	Opportunities
Market uncertainty impacting demand for products	Growth in climate mitigation and adaptation markets
Disruptive carbon and energy-related regulation	Reputational gains due to performance and transparency
Damage to assets due to physical impacts of climate change	

3 Infrastructure – Natural Resources

Risks	Opportunities
Climate impacts on productivity	Growth in climate adaptation markets
Service disruption due to extreme weather	Reputational gains due to performance and transparency
Insufficient development and scaling of low-carbon materials and technologies	

4 Infrastructure – Transportation

Risks	Opportunities
Increased expenditure on low-carbon technology	Growth in climate mitigation markets (public transport)
Service disruption due to extreme weather	Reputational gains due to performance and transparency
Disruptive carbon and energy-related regulation	Commercial savings through resource efficiency

Managing **risk** and **opportunity**

Effective risk and opportunity management remains fundamental to the achievement of the Group's long-term strategy and operational delivery.

The Group's risk management and internal control framework

The Board has overall responsibility for risk management, determining the Group's risk appetite and overseeing the management of principal and corporate risks supported by the Risk Management and Audit Committee (RMAC). The Group's Risk Management, Internal Control and Assurance Policy sets out risk management roles and responsibilities and is underpinned by a risk management and internal control framework (the Framework) which links the three elements of risk management, internal control and assurance. Further details of the Framework are set out in the diagram on the following page.

The Board, through the RMAC, carried out a robust assessment of the Group's framework, fraud and emerging risks aligned to Kier's strategic priorities. Emerging risks considered included the increasing risks and opportunities related to developments in quantum computing. 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.

The Framework supports disciplined decision-making and the protection of value for shareholders, customers and other stakeholders. Its starting point is the determination of the key risks and opportunities in relation to the achievement of the Group's strategy which determines the Group's principal risks and other corporate risks.

For contract risk, all significant potential opportunities, tenders and contracts are reviewed to ensure those pursued provide an appropriate level of return within a defined risk appetite. The Group prioritises selective bidding in chosen markets, two-stage and negotiated procurement models with balanced contract structures, contractual protections and appropriate risk allocation across the supply chain. Contract management is through the Group's project lifecycle management framework, gateway reviews and senior oversight, commercial standards and approval thresholds.

Macroeconomic and geopolitical risk is managed through a diversified portfolio across sectors and markets with long-term frameworks providing visibility and resilience in revenue streams and with a strong order book and disciplined tender pipeline, supporting visibility and risk-adjusted decision-making. Inflationary pressures and supply chain risks are managed through the contracting strategy and operational controls.

The Group's increasing use of digital technology and harnessing of data presents opportunities to enhance productivity, improve project delivery and support better decision-making. There is increased exposure to cyber security threats, data risks and emerging technologies, including artificial intelligence. The Group manages these risks through mitigations such as its Naturally Digital strategy, formal governance procedures, risk assessments, patch and vulnerability management, security monitoring and detection, backup and resilience testing, and mandatory training.

Risk and opportunity oversight

Each principal risk includes an assessment of risk appetite, potential impact and likelihood, velocity, opportunity and mitigating actions. Mitigating actions include material controls: being significant mitigations over the principal risks, external reporting and fraud risk and Group-wide entity level controls mitigating more than one risk.

The risk and opportunity assessment culminates in a review by the Group Risk and Opportunities Committee (GROC). Discussions are focused on ensuring risks and opportunities are identified and appropriately mitigated and opportunities are capitalised on within the Group's risk appetite. The GROC also discusses presentations from divisional leadership on operational risks and specific projects, with actions agreed to improve future outcomes. During the year this also included a detailed assessment of the impact of events in the Middle East, the continued increase in cyber-attacks and other events that could affect operational resilience.

Assurance

The GROC and RMAC receive regular reports from the Head of Risk and Internal Audit on the independent review and objective assessment of Framework effectiveness. The report includes an Assurance Map showing the assurance provided to conclude on the effectiveness of the material controls.

Managing risk and opportunity continued

Risk management, internal control and assurance framework

		Risk	Internal control	Assurance
Board	**Board** Retains overall responsibility for how the Group manages risk and for the Group's risk management and internal control framework. **Risk Management and Audit Committee** Oversees financial reporting procedures, the internal audit function and the effectiveness of the external auditors.	**Principal risks and uncertainties (PRUs)** 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. **Corporate risks** External corporate reporting and fraud risks. While not PRUs, these are internally reported corporate level risks.	**Material controls** Material controls are those that mitigate: • The principal risks and uncertainties • 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 • Fraud, including override of controls	**External assurance providers** Deliver assurance over various Kier risks and activities, such as ISO management systems compliance.
Leadership	**Executive Committee (ExCo)** Approves the risk management and internal control framework in the context of the Group's strategy and performance. **Group Risk and Opportunities Committee** Acts as the link between the businesses, ExCo and the Board and RMAC with respect to risk management. **Investment Committee** Reviews risks relating to the Group's investment decisions. **Group Risk Tender Committee** Provides independent review and risk mitigation recommendations relating to trading opportunities and tenders undertaken by all Group businesses.		**Entity level controls** Controls that have a pervasive effect on the entity's system of internal control such as controls related to the control environment. **Management review controls** Reviews of operational and financial management information and the underlying calculations, assumptions, judgements and analyses.	**Internal audit (third line)** Independently review first and second lines of defence. Deliver assurance over risk management frameworks. **Risk and compliance (second line)** 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 – monitors adherence to the risk and compliance frameworks.
Operations	**Senior leadership teams** At Group and divisional levels, oversee business operations ensuring the monitoring and management of organisational objectives and risks. **Operating management** Focuses on the day-to-day business activities, projects, processes and risks.	**Operational risk** 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. **Project risk** An uncertain event or condition that, if it occurs, can have a positive or negative effect on one or more project objectives.	**Operational controls** Controls that directly address risks to the effective performance of a project or process including information technology general controls.	**Business teams (first line)** 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.

Principal **risks**

Group Risk and Opportunities Committee discussions are focused on ensuring risks and opportunities are identified and appropriately mitigated or capitalised on within the Group's risk appetite.

The Board's assessment of risk

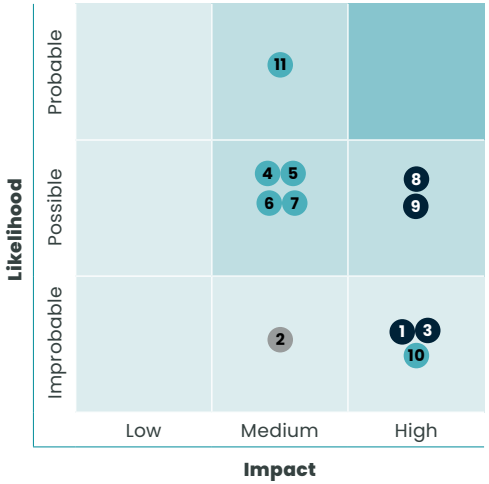
The Board determines its appetite with respect to the principal risks, via the Risk Management and Audit Committee (RMAC) and assesses the effectiveness of the Risk Management and Internal Control Framework which is designed to mitigate the impact of the principal Risks on the Group's operations. The Board takes a balanced view of principal risks and material controls and reviews risk as part of its strategy development sessions.

The Board's assessment of the principal risks is set out in the heat map. The risks, not listed in any order of priority, are plotted on a net basis (i.e. after mitigations) together with the assessment criteria summarised below.

Changes to the principal risks

Assessment of the Group's principal risks took into account the changes in the year to the ExCo and the development of the new five-year strategy, with input from Board and ExCo members. As a result we have also updated the links to the revised set of strategic priorities. The Framework remained largely fit for purpose with the funding risk refocused on financial strength, given funding is secure for the medium term, and a digital technology and AI risk added to recognise the related risks and opportunities. In addition, the status of the macroeconomic and geopolitical risk was changed to increasing, with an increase in impact given developments in the Middle East. Strategy risk was removed given it related to the previous turnaround strategy and as the other principal risks relate to the achievement of the strategy. Velocity criteria were added to the Framework to indicate the speed at which a risk materialising would impact the Group and to assist in determining the appropriateness of mitigations.

Risk heat map



Corporate risk	Risk appetite	Change: Impact	Change: Likelihood	Velocity[1]
1 **Health, safety and wellbeing**	Low	↔	↔	Rapid
2 **Legislation and regulation**	Low	↔	↔	Very slow
3 **Financial strength**	Low	↔	↔	Rapid
4 **Order book**	Low	↔	↔	Moderate
5 **Contract management**	Low	↔	↔	Moderate
6 **People**	Medium	↔	↔	Moderate
7 **Supply chain**	Low	↔	↔	Moderate
8 **Digital technology and AI**	Medium	New	New	Rapid
9 **Cyber security**	Low	↑	↔	Rapid
10 **Sustainability**	Low	↔	↔	Moderate
11 **Macroeconomic and geopolitical**	Medium	↑	↔	Moderate

1. Velocity: a new measure which has been added to this year's Annual Report.

Managing risk and opportunity continued

Principal risks continued

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: The impact of a risk materialising.

Impact	AOP	Reputation
High	>£15m	Loss of one or more major clients, material regulatory fines and/or reportable breaches with sustained adverse media coverage and reputational damage
Medium	£5m to £15m	Moderate regulatory impact requiring external disclosure and/or fines which could raise attention from stakeholders or adverse media coverage
Low	<£5m	Limited client, market or regulatory impact which would not raise attention from stakeholders

Likelihood: The likelihood (probability) of a risk materialising over five years.

Likelihood	Percentage
3 Probable	>60%
2 Possible	25% to 60%
1 Improbable	<25%

Velocity (speed of impact): The time elapsing between a risk materialising and the point at which Kier would be impacted.

Velocity	Period
3 Rapid	<24 hours to 90 days
2 Moderate	90 days to one year
1 Very slow	>one year

1 Health, safety and wellbeing

Risk owner

Chief Operating Officer

Impact on strategic priority

- Performance

Description

Failure to maintain a safe working environment and prevent a major incident.

The Group's operations are complex and potentially hazardous, and require rigorous management of health, safety and wellbeing (HSW) matters.

Risk appetite rationale

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 its people, plus members of the public and stakeholders who may be affected by its works.

Risk appetite statement

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.

Impact/actions

Potential impact

- Increase in safety incidents on site
- Unhealthy employee population resulting in greater levels of absence and lowered operational performance and resilience
- Failure to meet clients' expectations, adversely affecting our ability to bid for and win new work
- Financial penalties from fines, legal action and project delays
- Reputational impact

Mitigating actions

- Integrated Management System to support proactive HSW management
- Sharing lessons learnt from incidents including Incident Review Boards
- Group-wide HSW strategy supporting Kier Cares, with divisional supporting approaches
- Proactive Visible Leadership Tours, Operational Safety and Site Safety Inspections
- ISO 45001 compliance (occupational health and safety management)
- Health and wellbeing support and offerings

Managing risk and opportunity continued

Principal risks continued

2 Legislation and regulation

Risk owner

General Counsel and Company Secretary

Impact on strategic priority

- Performance

Description

Failure to manage effectively applicable emerging legislation and regulation.

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.

Risk appetite rationale

To operate in its 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 it remains compliant.

Risk appetite statement

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.

Impact/actions

Potential impact

- Penalties for failing to adhere to legislation or regulation
- Increased operating costs of compliance
- The loss of business/undermining strategy
- Reputational damage

Mitigating actions

- Appropriate policies that are regularly reviewed and relevant training and awareness programmes to support policy implementation
- Regular engagement with the Government and Government agencies with respect to the Group's continued compliance
- Monitoring of, and planning for, the impact of new legislation and regulations
- Collaborative engagement with external stakeholders
- Supply chain due diligence, onboarding and compliance monitoring

3 Financial strength

Risk owner

Chief Financial Officer

Impact on strategic priority

- Growth
- Resilience
- Performance

Description

Performance against the Group's strategy does not drive the targeted improvement in balance sheet strength.

Risk appetite rationale

Our risk appetite is low with a committed strategy for significant increases to retained cash over the medium term.

Risk appetite statement

To ensure the Group has the balance sheet strength and access to sufficient liquidity to absorb working capital cycles, the Group will operate conservatively within its agreed borrowing covenants as a key component of the Group's financial planning and monitoring processes. The Group is building a sustainable net cash position in the medium term.

Impact/actions

Potential impact

- The loss of stakeholder (for example, investors, clients, subcontractors and employees) confidence
- Loss of city credibility of not delivering targeted balance sheet improvement
- Inability to address any future changes in key client payment and procurement policies and practices.

Mitigating actions

- Thorough financial planning to ensure plans are achievable and deliver targeted outcomes.
- Effective monitoring of strategic actions and associated financial performance.

Managing risk and opportunity continued

Principal risks continued

4 Order book

Risk owner

Group Commercial Director

Impact on strategic priority

- Growth
- Performance

Description

A general market or sector downturn materially and adversely affects the Group's ability to secure profitable work.

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.

Risk appetite rationale

Low appetite to move away from our selected markets and strategy because of the higher risk of securing loss making projects and the additional costs associated with serving too many sectors.

Risk appetite statement

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.

Impact/actions

Potential impact

- A failure of one or more of the Group's businesses
- Increased competition for new work
- A decrease in stakeholder confidence in the Group

Mitigating actions

- To continue to secure long-term frameworks within each of our businesses
- Tailoring the Kier offer to meet customer needs
- Maintaining an efficient cost base
- Sector Action Plans
- End-to-end capabilities

5 Contract management

Risk owner

Group Commercial Director

Chief Operating Officer

Group Managing Directors

Impact on strategic priority

- Performance

Description

Failure to deliver contracts effectively at each stage of a project's lifecycle.

The business suffers a significant loss as a result of failing to adequately control the project risks through pre-construction, delivery and handover. This includes delivering a quality product.

Risk appetite rationale

The Group has a low risk appetite in each of the stages of pre-construction, delivery and handover. This is because all three stages, if not executed within our controls, could lead to significant project losses.

Risk appetite statement

We are disciplined with our project selection to ensure we select projects under frameworks or with clients who 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.

Impact/actions

Potential impact

- A failure to manage project delivery and work in progress and, ultimately, to meet the Group's financial targets
- The Group incurring losses on individual contracts
- The Group failing to win new work because of reputational impact
- Failure to deliver a quality product

Mitigating actions

- Operating Framework
- Policy (corporate and operational)
- Commercial Procedures and handbook
- Project lifecycle management sets the structure for managing projects end to end
- Tender peer review through the Group Tender Risk Committee
- Delegated Authorities
- Group 12 Box AOP Plan (including simplification, design, programme and quality)

Managing risk and opportunity continued

Principal risks continued

6 People

Risk owner

Chief People Officer

Impact on strategic priority

- Growth
- Resilience
- Performance

Description

Failure to attract, retain, develop and support our employees.

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.

Risk appetite rationale

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.

Risk appetite statement

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.

Impact/actions

Potential impact

- An adverse effect on the delivery of the Group's purpose and strategy
- A lack of operational leadership, potentially leading to poor project performance
- An erosion of the Group's employer brand

Mitigating actions

- Kier Culture (values and healthy behaviours) to drive high and balanced performance
- Further roll out of the 'Kier Way' (Human Organisational Programme)
- The People strategy and strategic workforce planning aligned to the business plan
- Award-winning leadership, management and technical development offer supported by a proactive talent management process
- Pathway to becoming Naturally Digital
- Employee engagement, feedback and positive action plan (Your Voice)
- Compelling and competitive employee value proposition

7 Supply chain

Risk owner

Group Commercial Director

Impact on strategic priority

- Growth
- Performance

Description

Failure to manage and maintain the effective performance of, and relationships with, the supply chain.

The Group relies upon its partners for the delivery of its projects.

Supply chain insolvencies, insufficient capacity, poor performance, non-compliance or a cyber-attack impacts project delivery and profitability.

Risk appetite rationale

We have a low appetite to exposing ourselves to unmanageable supply chain risk because of the impact on our ability to deliver to customers.

Risk appetite statement

We continue to have positive relationships with our supply chain and subcontractors. They are risk assessed and vetted for good financial health, cyber security credentials 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.

Impact/actions

Potential impact

- Unavailability of appropriate resources, impacting on project delivery and cost
- Use of suppliers from outside the preferred supplier list increases cost and decreases quality
- Data breach/ransomware via supplier; loss of confidential/client data
- Poor relationships lead to lack of confidence in the Group and adverse publicity

Mitigating actions

- Delivery of the supply chain management strategy
- Supplier financial health prior to onboarding and continual monitoring
- Group and division resources channel spend and reduce risk
- Supply chain performance management and monitoring of compliance with Kier standards and legislative requirements
- Continued focus to meet fair payment reporting requirements

Managing risk and opportunity continued

Principal risks continued

8 Digital technology and AI

Risk owner

Chief Operating Officer

Impact on strategic priority

- Performance

Description

The Group fails to embed Naturally Digital ways of working, resulting in fragmented tools, inconsistent adoption and failure to realise value from digital and AI investment.

This includes failure to prioritise and govern digital investment through agreed forums, adopt and scale core platforms consistently across the business, embed digital and AI into everyday ways of working, convert digital initiatives into measurable productivity, safety and commercial outcomes, and reduce cyber risk.

Risk appetite rationale

We govern, prioritise and adopt digital technology in a controlled and consistent way to enable safe delivery, productivity, cost control and better decision-making across the Group.

Risk appetite statement

Digital and AI are critical enablers of operational performance and competitive advantage.

We have a minimum standard that ensures investment is governed through agreed forums, ownership is clear, and adoption is actively managed and evidenced.

We have low tolerance for fragmented tooling outside approved platforms, weak governance or bypassed decision-making, poor adoption limiting value realisation, and unmanaged AI or data usage introducing risk.

Impact/actions

Potential impact

- Poor or inconsistent decision-making from unreliable or fragmented data
- Inefficient or duplicated technology investment
- Lower employee productivity, engagement, retention and confidence in digital tools
- Reduced competitiveness and weaker bid performance
- Failure to deliver the business strategy and growth

Mitigating actions

- Group Naturally Digital strategy and prioritised roadmap
- Defined digital operating model (ownership, stewardship, standards, decision rights)
- Standardisation on core platforms and approved toolset
- Structured adoption, engagement and change plans for all priority initiatives
- AI policy, governance and practical operating guidance
- Measurement of value realisation (productivity, safety, commercial outcomes)

9 Cyber security

Risk owner

Chief Information Officer and Chief Operating Officer

Impact on strategic priority

- Growth
- Performance

Description

Cyber threats – including ransomware, phishing, unauthorised access, supply chain compromise, malicious or uncontrolled use of AI, and the convergence of Operational Technology and IT.

These could disrupt Kier's operations and lead to the denial of service as well as the loss or compromise of sensitive commercial, employee or client data.

Risk appetite rationale

Kier operates in regulated, safety critical environments with increasing reliance on digital platforms across sites and central functions. We have very low tolerance for cyber incidents that impact: safe delivery on sites; availability of core systems; protection of client, employee and commercially sensitive data; and compliance with contractual and regulatory obligations and accreditations.

Risk appetite statement

All technology, data and Operational Technology environments must meet defined security standards aligned to Cyber Essentials/NCSC guidance and Kier security policies and supplier onboarding controls.

Minimum controls must be enforced across access, patching, monitoring, resilience and incident response.

No new system, supplier or technology shall be introduced without IT and security approval.

Impact/actions

Potential impact

- Disruption to site operations or critical business services
- Loss or exposure of commercially sensitive bid, contract or employee data
- Failure of Operational Technology and systems supporting delivery of Group strategy
- Contractual penalties or loss of client confidence
- Regulatory breach (including data protection)
- Financial loss and reputational damage

Mitigating actions

- Layered, practical controls already embedded across IT and operations
- Central IT, security, architecture and supplier management oversight and onboarding
- Microsoft Entra ID with multi-factor authentication enforced across user access
- Vulnerability and patch management and tracking
- Central security monitoring with defined escalation routes
- Defined incident response process
- Tested backup and recovery capability for critical services
- Mandatory cyber training and phishing awareness campaigns

Managing risk and opportunity continued

Principal risks continued

10 Sustainability

Risk owner
Chief Operating Officer

Impact on strategic priority
- Growth

Description

Failure to identify and effectively manage sustainability risks and opportunities.

Our ability to win work and secure investment is dependent on delivering on our environmental, social and governance (ESG) commitments.

Our approach to sustainability aims to safeguard our business and build a resilient environment, community and profits over the long term.

Risk appetite rationale

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.

Risk appetite statement

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.

Impact/actions

Potential impact
- Failure to win work
- Failure to meet our BfaSW targets
- Failure to meet contractual requirements, investor expectations or regulatory requirements
- Not attracting or retaining people
- Reputational damage

Mitigating actions
- BfaSW framework and milestone plans – monitoring progress against targets and commitments
- Sustainability Leadership Forums
- Work with supply chain to help deliver our strategic pillars actions
- Sustainability data management systems
- ESG accreditation, data verification and benchmarks
- Climate scenario analysis
- ISO 14001 certification and embedded environmental best practice

11 Macroeconomic and geopolitical

Risk owner
Chief Executive

Impact on strategic priority
- Growth
- Resilience
- Performance

Description

Changes in macroeconomic and geopolitical conditions negatively impact on Kier, its workforce and its clients. Potential fiscal moment.

Our ability to win and deliver projects is impacted by developments in the UK and global economy which may arise from economic slowdown, 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.

Risk appetite rationale

Whilst economic and political 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.

Risk appetite statement

We are disciplined by operating in selected markets and focusing on business where opportunities have an acceptable risk. We continue to deliver our contracts, supported by our risk management framework (three lines of defence), Operating Framework and best practice processes.

Impact/actions

Potential impact
- Reduced revenue or margins
- Project affordability
- Availability of labour and materials
- Increased supply chain insolvency risk

Mitigating actions
- Various market insights and intelligence relating to pricing, lead times
- Kier risk management framework
- Portfolio mix prevents exposure to single markets
- Well established customer relationships across Government and regulator sectors
- Two-stage Negotiation Contracts
- Infrastructure contracts are largely cost reimbursable
- Considerable risk is stepped down to the supply chain
- The Middle East scenario planning and modelling

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[1]	Read more on page(s)
Anti-corruption and anti-bribery	• Anti-Bribery and Corruption Policy (including Gifts and Hospitality)	72
Employees	• Code of Conduct • Diversity and Inclusion Policy • Health, Safety and Wellbeing Policy • Real Living Wage Policy • Whistleblowing Policy	34–39 and 72
Environmental matters	• Environmental Policy • Sustainability Policy	40–50
Respect for human rights	• Code of Conduct • Anti-Slavery and Human Trafficking Policy • Data Protection Policy	34 and 39
Social matters	• Sustainability Policy	30–43
Business model	• Description of the Group's business model	12–13
Non-financial KPIs	• Description of the non-financial key performance indicators relevant to the Group's business	15
Principal risks	• 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	53–59
Climate-related financial disclosures	• TCFD report	46–50

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 72. 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, Risk Management and Audit Committee and Environmental, Social and Governance Committee receive regular compliance updates from the Group General Counsel.

Section 172(1) statement and stakeholder engagement

See page 69 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 70–71.

This Strategic report on pages 4–60 was approved by the Board and signed on its behalf by:

Stuart Togwell
Chief Executive
14 September 2026

Tom Hinton
Chief Financial Officer

Chair's introduction to corporate governance

Maintaining strong governance to support our next phase of growth

"Our focus remains on continually improving Kier's corporate governance framework so that it supports our evolving strategy and ensures our long-term sustainable success."

Matthew Lester
Chair

On behalf of the Board, I am pleased to present our Corporate governance report for the year ended 30 June 2026.

This section details how we have applied the principles of the UK Corporate Governance Code and highlights the Board's and its Committees' key activities and decisions during the year to support our long-term, sustainable success.

Evolving our strategy

FY26 delivered a strong performance against the Group's strategy. With significant investment in our markets expected over the next 10 years and beyond, the Board continued to review and challenge the Group's strategic pillars. With substantial growth opportunities available to us, we are clear that any anticipated growth needs to be balanced against risks, challenges and stakeholder views.

It is with this approach that we reviewed the Group's strategy and capital allocation policy, leading to the Board approving the evolved strategy and a £25m share buyback programme, and supporting the decision to reallocate capital from the Property portfolio over the next three years.

Corporate governance and risk management

Our high standards of governance and risk management frameworks underpin the Group's resilience and long-term success. We also recognise that maintaining these standards is dependent on their continual scrutiny and evolution. Core to this is strengthening individual accountability and our control environments.

Improvements to the governance framework during FY26 focused on:

- Progressing succession planning, especially in achieving targets on gender balance
- Continuing the Group's preparedness for Provision 29 of the 2024 UK Corporate Governance which will apply in FY27
- Reviewing the risk management framework and principal risks, with new digital technology and AI risk added

Promoting our culture

A strong and clearly defined culture is fundamental to Kier's long-term success and underpins the delivery of its strategic priorities. This year, the Board engaged directly with colleagues through site visits, Visible Leadership Tours and workforce engagement activities, gaining valuable insight into the experiences, opportunities and challenges across the Group.

The Board received regular updates on culture, leadership effectiveness, diversity and inclusion, employee engagement and the renewed health, safety and wellbeing strategy. Recognising that everyone has a role in creating a safe and inclusive workplace, the Board views health and safety as a core cultural value and an important indicator of organisational effectiveness. It therefore continued to monitor progress against the Group's health and safety objectives and the initiatives designed to strengthen behaviours, accountability and performance.

The Board promotes culture through the ESG Committee and its oversight of Kier's sustainability strategy, which identifies 'Our People' as one of its three strategic pillars. This reflects the Board's belief that a positive culture, underpinned by shared values and a commitment to health, safety and wellbeing, is critical to delivering sustainable performance and positive social and environmental outcomes.

Understanding our stakeholders

The Board continued to develop its understanding of stakeholders through direct and indirect engagement, building the insights from such engagement into the Boardroom discussions and decision-making.

Board changes and effectiveness

In continuation of our succession planning, we saw a number of changes to the Board. Stuart Togwell was appointed as CEO, Tom Hinton as CFO and Anne Baldock as a Non-Executive Director and, later, Chair of the Remuneration Committee when Margaret Hassall retired from the Board in May 2026. I would like to take this opportunity to thank their predecessors for their invaluable contributions to Kier during their tenures.

The FY26 Board effectiveness evaluation was conducted internally once again in year two of our three-year cycle. The findings concluded that the Board remains effective and collectively has the appropriate skills and experience to guide and shape the Group.

I extend my thanks to the members of the Board, the Executive Committee, our colleagues across the business and our stakeholders for their valued contribution and continued support.

Matthew Lester
Chair

Corporate governance overview

UK Corporate Governance Code 2024 compliance

The Board considers that the Company has complied with the applicable principles and provisions of the UK Corporate Governance Code 2024 (the Code) during the year. It has prepared to be compliant with Provision 29 of the Code in FY27.

Details of how the Company has applied the Principles are set out in this Annual Report, as listed below:

	Principles of the Code	Read more on page(s)
Board leadership and company purpose	A. Board's role	63-72
	B. Company's purpose, values, strategy and culture	2-50
	C. Governance reporting on decisions and outcomes	47-50 and 63-121
	D. Shareholder and stakeholder engagement	60 and 69-72
	E. Workforce policies and practices, and workforce concerns	34-39, 70 and 72
Division of responsibilities	F. Chair's role	63
	G. Board balance and division of responsibilities	63
	H. Non-Executive Directors' time and role	63-72
	I. Information, processes and resources	63

	Principles of the Code	Read more on page(s)
Composition, succession and evaluation	J. Board appointments	79-80
	K. Board and Committee composition, skills and tenure	64-65
	L. Board evaluation	81
Audit, risk and internal control	M. Policies and procedures for internal and external audit	76-77
	N. Fair, balanced and understandable assessment	76
	O. Risk and internal control framework, risk assessment and management	51-53, 61-63 and 73-77
Remuneration	P. Remuneration policies and practices	85-117
	Q. Director and senior management remuneration	85-117
	R. Independent judgement and discretion on remuneration	85-117

Key decisions

- Approved the evolved strategy, following significant consideration of how to best support long-term value creation
- Approved a £25m share buyback programme in FY26
- Reviewed the capital allocation policy
- Approved appointments to the Board and Executive Committee to enhance leadership for Kier's next phase

Key outcomes

- 7.8p per share paid to shareholders in FY26 (FY25: 7.2p)
- 10,476,317 shares bought back through the share buyback programmes in FY26
- Stuart Togwell appointed as Chief Executive and Tom Hinton appointed as Chief Financial Officer

> **See page 67** for key activities undertaken by the Board during FY26

Corporate governance overview continued

Governance framework and division of responsibilities

Our governance framework empowers the Board to support the Group's delivery of its strategy effectively and efficiently, through informed decision-making, appropriate delegation and robust oversight of key matters.

The individual responsibilities of the Chair, Chief Executive, Chief Financial Officer, Senior Independent Director, Non-Executive Directors and the Company Secretary are clearly defined to ensure appropriate accountability and oversight. For further information, please refer to the corporate website.

Shareholders

- Formal and informal feedback and data analysis provide the view of the Company's owners
- A variety of internal and external sources provide insights and data

Board

- Accountable to shareholders and responsible for promoting the long-term success of the Group
- Provides leadership of the Group, establishing the purpose, values and strategy
- Monitors the implementation of the strategy and the safety, financial, operational, environmental and social performance of the Group
- Ensures that appropriate risk management systems and internal controls are in place
- Sets and monitors the Group's ethics and culture
- Ensures good corporate governance practices are in place

The decisions which can only be made by the Board are clearly defined in the Schedule of Matters Reserved for the Board, which is available on the Company's website.

Board Committees

The Board Committees support the Board's work through the delegation of responsibilities. These are clearly defined in agreed Terms of Reference, which are available on the Company's website.

Risk Management and Audit Committee

- Oversees financial reporting procedures, systems of internal controls and risk management, the internal audit function and the effectiveness of the external auditors

For more information about this Committee, see pages 3-78

Nomination Committee

- Makes recommendations to the Board regarding the structure, size, composition and succession needs of the Board and its Committees
- Oversees succession planning for Directors and the Executive Committee

For more information about this Committee, see pages 79-81

Environmental, Social and Governance Committee

- Reviews the Group's strategy with respect to safety, environmental and social matters and ethical business practice

For more information about this Committee, see pages 82-84

Remuneration Committee

- Sets the Group's Remuneration Policy for Directors
- Sets and monitors the level and structure of remuneration for the Executive Directors and other senior executives

For more information about this Committee, see pages 85-117

Executive Committee

- Supports the Board by implementing the strategy
- Takes responsibility for Group performance
- Takes accountability for performance of the business divisions, in line with the Operating Framework and the Group's Delegated Authorities
- Reviews and approves material operational matters, including safety, people, IT, digital, business assurance and compliance, environment, social and wellbeing

Biographical information about our Executive Committee members can be found on our website.

Operational Committees and Steering Groups

- Support the Executive Committee
- Including the Group Risk and Opportunities Committee, the Investment Committee, the Group Tender Risk Committee and Sustainable Leadership Forums

Membership comprises Executive Committee members, together with senior leaders and subject matter experts, selected according to the remit and responsibilities of each committee or forum. These bodies operate as management committees and forums in support of the Executive Committee and do not constitute Board Committees.

Find more information on our website

Board of Directors

Matthew Lester
Chair

Tenure on Board: 6 years, 8 months
Independent: Yes (on appointment)

E N R RA

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 from former appointments with 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

Stuart Togwell
Chief Executive

Tenure on Board: 1 year, 11 months
Independent: No

N

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
- 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

- Deputy Co-Chair of the Construction Leadership Council

Tom Hinton
Chief Financial Officer

Tenure on Board: 8 months
Independent: No

Skills, experience and contribution

- Extensive financial and corporate experience from his former senior roles within supply chain logistics supporting the retail, building supply, energy infrastructure and defence sectors, as well as previous roles in the renewable energy and insurance sectors
- With significant experience in financial strategy, cost management and capital allocation, he brings his expertise to drive further improvements in Kier's financial performance and deliver sustainable growth
- Most recently, Tom was Interim Chief Executive Officer at Wincanton (now part of GXO), having served as its Chief Financial Officer since 2022. He was Group Chief Financial Officer at WE Soda Limited; prior to which, he held Group Chief Financial Officer roles at Domestic and General Ltd and Infinis Energy plc
- Tom is a member of the Chartered Institute of Management Accountants

Principal current external appointments

- None

Chris Browne OBE
Senior Independent Director

Tenure on Board: 4 years
Independent: Yes

E N R RA

Skills, experience and contribution

- Experience of the construction sector through her former role as a Non-Executive Director of Vistry Group PLC
- With significant commercial and operational experience through senior leadership positions within 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 Constellium 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

Alison Atkinson FREng, MICE CEng
Non-Executive Director

Tenure on Board: 5 years, 9 months
Independent: Yes

E N R RA

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)

Board of Directors continued

Anne Baldock
Non-Executive Director

Tenure on Board: 1 year, 2 months
Independent: Yes

E N R RA

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
- Non-Executive Director of The Royal Mint

Mohammed Saddiq
Non-Executive Director

Tenure on Board: 2 years, 8 months
Independent: Yes

E N R RA

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 positions 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: 6 years, 5 months
Independent: Yes

E N R RA

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

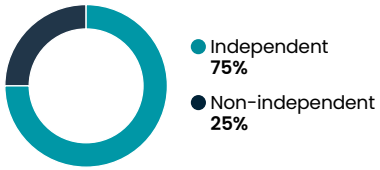
Principal current external appointments

- 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

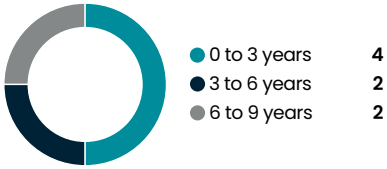
Board composition

Diversity of knowledge, experience and background provides varied perspectives to inform robust discussion and decision-making in the Boardroom.

Board independence (as at 14 September 2026)



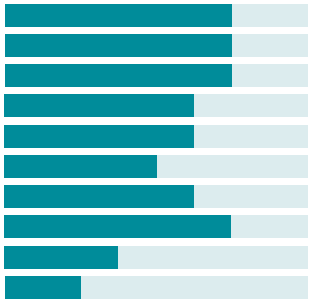
Board tenure (as at 14 September 2026)



Board gender diversity (as at 14 September 2026)

Board ethnic diversity (as at 14 September 2026)

Board skills matrix (as at 14 September 2026)



Board Committees key:

E Environmental, Social and Governance N Nomination R Remuneration
RA Risk Management and Audit Chair of the Committee

Board and Committee meeting attendance (scheduled meetings)

	Board	Environmental, Social and Governance Committee	Nomination Committee	Remuneration Committee	Risk Management and Audit Committee
Alison Atkinson[1]	5/6	4/4	3/3	4/5	3/4
Anne Baldock	6/6	4/4	3/3	5/5	4/4
Chris Browne	6/6	4/4	3/3	5/5	4/4
Andrew Davies[2]	2/2	–	2/2	–	–
Margaret Hassall[3]	5/6	3/4	3/3	4/5	3/4
Tom Hinton[4]	2/2	–	–	–	–
Simon Kesterton[5]	3/4	–	–	–	–
Matthew Lester	6/6	4/4	3/3	5/5	4/4
Mohammed Saddiq	6/6	4/4	3/3	5/5	4/4
Stuart Togwell[6]	6/6	–	1/1	–	–
Clive Watson	6/6	4/4	3/3	5/5	4/4

1. Alison Atkinson was unable to attend the July 2025 Board, Remuneration Committee and RMAC meetings due to prior business commitments.
2. Andrew Davies, an Executive Director, stepped down from the Board in October 2025.
3. Margaret Hassall stepped down from the Board in May 2026. She was unable to attend the September 2025 meetings due to prior business commitments.
4. Tom Hinton, an Executive Director, was appointed to the Board in January 2026.
5. Simon Kesterton, an Executive Director, stepped down from the Board in December 2025. Simon recused himself from the December 2025 Board meeting.
6. Stuart Togwell, an Executive Director, was invited to attend the Nomination Committee from November 2025.

Board activities

The Board met six times during the year. Additionally, the Board held dedicated discussions to consider, and approve, the half year and full year trading updates. The Chair, in conjunction with the Chief Executive and Company Secretary, establishes a Board forward agenda that combines regular monitoring activities with prominent strategic matters for effective performance and governance.

Regular monitoring activities

- Strategy, including investor, competitor and order book updates
- Business updates, including balanced scorecard
- Finance, including financial performance
- Naturally Digital, including supplier/partner update
- People and culture, including D&I update
- Governance, including horizon scanning and whistleblowing reports

FY26 Board strategy meeting

The Board convened for two days in May 2026 for its annual strategy meeting, attended by members of the Executive Committee and the Chief of Staff. The session provided dedicated time for the Board to review and challenge the evolution of the Group's strategy, ensuring it remained focused on delivering sustainable long-term value for shareholders and other stakeholders. The Board encouraged open and constructive debate, rigorously testing management's assumptions, proposals and priorities ahead of formal approval and implementation.

The Board reviewed progress against the Group's long-term sustainable growth ambitions and considered opportunities to accelerate value creation through a clearer and more focused strategic framework. Discussions included the development of the end-to-end value creation framework, the strategic positioning and growth opportunities across both the Infrastructure and Construction, the future direction of the Property business, and the role of a refreshed Group brand in strengthening differentiation in the market and supporting stakeholder engagement.

The Board also considered the strategic objectives underpinning the evolved strategy and the key enablers required to support successful delivery, including digital transformation, operational excellence, talent and culture, capital allocation and balance sheet strength. In addition, the Board discussed geopolitical developments, including events in the Middle East and other external factors which could affect market conditions, supply chains and operational resilience, and considered the actions required to maintain flexibility and support the long-term resilience of the business.

Stakeholder perspectives formed an important part of the Board's deliberations. The Board discussed opportunities to enhance investor engagement and improve understanding of the Group's investment proposition, enabling greater insight into shareholder views on strategy and capital allocation priorities. It also considered the importance of maintaining strong customer relationships and engagement with UK Government and regulated-sector clients while implementing strategic change. In addition, the Board recognised that successful execution of the strategy would require continued investment in leadership capability, culture, digital skills and employee engagement, with careful consideration given to the impact of change on colleagues across the Group.

The meeting concluded with a clear set of actions for management to refine elements of the evolved strategy and supporting implementation plans. The Board endorsed the overall strategic direction of the Group and the actions required to translate ambition into execution, promoting the long-term sustainable success of Kier and the creation of value for customers, employees, shareholders and wider stakeholders.

Corporate governance continued

Strategic priorities

1 Growth
2 Resilience
3 Performance

Principal risks and uncertainties

1 Health, safety and wellbeing
2 Legislation and regulation
3 Financial strength
4 Order book
5 Contract management
6 People
7 Supply chain
8 Digital technology and AI
9 Cyber security
10 Sustainability
11 Macroeconomic and geopolitical

Stakeholders

1 Customers
2 Employees
3 Delivery partners
4 Shareholders
5 Financial services providers
6 Communities and society

Key activities undertaken by the Board during FY26	Link to principal risks and uncertainties	Stakeholders considered
Governance 1 2 3		
Considered the diversity of the Board and Executive Committee when making appointments	2 6	2 3
Approved the appointment of the CEO and CFO and considered Board and senior leadership succession plans	3 6	2 3
Conducted an internal Board performance evaluation	2 6	3
Approved the Modern Slavery Statement	2 7 10	2 4 6
Reviewed and confirmed the independence of the Directors	2	3
Strategy 1 2 3		
Developed and evolved the strategy to support long-term value creation	3 4 11	1 2 3 5
Monitored the progress of the Naturally Digital transformation programme	6 8 9	1 2 3
Considered the reallocation of capital from the Property portfolio	3 6 11	2 3 5
Customers and suppliers 1 2 3		
Received regular operational updates, including impact, risk and opportunity assessments	4 5 7	1 3 4
Reviewed independent customer insight to inform discussions on strategy, operational performance and growth opportunities	4 5	1 3
Finance 2 3		
Reviewed and revised the capital allocation strategy as part of the evolved Group strategy	3 11	3 5
Approved a £25m share buyback programme	3	3 5
Approved the half and full year results, Annual Report and Accounts, and dividends	2 3	3 6
Approved the strategic budget for FY27	3 4 11	2 3 5
Approved the Tax Strategy Statement	2 3	3 6
Risk 1 2 3		
Reviewed and updated the principal risks to align with evolved strategic priorities	–	1 2 3 4 5 6
Considered technology and AI as critical enablers to the Group, adding them to the principal risks	8	1 2 3
Received regular updates on events that could affect operational resilience	3 7 11	1 3 6
People and culture 1 2 3		
Reviewed the output from our annual employee engagement survey	6	2
Monitored the effectiveness of the health, safety and wellbeing strategy and reviewed the related internal communication and culture programme	1 6	1 2 4
Kier Cares: health, safety and wellbeing 1 2 3		
Conducted site visits to multiple locations through the Visible Leadership Tour programme	1 5 6	1 2 4

Board effectiveness review

The Chair is responsible for ensuring that the Board remains balanced, appropriately skilled and effective in discharging its responsibilities. The effectiveness of the Board and its Committees is assessed annually through a three-year review cycle comprising two internally facilitated reviews followed by an externally facilitated review. This approach enables the Board to monitor progress against agreed actions each year while benefiting periodically from independent external challenge and benchmarking. FY26 represented the second year of the current review cycle. An externally facilitated Board effectiveness review will be undertaken during FY27.

Year 1: 2025 internal review

The FY25 review considered progress against the recommendations arising from the FY24 externally facilitated review. Areas of focus included culture, stakeholder engagement, oversight of strategic objectives and performance measures, and the effectiveness and quality of Board meetings.

The review concluded that the Board continued to operate effectively, with constructive challenge, open discussion and strong engagement from Directors. A number of actions were identified to enhance Board effectiveness further and were incorporated into the Board's objectives and forward agenda. The Board is satisfied that good progress has been made in these areas during FY26.

Area of focus for FY26	Progress in FY26
Focus on our actions to drive growth in the business	The Board focused on embedding appropriate leadership, financial and strategic resources to support planning and implementation of actions to support long-term sustainable growth.
Continual monitoring of progress with achieving our long-term sustainable growth plan	The Board scrutinised growth outcomes in the year and considered levers to enhance performance against the growth plan. It supported and challenged the evolution of the Group's strategy.
Greater visibility of customer input and feedback	The Board encouraged and received feedback from customers directly and indirectly throughout the year, which informed decision-making and developed further understanding of the Group's successes and opportunities, as well as views on competitors.

Year 2: 2026 internal review

The FY26 review was internally facilitated by the Chair and Company Secretary. Feedback was sought from all Directors and regular attendees through a structured questionnaire and follow-up discussions covering Board composition, meeting effectiveness, quality of information, stakeholder engagement, strategic oversight, culture, succession planning, training and development, and the effectiveness of Board Committees.

The review concluded that the Board continues to operate effectively, providing robust oversight of the Group's strategy, performance, risk management and governance arrangements. Directors considered Board discussions to be open, constructive and appropriately challenging, with strong support from management and good quality information provided to facilitate effective decision-making.

The review also identified a number of areas for continued focus during FY27, which will be monitored throughout the year and assessed as part of the forthcoming externally facilitated review.

Areas of focus in FY27
Ensure that appropriate leadership, financial and strategic resources are in place to support the successful execution of the updated Group strategy.
Monitoring delivery of growth targets and financial performance.
Further increase focus on stakeholder engagement, competitor developments and external market developments.

The Committee effectiveness reviews similarly concluded that each Committee continued to operate effectively and discharge its responsibilities appropriately. Further details, including Committee-specific priorities for FY27, are provided in the relevant Committee reports on pages 73–117.

Board development and training

The Board is committed to continuous development to ensure Directors maintain the skills and knowledge required to oversee the Group effectively. During FY26, Directors received briefings from internal and external experts on topics aligned to the Group's strategy, principal risks and governance obligations, including artificial intelligence, contract accounting and management, and the Workers Protection Act. The Board also participated in a programme of Visible Leadership Tours across operational sites, providing valuable insight into the experiences of colleagues, customers and supply-chain partners and helping to inform discussions on strategy, culture, operational performance and risk management.

Engaging with our stakeholders

Section 172 statement

In accordance with section 172(1) of the Companies Act 2006, Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The Board recognises that long-term success depends on maintaining strong relationships with the people and organisations that matter most to Kier. We understand and balance the interests of our stakeholders, including our colleagues, customers, suppliers, shareholders, communities, Government and industry partners. Stakeholder perspectives are considered throughout the Board's decision-making process and help inform the Group's strategy, priorities and actions.

To support informed decision-making, all material matters submitted to the Board include an assessment of the potential impact on key stakeholder groups. This analysis assists Directors in discharging their duties under section 172 and provides assurance that stakeholder interests have been appropriately considered alongside the likely short, medium and long-term consequences of decisions.

The Board performs its duties through regular strategy reviews, consideration of stakeholder feedback, assessment of significant investment and capital allocation decisions, evaluation of risks and opportunities, and engagement with stakeholders, including colleagues, both directly and through management. Conversations like these provide valuable insight into the opportunities and risks facing the business and help to inform our discussions and decision-making. Independent insight is also obtained through employee surveys, shareholder and investor engagement, external advisers and ongoing Director development and training. Details of the Board's principal activities and decisions during FY26 are set out on pages 66–67.

The perspectives we gathered during the year helped shape a number of important Board discussions, including the evolution of our strategy, our capital allocation priorities, the ongoing roll out of our Naturally Digital transformation programme, and initiatives to strengthen customer and employee engagement. In considering these, we have sought to balance the interests of different stakeholder groups while remaining focused on creating sustainable long-term value.

Examples of how the Directors have oversight of stakeholder matters and had regard for these matters when making decisions is included throughout this Annual Report. Case studies illustrate how the Board applied the section 172 factors during FY26 and how stakeholder perspectives influenced key discussions and decisions. Further information on our key stakeholders and engagement activities and the matters raised during the year is set out on pages 70–71.

This statement is incorporated by reference into the Strategic report.

The references below expand on how we engaged with our key stakeholders during the year, what we have heard and how those insights influenced our discussions, decisions and actions.

Section 172 duties	Disclosure	Read more on page(s)
A. The likely consequences of Board decision-making in the long term	Company purpose Our strategic priorities Our business model	2 9 12-13
B. The interests of our colleagues	Our people Stakeholder engagement	34-39 69-72
C. The need to foster our business relationships with suppliers, customers and others	Principal risks Stakeholder engagement Our people (supply chain and modern slavery) Responsible payment practices	53-59 69-72 34-39 29
D. The impact of our operations on the community and the environment	ESG report Stakeholder engagement ESG Committee report	30-50 69-71 82-84
E. The desirability of maintaining a reputation for high standards of business conduct	Culture, safety and responsible business Managing risk and opportunity Directors' Remuneration report	5 to 8 51 to 59 85 to 117
F. The need to act fairly between shareholders	Directors' report (Annual General Meeting, shareholder rights)	118 to 121

Corporate governance continued

Customers

We are a customer-first business focused on developing strategic partnerships to deliver better outcomes for those who use, operate and benefit from the infrastructure we create.

How Kier engages

Kier maintains regular engagement with public and private sector customers through strategic account reviews, framework discussions, project visits, and customer satisfaction surveys throughout the project lifecycle.

Engagement with Government customers remained a priority, including our Executive Committee presenting to c.30 Government bodies at our 'One Government Day', ongoing dialogue with Government departments and hosting Cabinet Office representatives at our Birmingham Highways contract.

Stuart Togwell also undertook extensive customer engagement following his appointment as CEO to understand customer priorities, expectations and future challenges. The Group also commissioned an independent Ipsos perception audit, gathering insight from a broad cross-section of customers and external stakeholders to better understand Kier's reputation, strengths and opportunities for improvement.

How the Board engages

The Board receives regular updates on customer satisfaction, NPS performance, key account developments and market trends, while Directors also engage directly through site visits, customer meetings and interactions with customer-facing teams.

What we heard

Customers emphasised safe delivery, programme certainty and value for money, alongside increasing demand for innovation, digital capability and measurable outcomes.

Influence on Board discussions and actions

Customer insight informed Board discussions on strategy, operational performance and growth opportunities, reinforcing the Group's focus on operational excellence, outcomes-led delivery and disciplined project selection. It also supported continued investment in Naturally Digital as a key enabler of greater productivity, efficiency and improved customer outcomes.

Employees

Our colleagues are at the heart of Kier's success. Attracting, developing and retaining talented people are essential to delivering our strategy, supporting our customers and maintaining our strong culture.

How Kier engages

Kier engages with employees through the annual Your Voice survey, 'ExCo Live' town halls, employee forums, site visits and stand-downs, the annual Pride of Kier awards, comprehensive development programmes and engagement with emerging talent across the business. During the year, Stuart Togwell undertook 'listening circles' and employee roadshows across the UK following his appointment as Chief Executive to understand the issues that matter most to colleagues and share his vision for Kier's future.

How the Board engages

The Board closely monitors employee engagement and health, safety and wellbeing performance through regular reporting and meeting our people. Performance in these areas forms part of Executive remuneration measures, reinforcing accountability for maintaining a safe, inclusive and engaged culture. Additionally, in FY26, the Chair met 14 next-generation senior leaders to assess leadership capability and readiness to deliver Kier's future strategy.

What we heard

Employees highlighted the importance of career development and progression opportunities, recognition for individual and team contributions, leadership visibility and open communication. Colleagues also emphasised the importance of health, safety and wellbeing, alongside access to better digital tools and simpler processes to help them work more efficiently and productively.

Influence on Board discussions and actions

Employee feedback informed Board discussions on culture, leadership, capability and workforce engagement. This resulted in continued investment in skills and leadership development, a sustained focus on health, safety and wellbeing, and the roll out of Naturally Digital to simplify processes, improve productivity and enhance the employee experience. These areas remain an important measure of the Group's long-term success and the Board continues to monitor progress through regular review of key indicators.

Delivery partners

Our suppliers, subcontractors, consultants, joint venture and strategic partners are critical to the successful delivery of our projects, extending our capabilities, providing specialist expertise and supporting long-term value creation.

How Kier engages

Kier engages regularly with delivery partners through supplier forums, strategic partner engagement, joint venture boards, project reviews and direct engagement to share insight, understand delivery challenges and explore innovation. Engagement during the year included direct engagement between Stuart Togwell and key partners, as well as broader leadership visits to supplier and technology partner facilities, collaborative workshops and hackathons with Microsoft, as well as ongoing engagement with joint venture partners on operational, social value, environmental and charitable initiatives.

How the Board engages

The Board receives regular updates on supply chain performance, strategic partnerships and joint venture activities, and engages with partners through site visits, major project reviews and stakeholder events.

What we heard

Partners highlighted the importance of collaborative relationships, pipeline visibility, productivity, simplification, innovation, digital capability and safe, efficient delivery.

Influence on Board discussions and actions

Feedback from partners informed Board discussions on operational performance, innovation and long-term capability development. This supported continued investment in digital capability and productivity initiatives, including the strategic partnership with Unisys and Microsoft and the roll out of Naturally Digital, helping improve efficiency, collaboration and outcomes for customers, partners and project teams.

Corporate governance continued

Shareholders

Our shareholders provide the capital that supports Kier's long-term growth and success. Maintaining an open and constructive dialogue helps us understand investor priorities, communicate our strategy and performance, and build confidence in the Group's future direction.

How Kier engages

Kier maintains a comprehensive investor relations programme, including regular meetings with institutional and retail investors, results presentations, roadshows, site visits, the Annual General Meeting (AGM) and ongoing engagement with shareholders throughout the year. Investors also met individually with the CEO and CFO following their appointments and attended a visit to the Wanlip sewage treatment works to gain insight into Kier's capabilities and opportunities in the Water sector.

How the Board engages

The Board receives regular updates on shareholder engagement, investor feedback, market sentiment and governance matters. During the year, the Chair and Directors engaged with key shareholders, including on the appointment of Stuart Togwell as Chief Executive, and with major investors on governance, strategy and long-term performance. The AGM provides a further opportunity for direct shareholder engagement.

What we heard

Shareholders were supportive of Kier's strategic direction and continued transformation. Discussions focused on disciplined capital allocation, sustainable growth in Infrastructure and Construction, cash generation, shareholder returns and the successful transition of executive leadership. Investors also expressed interest in the Group's position in long-term growth markets, including water and infrastructure.

Influence on Board discussions and actions

Shareholder feedback informed Board discussions on strategy, capital allocation and shareholder returns. This supported the continued focus on disciplined investment, strong cash generation and balance sheet strength, including an increase in the dividend and continued investment in the Group's core growth markets. Engagement with investors also provided valuable insight during the CEO and CFO transition process and reinforced confidence in the Group's long-term strategy and leadership succession.

Financial services providers

Our financial services providers play an important role in supporting the Group's long-term growth, providing access to the funding, liquidity and bonding capacity required to deliver our strategy and support customers across our markets.

How Kier engages

The Executive Directors and the Head of Treasury & Insurance maintain regular engagement with banks, surety providers, credit rating agencies and other financial stakeholders through meetings, performance updates and financing discussions. The Group also engages with investors, lenders, regulators and industry bodies on emerging sustainability reporting and transition finance developments.

How the Board engages

The Board receives regular updates on activities with Treasury, funding arrangements, liquidity, credit ratings and relationships with financial stakeholders.

What we heard

Financial stakeholders highlighted the importance of maintaining a strong balance sheet, prudent capital allocation, liquidity, financial flexibility and a clear long-term strategy. They also emphasised the importance of predictable performance, consistent delivery and ongoing financial discipline and transparent disclosures.

Influence on Board discussions and actions

Feedback from financial stakeholders informed Board discussions on financial resilience, capital allocation, funding requirements and sustainability reporting. This supported the successful refinancing of the Group's Revolving Credit Facility, increasing committed funding from £150m to £190m, while reinforcing a focus on balance sheet strength, disciplined financial management and transparent disclosure. These actions strengthened confidence among financial stakeholders, contributing to Standard & Poor's upgrade to BB+ and Fitch assigning a Positive Outlook to its existing BB+ rating, while supporting continued access to funding and bonding capacity.

Communities and society

The infrastructure we deliver is embedded within local communities. Engaging with those who live, work and benefit from our projects helps us minimise disruption, understand local priorities and maximise lasting social, economic and environmental value.

How Kier engages

Kier engages with communities through project consultations, stakeholder engagement, volunteering, education outreach and employability programmes. Engagement takes place throughout the project lifecycle, helping stakeholders understand planned activities, provide feedback and identify opportunities to deliver employment, skills and community benefits. The Kier Foundation, Kier's independent charity, works with voluntary and community organisations and provides opportunities for our people and their families to support and fundraise for good causes.

How the Board engages

Social value is measured and reported using the independent 'Thrive' social value calculator. The Board receives regular updates on social value performance, community outcomes, and environmental performance. Directors also gain insight through site visits and engagement with project teams delivering community and stakeholder initiatives.

What we heard

Communities highlighted the importance of minimising disruption, supporting local businesses, employment and skills opportunities, protecting the environment and delivering positive outcomes for the areas in which Kier operates.

Influence on Board discussions and actions

Community feedback informed Board discussions on social value, sustainability and responsible business practices. This supported continued investment in social value initiatives, community partnerships and environmental programmes, while reinforcing the importance of delivering economic, social and environmental value alongside project delivery. It also strengthened the focus on ensuring projects leave a positive and lasting legacy for the communities they serve.

Engaging with our people

The Board has considered the methods of workforce engagement outlined in the UK Corporate Governance Code 2024 and decided that its alternative approach, a programme of Visible Leadership Tours (VLTs), remains most effective for the Group. This programme builds upon a workforce engagement mechanism that was already active and aligns the Board's workforce engagement with the engagement programme undertaken by senior management. VLTs enable the Board to engage with our people across different sectors and locations and to interact with individuals with a wide range of skills, experiences and responsibilities. Each Board member utilises their personal knowledge and expertise when engaging with our people, developing a deeper understanding of the culture, achievements and challenges across the Group to inform Board discussion and decision-making.

In FY26, the Chair and Non-Executive Directors completed 25 VLTs (FY25: 32), visiting 24 locations to meet our people across all of our businesses. These visits were structured to provide attendees with an overview of the project, a tour of the active site, and formal and informal dialogue with our people, with each visit tailored to the project's opportunities and challenges. Our people were encouraged to speak openly and honestly with Board members about a wide range of topics of importance to them, including Kier's performance and future, career development, communication, and rewards and benefits. Board members observed the impact of our culture framework and sustainability agenda on site.

An annual summary of feedback and resulting management actions was reported to the Board, but the insights gained from VLTs informed discussion and decision-making in the Boardroom throughout the year.

Furthermore, the Chair, joined by various Non-Executive Directors, held a series of engagement meetings with 14 next generation leaders across the business, to assess their understanding of the leadership required to deliver the Group's strategy and Kier's capability to develop future leaders. These discussions provided valuable insight into the strength of the Group's leadership pipeline and its capability to support future strategic ambitions.

Monitoring culture

Our values

Trusted

Collaborative

Focused

The Board recognises the important role that it plays in monitoring and modelling the Group's culture so as to ensure that policies, practices and behaviours throughout the Group are aligned with our purpose, strategy and values.

Our culture is founded on a framework of nine healthy behaviours that align to our values. It is supported by our Kier Cares strategy. Further information about this framework and Kier Cares can be found on pages 34–39.

Interaction with senior management and the wider workforce, including on VLTs, allows the Board to enrich its understanding of specific cultural achievements and challenges. Supporting these informal channels, the Board receives regular updates regarding culture throughout the year, including:

- Employee survey outcomes
- Attrition rates
- Internal talent development and retention
- Whistleblowing data
- Health and safety data
- Compliance reporting, including matters relating to anti-bribery and corruption (including gifts and hospitality)
- Outcomes of internal audits reviewing the impact of policies and processes

In the year, the Board carefully considered these updates as dedicated topics and as a whole to evaluate progress around culture, approve key policies and support the launch of the Kier Cares strategy. It was concluded that the culture at Kier remains supportive of our purpose and values, underpinning employee satisfaction and enabling sustainable growth. The Board is cognisant that maintaining a positive culture within the business will require significant focus, support and monitoring, in light of strategic and leadership changes.

Board visit to TfL Cycle Lane project in Woolwich

Whistleblowing

In order to foster an open, safe culture, our people are encouraged to report any matters of concern in confidence via the externally hosted, confidential 'Speak-Up' whistleblowing service provided by Safecall. Our people are also invited to report such matters directly to Group Compliance or through line management.

During the year, the Board received reports on whistleblowing activity, identifying trends and outcomes. In FY26, 89 reports were classified as (potentially) whistleblowing (FY25: 58). This increase in reports is attributable to the simplification of the reporting process, following the consolidation of reporting lines, and the increased awareness of the reporting process amongst our people. Each report received was appropriately resolved, with no underlying cultural or control environment issues identified.

One material case was reported during the year and appropriate investigation processes were followed. The Chair is informed of any issues raised concerning members of the Board or senior management, even if not ordinarily qualifying as a material case; no such cases were reported in FY26.

Risk Management and Audit Committee report

"The Committee has driven enhancements to the Group's risk management and internal controls framework in readiness for Provision 29 of the 2024 UK Corporate Governance Code and to support the Company's evolved strategic priorities."

Clive Watson
Chair of the Risk Management and Audit Committee

Chair's introduction

I am pleased to present the work of the Risk Management and Audit Committee for the year to 30 June 2026.

The role of the Committee 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.

Building on the activities undertaken in FY25, the Committee has driven enhancements to the Group's risk management and internal controls framework in readiness for implementation of Provision 29 of the 2024 UK Corporate Governance Code (the 2024 Code), which applies to the Group from 1 July 2026. These enhancements support and protect the Company as it moves into its next strategic phase and more information can be found on pages 51 and 75.

The Committee reviewed all significant matters, accounting judgements and disclosures on key accounting matters for the interim and full year results in FY26. In a year that saw changes within the Board and Executive Committee, the launch of a second share buyback programme, consideration of debt liability management and an ongoing focus on balance sheet resilience, the Committee remained cognisant of the importance of its keen scrutiny in these areas and commended management on its ability to meet challenge with balance, clarity and adaptation.

The Committee discussed potential efficiencies which could be incorporated into the audit process, including the use of technology enabled audit tools, offshore resources and other agreed measures, supported where appropriate by management. The relationship with our internal audit co-source partner, KPMG, developed positively through its second year, with KPMG providing support and subject matter expertise across a number of key areas of the internal audit programme.

Monitoring and challenging the Group's fraud prevention and detection processes remained a priority for the Committee. In addition, the Committee enhanced its focus on cyber risk management and IT resilience in recognition of the fast-changing digital landscape and the Company's commitment to becoming Naturally Digital.

Following the implementation of the 2024 UK Corporate Governance Code, compliance with the Audit Committees and the External Audit: Minimum Standard has become mandatory. During the year, the Committee reviewed its Terms of Reference and working practices to ensure continued alignment with the Minimum Standard and its underlying principles. Detail on how the Committee has complied with the Minimum Standard can be found within this report.

The Committee also considered the appropriateness, consistency and application of the Group's accounting policies, including the judgements and estimates underpinning the preparation of the financial statements.

Looking forward

Alongside the oversight of cyber risk management, the Committee will play a significant role in supporting the Company's preparations for reporting against Provision 29 of the 2024 UK Corporate Governance Code, including oversight of the Group's risk management and internal control framework. Building on the outcomes of the FY26 effectiveness review, the Committee will continue to enhance its reporting and oversight of emerging risks, with progress monitored ahead of the externally facilitated effectiveness review in FY27.

The following pages set out in detail the composition of the Committee, and its activities and priorities for the year ahead.

Clive Watson
Chair of the Risk Management and Audit Committee

Risk Management and Audit Committee report continued

Committee governance

All members of the Committee are independent Non-Executive Directors and, as a whole, have competence relevant to the sector in which Kier operates, in accordance with the 2024 Code. The Chair of the Committee, Clive Watson, has recent and relevant financial experience through his previous role as Group Finance Director of a listed company and his current appointments as Audit Committee Chair of other listed companies. The composition of the Committee brings a combination of financial, commercial and managerial skills and experience that ensures knowledgeable discussion with, and robust challenge of, management and the external auditor.

The Committee held four scheduled meetings in the year, which all Board members were invited to attend. Attendance of the Committee members is set out on page 66. The Chair of the Board, the Chief Executive, the Chief Financial Officer, the General Counsel and Company Secretary, the Group Finance Director and the Head of Risk and Internal Audit attend meetings on a regular basis, along with representatives of the external auditor. Internal and external subject matter experts attend by invitation in line with matters scheduled for discussion.

Further to the scheduled Committee meetings, the Committee meets privately with the external auditor and with the Head of Risk and Internal Audit without management present. The Chair also meets informally with members of management and the external auditor on an ad hoc basis. Such meetings enable increased open dialogue and honest feedback. No matters of concern were raised through these meetings in the year.

Committee effectiveness

The Committee effectiveness review for FY26 was undertaken as part of the Board effectiveness review. More information on the Board effectiveness process can be found on page 68.

The review sought feedback from Committee members and regular attendees on a range of matters, including effective oversight and understanding of risk and control matters affecting the Group, as well as the quality of information provided and meeting discussions.

The review concluded that the Committee continues to operate effectively. The Committee identified opportunities to enhance the clarity of its reporting, further develop its oversight of emerging risks and support readiness for reporting against Provision 29 of the 2024 UK Corporate Governance Code.

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 reviewing the Framework's adequacy, effectiveness and implementation by management to the Committee.

The Head of Risk and Internal Audit reports to the Committee on strategic risk issues and oversees the Framework. The Group Risk and Opportunities Committee, chaired by the General Counsel and Company Secretary, 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 51.

Review of the Framework

The Committee, supporting the Board, undertook its annual effectiveness review of the Framework, in accordance with the 2018 Code. The review scrutinised and challenged the Group's principal risks and corporate risk register, existing risk management practices and processes, and risk appetite and culture. It was concluded that the Framework remained effective.

The Framework review forms part of a continuous cycle of evaluation, feedback and improvement, enabling the Committee to assess progress against previous recommendations, maintain focus on priority areas and identify opportunities for further enhancement. Throughout the year, the Framework was thoroughly reviewed by management to strengthen governance and support the Company with its updated strategic priorities. The Committee supported the inclusion of revised principal risks in relation to financial strength and new digital technology and AI. More details of these changes can be found on page 53.

The Committee considers monitoring and challenging the Framework's effectiveness to be a key ongoing responsibility. During the year, a programme of deep dives into key principal risks was undertaken, enhancing the Committee's insight into the risks faced, enabling challenge of mitigations in place, and informing the development of the Framework.

Readiness for Provision 29 of the 2024 Code

During FY26, the Committee's focus shifted from preparation to implementation readiness, overseeing a comprehensive assessment of the processes and disclosures that will support compliance with Provision 29. Led by the Head of Risk and Internal Audit, this exercise included a review of the Group's material controls, including financial, operational and compliance controls, and provided valuable insight into the maturity and effectiveness of the control framework. The Committee actively challenged management's assessment and the proposed disclosure approach, helping to identify areas for further enhancement ahead of formal reporting. As a result, the Board is better positioned to provide transparent and robust reporting on the effectiveness of material controls from FY27.

Fraud prevention and detection processes

The Committee has received regular updates in relation to fraud prevention and detection processes throughout FY26 to monitor the effectiveness of the control environment and response to the 'failure to prevent fraud' offence under the Economic Crime and Corporate Transparency Act 2023 (ECCTA) that was established in FY25.

The Committee believes that, as a Group, 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 and all suppliers.

Risk Management and Audit Committee report continued

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. These 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.

Significant matters and accounting judgements relating to the financial statements

The Committee reviewed the accounting judgements, assumptions and estimates as 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 as follows:

Contract accounting	The Group has significant long-term contracts in the Infrastructure and Construction businesses. Accounting for long-term contracts has continued to be a key area of focus for the FY26 audit. 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 the end-of-life outcome of the projects. In relation to FY26, management's assessments of the forecast costs of, and revenues from, certain long-term contracts were reviewed and the Committee discussed PwC's audit of management's assessment of the performance of certain contracts so as to satisfy itself of positions taken in the FY26 financial statements.
Presentation of the Group's financial performance	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. 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 FY26 financial statements, ensuring that the APMs are presented with equal or lesser prominence than statutory figures and on a consistent basis year on year.
Going concern/ viability statement	In conjunction with PwC, the Committee reviewed and assessed the work undertaken to support the adoption of the going concern basis for the FY26 financial statements and the viability statement, which included an assessment of continued bank covenant compliance throughout the review period. In particular, the Committee and the Board reviewed the Group's cash flow forecasts over the period ending 31 December 2027 in assessing the going concern basis, and over a period of three years from 30 June 2026 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. In addition, a reverse stress test was performed to understand the deterioration that would be required to cause both a liquidity and covenant issue. For further information on the work to support the going concern basis of preparation for the FY26 financial statements, please see 'Going concern' on page 28, and further information on the work to support the viability statement can also be found on page 28.
Retirement benefit obligations	The Group operates a number of defined benefit pension schemes. The Committee reviewed the assumptions made by management in determining the defined benefit surplus at 30 June 2026. 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.
Carrying value of investments in Kier Limited and recoverability of balances owed by subsidiary undertakings	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 FY26 audit. 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.

Financial reporting continued

Fair, balanced and understandable assessment

The Committee reviewed the content of the Annual Report and Accounts 2026 and considered the effectiveness of the processes that support its production, including the following:

Who	How assurance was provided
Annual Report working group	The working group comprised individuals involved in the drafting of the Annual Report. Material disclosure items were discussed by the working group. The working group members reviewed the sections drafted by them in light of the 'fair, balanced and understandable' requirement.
Key contributors to the Annual Report	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.
External review	The Directors' Remuneration report was reviewed by the Group's independent remuneration adviser. The Group's legal advisers performed a compliance review of targeted aspects of the Annual Report Our climate consultancy supported us with our climate-related reporting, including TCFD. These external reviews were undertaken to enhance the quality of our reporting. Feedback was provided by PwC on the overall Annual Report.
The Committee and the Board	At various stages of the drafting process, the Annual Report was circulated to senior leadership and the Board for review.

Following this review, the Committee recommended to the Board that when, taken as a whole, the Annual Report and Accounts 2026 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Board's confirmation can be found on page 122.

Internal audit

The Committee understands the integral role that internal audit processes play in maintaining strong governance within the Company. The Committee approved the FY26 internal audit plan, designed to focus on key risks faced by the Company. It monitored progress through updates at Committee meetings on the status of ongoing audits and the work of KPMG as co-source partner. Results from these audits were discussed by the Committee, together with the follow-up actions taken by management.

The FY26 internal audits undertaken reflected the size of the Group and covered a breadth of risk areas including, but not limited to:

- Contract management
- Financial controls
- Published non-financial information metrics
- Sustainability
- Cyber security and IT resilience
- Compliance policies
- Health, safety and wellbeing
- Recruitment and onboarding

Overall, the results of audits completed in the period demonstrated the Company's continued commitment to improving an already strong control environment.

The Committee considered and approved the annual internal audit plan for FY27, which aligns with our principal risks and will support the Board's annual review of the effectiveness of the Framework in accordance with Provision 29 of the 2024 Code for FY27. The areas for audit have been selected on a risk and rotational basis, with a focus on the activities that will have the most significant impact on the Company's updated strategic priorities.

The co-source partner will continue to lead or support internal audits where subject matter expertise or additional resource is required, on which basis, the Committee confirmed that the internal audit function had sufficient experienced resources to deliver the plan.

Internal audit function effectiveness

In accordance with the Committee Terms of Reference, the Committee monitored, assessed and reviewed the effectiveness of the internal audit function, finding it to be effective. In order to further enhance the function's effectiveness, management updated the Committee on its progress on implementing digital tools as recommended by the Quality Assurance Improvement Plan.

External audit

FY26 audit

The Committee has taken the following key steps in overseeing the FY26 external audit:

- Reviewed the PwC FY26 audit plan, resources and audit risk assessments
- Agreed the materiality level for the audit
- Reviewed and agreed the timetable for the FY26 Annual Report and audit plans for the Group and specific business divisions, including the key areas of focus
- Agreed and approved the FY26 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 Committee undertook an annual assessment of the effectiveness of the external audit through questionnaires completed by key stakeholders, including Committee members, senior management and other business representatives involved in the FY25 external audit.

The review and qualitative assessment focused on six key themes: audit scope, auditor communication, quality of the audit team, governance, auditor independence, and technical expertise. The Committee considered the feedback received and its wider knowledge to conclude that the external audit process for FY25 was effective and that PwC provided an appropriate independent challenge to management. The feedback received was used for ongoing improvement in respect of the FY26 audit.

The Committee will formally assess PwC's performance in relation to the FY26 audit following its completion.

Provision of non-audit services

During the year, PwC provided certain non-audit services to the Group. The Committee monitored these services to ensure that the associated fees were not of a level that would affect PwC's independence and objectivity.

The Committee reviewed the Non-audit Services policy for the external auditors and confirmed it remained appropriate. The policy gives the Chief Financial Officer authority to approve up to £50,000 on individual assignments. Non-audit fees above £50,000 must be approved in advance by the Committee. If approval is required urgently, this may be provided by the Chair of the Committee with subsequent reporting of the approval to the Committee.

The Company's Non-audit Services policy reflects the FRC's revised Ethical Standard for Auditors (2024). Under the policy, 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 FY26 were £434,000 (FY25: £194,000). These non-audit fees related to PwC's work in relation to its review of the Group's FY26 interim results, subscription to financial reporting and assurance information service, and finance-related verification work. 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, were £434,000 (FY25: £194,000), representing 12% (FY25: 6%) of the average audit fees over the previous three years.

For further information please refer to note 4 of the financial statements on page 150

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 FY26 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 2026 Annual General Meeting.

External auditor tenure

PwC was originally appointed as our external auditor in 2014, for the financial year ended 30 June 2015. PwC was re-appointed as our external auditor at the 2025 AGM. Darryl Phillips was appointed as the audit partner from FY24. The last formal tender process was undertaken in 2023.

The Committee confirms that the Company has complied with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Risk Management and Audit Committee report continued

Risk Management and Audit Committee - ongoing oversight activities

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 re-appointment 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

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 reviews the external auditors' independence
- The Committee considers the full year audit strategy, plan, fee and engagement letter

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

Nomination Committee report

"We are developing the leaders who will shape Kier's future, while strengthening the leadership capability to deliver our long-term strategy."

Matthew Lester
Chair of the Nomination Committee

Chair's introduction

On behalf of the Board, I am pleased to present the Nomination Committee's report for FY26.

The Committee's principal responsibility is to ensure that the Company has the leadership, skills, experience and succession plans required to support the successful delivery of Kier's strategy both now and in the future. During the year, the Committee maintained its focus on Board and executive succession, leadership development, Board composition and diversity, ensuring that the Group remains well positioned to deliver long-term sustainable growth.

FY26 was a significant year from a succession and talent perspective. Following formal, rigorous and transparent procedures, the Committee oversaw the successful leadership transitions arising from the appointments of Stuart Togwell as Chief Executive and Tom Hinton as Chief Financial Officer. We monitored the development of succession plans for key executive roles across the Group, supported changes to the Executive Committee structure and considered the long-term leadership requirements needed to deliver the Group's strategic ambitions.

The Committee's work extended beyond immediate succession matters. We reviewed the future skills requirements of the Board and senior management, refreshed our assessment of Board capabilities, monitored leadership development activity across the Group and considered how succession planning could continue to support diversity, inclusion and organisational resilience.

Kier continued to perform strongly against broader diversity measures. For the second consecutive year, Kier was ranked first in the Construction and Materials sector in the FTSE Women Leaders Review and rose to 16th place in the FTSE 250 rankings. Ethnic minority representation among senior leadership was 13.6%, exceeding the 13% target set by Kier in response to the Parker Review for achievement by 2027. However, there was no ethnic minority representation on the Executive Committee at the year end. The Committee recognises the importance of addressing this position and, during FY27, will review management's plans to strengthen the pipeline of high-quality, ethnically diverse senior talent.

As at the date of this report, the Company has met two of the three Board diversity targets under UK Listing Rule 6.6.6(9), with Chris Browne serving as Senior Independent Director and Mohammed Saddiq continuing as a Non-Executive Director. Following Margaret Hassall's retirement from the Board in May 2026, female representation reduced to 37.5%, below the target of 40% women on the Board. Consecutive Board effectiveness reviews have highlighted the value of maintaining an appropriately sized and engaged Board, which currently comprises eight Directors. Given the size of the Board, a single appointment or departure can have a material effect on the reported percentage. The Committee will continue to challenge and review the size, composition and diversity of the Board, but does not consider that making an appointment solely to achieve a particular percentage would be consistent with the spirit of the UK Listing Rules.

All appointments will continue to be made on merit and relevant experience, having regard to the benefits of diversity in its widest sense and the future needs of the Board.

The Committee remains satisfied that it has discharged its responsibilities effectively throughout the year and continues to maintain a robust pipeline of leadership talent capable of supporting Kier's future success.

Matthew Lester
Chair of the Nomination Committee

Senior management reporting to the Executive Committee that are women

48.1%

FY25: 46%

Proportion of total workforce that are women

26.6%

FY25: 26%

Nomination Committee report continued

Our key outcomes in FY26

Delivering an orderly Executive Director transition

The Committee successfully completed the succession process for both Chief Executive and Chief Financial Officer roles, supporting the transition from Andrew Davies to Stuart Togwell and Simon Kesterton to Tom Hinton. This ensured continuity of leadership, preserved strategic momentum and demonstrated the strength of the Group's succession planning processes. The appointments were supported by an externally facilitated search and assessment process and reflected the Committee's commitment to rigorous and objective succession planning.

Strengthening the executive leadership pipeline

The Committee reviewed succession plans for key Executive Committee and senior leadership positions throughout the year. Particular focus was given to the leadership structure following the Chief Executive succession process and the identification and development of future executive talent. As part of this work, the Committee reviewed both internal and external candidates for critical leadership positions and monitored targeted development programmes designed to accelerate readiness for future roles.

Maintaining an appropriate balance of skills and experience

The Committee continued to assess the composition of the Board against the Company's strategic priorities. Using the Board skills matrix and insights from the Board evaluation process, the Committee considered whether the Board retains the appropriate balance of sector knowledge and financial, operational, governance, people, sustainability and digital expertise required to support long-term value creation.

Supporting long-term Board succession

The Committee reviewed the tenure of Directors, succession plans for Board and Committee Chairs and future Board refreshment requirements. This forward-looking approach helps ensure that succession is managed in an orderly manner, avoiding concentration of change and facilitating knowledge transfer and continuity.

Succession planning

A core responsibility of the Committee is to ensure that robust succession plans are in place for the Board, Executive Committee and other critical leadership roles. It monitors the tenure of Directors to ensure that it plans sufficiently in advance of anticipated retirements from the Board to ensure orderly succession of Non-Executive Directors. The Committee also considered succession planning in the context of the Board's longer-term skills requirements, ensuring that future appointments support both strategic priorities and stakeholder expectations. All Directors will stand for election or re-election at our forthcoming Annual General Meeting.

The Committee receives regular updates on key talent and leadership development plans. During FY26, the Committee reviewed the readiness of identified successors for key Group roles and considered the capabilities that will be required to support the next phase of Kier's growth strategy. Particular attention was given to leadership depth below Executive Committee level and the development of future executive talent. We encourage regular contact between senior management and the Board by way of presentations at Board meetings, joint Visible Leadership Tours or one-to-one sessions with Non-Executive Directors to discuss specific issues, like the evolved strategy.

Recognising the importance of proactive succession planning, the Committee continued to review internal talent alongside external market benchmarking. This approach provides the Board with confidence that succession decisions are based on a broad and diverse range of candidates and helps ensure the Group maintains appropriate leadership resilience.

Diversity and Inclusion Policy

The Committee believes that diversity in its broadest sense contributes to better decision-making, stronger governance and improved long-term performance.

When considering appointments, succession plans and leadership development, the Committee considers diversity of gender, ethnicity, background, experience, skills and thought. The Committee seeks to ensure that succession processes are conducted against objective criteria, while maintaining a diverse pipeline of future leaders that reflect the communities Kier supports, which is integral to our culture.

During the year, the Committee monitored the composition of the Board and leadership population and considered progress against the Company's diversity objectives. Diversity considerations continued to be embedded within succession planning and talent development discussions.

The People report on page 34 sets out the progress against our Diversity and Inclusion roadmap, and the programmes and initiatives that Kier is implementing.

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 2026, 37.5% of the Board and 22.2% of executive management were women. There is one Board member from an ethnic minority background.

Following Margaret Hassall's retirement in May 2026, we fell below the UK Listing Rules target of 40% women on the Board. Further information is provided on page 79 in the Chair's introduction. The other two targets were met with Chris Browne acting as our Senior Independent Director and Mohammed Saddiq as a Non-Executive Director.

Nomination Committee report continued

Gender

Reporting table on sex/gender representation as at 30 June 2026

	Number of Board members	Percentage of the Board (%)	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in Executive Management	Percentage in Executive Management (%)
Female (including those self-identifying as female)	3	37.5	1	2	22.2
Male (including those self-identifying as male)	5	62.5	3	7	77.8
Not specified/prefer not to say	–	–	–	–	–

Ethnicity

Reporting table on ethnicity representation as at 30 June 2026

	Number of Board members	Percentage of the Board (%)	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in Executive Management	Percentage in Executive Management (%)
White British or other White (including minority White groups)	7	87.5	4	8	88.9
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	12.5	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group	–	–	–	–	–
Not specified/prefer not to say	–	–	–	1	11.1

For the purposes of making this disclosure, the Company collects data on a voluntary basis from Non-Executive Directors via an annual disclosure questionnaire and from executive management, made up of the Executive Committee, via the Company's internal HR system and annual diversity questionnaires.

Board and Committee effectiveness

The Committee reviewed the outcomes of both the Board effectiveness review and its own evaluation process during the year.

Feedback confirmed that succession planning remains a significant strength of the Committee and that the Committee has maintained effective oversight of leadership development and Board refreshment. Areas identified for future focus included further enhancing visibility of succession timelines, continuing development of the Board skills matrix and maintaining engagement with emerging leadership talent across the organisation. These actions have been incorporated into the Committee's forward agenda.

The Committee concluded that it had operated effectively throughout the year and fulfilled its responsibilities under its Terms of Reference.

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 Chair which included gathering feedback from the Board. The outcome of the review was reported to the Chair.

Priorities for FY27

The Committee's priorities will be to:

- Support the continued development of the Group's leadership team under the Chief Executive's strategic agenda
- Oversee succession plans for Executive Committee and broader senior leadership roles
- Continue the progressive refreshment of Board and Executive Committee succession plans with the 40% target in mind
- Enhance the Board skills framework to reflect evolving strategic priorities, including digital, technology and sustainability capabilities
- Maintain oversight of the further embedding of new Executive Directors
- Maintain oversight of diversity and inclusion within leadership succession pipelines
- Monitor the implementation of actions arising from the annual effectiveness reviews

Independence, conflicts of interest and time commitment

Ensuring that the Non-Executive Directors are independent, have declared any conflicts of interest and have sufficient time to commit to their role underpins high standards of corporate governance and accountability.

During the year, the independence of each Director and any potential conflicts of interest were reviewed. The external appointments of each Director were considered and each Director confirmed that they could continue to commit sufficient time to discharge their responsibilities to Kier. No concerns arose in relation to FY26.

Environmental, Social and Governance Committee report

"We have been focusing on meaningful outcomes for our social value, community and inclusion objectives, improvements in environmental performance, strengthening our safety culture and ensuring that executive pay remains aligned to ESG priorities that are important to our stakeholders."

Alison Atkinson
Chair of the Environmental, Social and Governance Committee

Focus area	Committee oversight	FY26 outcome
Safety	Culture, incident reduction, assurance	Progress against Group improvement plan
Environment	Carbon, fuel transition, climate governance	Delivery against carbon targets
Social	Inclusion, social value, workforce	Progress against inclusion and community objectives
Governance	Ethics, compliance, policy framework	Strong compliance and governance standards
Remuneration	ESG measures in incentives	ESG outcomes reflected in executive reward

Chair's introduction

I am pleased to present the report of the ESG Committee for FY26. The Committee supports the Board in overseeing the environmental, social and governance factors that are fundamental to Kier's long-term success. We recognise that strong ESG performance is inseparable from strong business performance. Our role is therefore to monitor compliance and disclosure, and to ensure ESG considerations are embedded within decision-making, risk management, strategy execution and performance management across the Group.

During FY26, the Committee focused on supporting the delivery of meaningful sustainability outcomes. In particular, we oversaw continued improvements in environmental performance, monitored the effectiveness of initiatives designed to strengthen our safety culture, reviewed progress against social value and inclusion objectives and maintained oversight of governance, ethics and compliance matters. We also continued to support the Remuneration Committee in ensuring that executive incentives remain aligned with ESG priorities that are important to our shareholders, customers, employees and wider stakeholders.

The Committee remains encouraged by the progress made during the year. While challenges remain, particularly in relation to further improving safety performance, we believe the actions taken throughout the year continue to strengthen Kier's sustainability credentials and support the delivery of long-term value.

Health, safety and wellbeing

Health, safety and wellbeing remained key priorities for the Committee throughout FY26. During the year, we continued to embed a stronger safety culture across the Group through a range of initiatives designed to strengthen behaviours, accountability and operational excellence. The visual standards programme was expanded into Kier Infrastructure, providing a consistent framework that improves understanding, reinforces critical controls and supports safer ways of working. Feedback from our annual Safety Climate Tool survey helped identify priorities for improvement and informed the next phase of our health, safety and wellbeing strategy. We also enhanced colleague capability through the introduction of a new digital learning platform, providing accredited health, safety and occupational health training across the Group.

The Group's 12-month rolling Accident Incident Rate reduced by 12.2% to 101 (FY25: 115), representing 27 RIDDOR reportable incidents compared with 32 in FY25. While this is encouraging progress, the Committee recognises that every incident is one too many and remains focused on driving continuous improvement.

Throughout the year, we monitored management's actions to strengthen safety performance, including behavioural safety programmes, learnings arising from Incident Review Boards, enhanced training for operational supervisors and the ongoing simplification of the Safety, Health and Environment Management System. In addition to accident and incident metrics, the Committee reviewed a range of leading and lagging indicators, including observation rates and Lost Time Injury Frequency Rate, to provide a balanced assessment of performance and identify opportunities for further improvement.

Read more about our health, safety and wellbeing performance in Our People on pages 34-35

The Board, which includes all members of the Committee, received regular updates on health and safety legislation, key risks in the sector and enforcement trends from external experts.

Environmental, Social and Governance Committee report continued

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 and 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.

Building for a Sustainable World

The Committee continued to oversee delivery of Kier's Building for a Sustainable World framework, monitoring progress against the Group's sustainability priorities, targets and milestone plans across our Places, People and Planet pillars. During the year, we reviewed the continued relevance and effectiveness of the framework to ensure it remains aligned with stakeholder expectations, evolving risks and opportunities, regulatory developments and the Group's long-term strategic objectives.

Particular focus was given to climate action, resource efficiency, ethical labour and social value. The Committee monitored delivery against the Group's climate commitments and reviewed initiatives to accelerate decarbonisation, improve climate resilience and strengthen environmental performance across our operations and supply chain.

During FY26, the Group achieved an 80.4% reduction in Scope 1 emissions and a 87.9% reduction in Scope 2 emissions compared with the FY19 baseline, while Scope 3 emissions reduced by 33.2% against the FY22 baseline. Independent assurance continued to be obtained over selected sustainability metrics and carbon disclosures, providing confidence in the quality and robustness of reported information. We are pleased with our progress to reduce our emissions and the continuous reduction achieved in Scope 1 and 2 carbon intensity in line with Science Based Targets initiative (SBTi) validated targets.

The Committee also received updates on how Kier is helping customers, including the UK Government and regulated-sector clients, achieve their sustainability, decarbonisation and climate adaptation ambitions through the delivery of low-carbon, resource-efficient and climate-resilient infrastructure and buildings. We recognise that these capabilities are increasingly important to our customers and support the Group's long-term growth ambitions.

Progress was also made in strengthening the Group's approach to resource efficiency, ethical labour and social mobility. The Committee monitored initiatives focused on sustainable procurement, circular economy principles, modern methods of construction, apprenticeship opportunities and inclusive recruitment practices, alongside continued enhancement of ethical labour controls and supply chain oversight activities following gap analysis of our approach, processes and systems. We continue to work with our supply chain partners to deliver the milestone plan.

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 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.

External recognition during the year reinforced the progress being made and demonstrated the increasing integration of sustainability into the Group's operations, customer offering and long-term value creation strategy.

Further information on our sustainability strategy, performance and progress against our commitments can be found in Our Planet section on pages 40–43.

Go online to read our Climate & Nature Report

ESG and remuneration

A key area of Committee focus during FY26 was ensuring that sustainability priorities remained appropriately reflected within executive remuneration arrangements and continued to support the successful delivery of Kier's strategy and Building for a Sustainable World framework. The Committee worked closely with the Remuneration Committee throughout the year, providing oversight and assurance in relation to the ESG measures incorporated within executive incentive arrangements and reviewing whether the selected measures remained aligned with the Group's sustainability priorities, stakeholder expectations and long-term objectives.

The Committee reviewed performance against safety and environmental targets, including progress against the Group's SBTi-aligned carbon reduction commitments and health and safety objectives. In doing so, it considered both the underlying performance achieved during the year and whether outcomes appropriately reflected progress made against the Group's wider sustainability ambitions. This included consideration of the progress reported across climate action, resource efficiency, social value and health, safety and wellbeing.

The Committee believes that linking a proportion of executive remuneration to material sustainability outcomes reinforces accountability, encourages responsible decision-making and supports the creation of long-term value for shareholders and wider stakeholders. We therefore continue to support a remuneration framework that balances financial performance with the successful delivery of the Group's strategic, environmental and social objectives.

Environmental, Social and Governance Committee report continued

ESG and Remuneration continued

For FY27 awards, the Committee recommended the continued use of carbon reduction measures aligned to the Group's SBTi commitments within the Long Term Incentive Plan, together with health and safety measures within the annual bonus award structure. The Committee will continue to work closely with the Remuneration Committee to ensure that incentive arrangements remain aligned with evolving stakeholder expectations, sustainability priorities and the long-term success of the Group.

> **More information** on the link between ESG and remuneration can be found in the Directors' Remuneration report on pages 85–117

Governance

The Committee continued to oversee the Group's governance arrangements in support of a strong culture of integrity, accountability and responsible business conduct. In addition to receiving regular updates on compliance with corporate policies, the Committee continued to monitor the Group's programme to assess the effectiveness of key policy implementation and ensure that associated controls remain fit for purpose. During the year, the outcome of the Anti-Money Laundering policy effectiveness and Anti-Facilitation of Tax Evasion policy effectiveness reviews were considered and the Committee reviewed management's actions to further strengthen awareness and effectiveness across the business. The Committee also monitored progress towards compliance with the Economic Crime and Corporate Transparency Act and received updates on broader governance, compliance and ethics activities.

The Committee maintained its focus on the quality, consistency and assurance of ESG information. During FY26, it continued to oversee the maturity of the Group's ESG reporting framework, including the operation of the ESG Reporting Manual and the use of enhanced data and reporting tools to support more robust environmental reporting, performance monitoring and disclosure. The Committee also reviewed the assurance obtained over selected sustainability metrics and carbon disclosures, recognising the importance of reliable data in supporting effective decision-making, stakeholder confidence and transparent reporting.

ESG performance ratings

The Committee continued to review the Group's performance against external ESG benchmarks and ratings, recognising their growing importance to investors, customers, employees and other stakeholders. External assessments provide valuable insight into the effectiveness of the Group's management of sustainability-related risks and opportunities, while also informing areas for future improvement in performance and reporting.

The Committee was encouraged by the recognition received during FY26, including Kier's first CDP Climate Change A rating, CDP Supplier Engagement A rating, ranking as the leading company in the Construction and Building Materials sector within the Financial Times Climate Leaders listing, and recognition as ESG Leader (Contractor) at the New Civil Engineer Award. While such ratings are only one measure of performance, they provide useful external validation of the progress being made through the Building for a Sustainable World framework and the increasing integration of sustainability across the Group's operations and strategy. The Committee will continue to monitor external ratings and stakeholder feedback to help ensure the Group's sustainability priorities, disclosures and governance arrangements remain relevant, robust and aligned with evolving expectations.

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 annual evaluation concluded that the ESG Committee remained effective. Respondents recognised the Committee's strong oversight of the Group's ESG agenda and the increasing maturity of ESG governance across the Group, while identifying opportunities to further enhance reporting efficiency and focus discussion on the most material strategic ESG matters.

Looking forward

Safety performance remains our licence to operate and will continue to be a key area of focus for the Committee. While we are encouraged by the progress made during FY26, we remain dedicated to driving continuous improvement through strong leadership, a positive safety culture and effective oversight of the Group's health, safety and wellbeing strategy. The Committee will continue to monitor performance closely and challenge management to ensure that the lessons learned, behaviours and controls necessary to achieve our long-term safety ambitions are embedded across the Group.

Looking ahead, the Committee will continue to oversee delivery of the Building for a Sustainable World framework, monitoring progress against targets and milestone plans whilst ensuring that they remain relevant, effective and aligned with stakeholder expectations, emerging risks and the Group's evolving strategic priorities. Particular focus will be given to climate action, resource efficiency, ethical labour, social value and the quality and assurance of ESG data and reporting. Through this oversight, the Committee will continue to support the creation of long-term sustainable value for our customers, colleagues, shareholders and communities.

Alison Atkinson
Chair of the Environmental, Social and Governance Committee

Directors' Remuneration report

"The Committee remains satisfied that the incentive framework is closely aligned with the Group's strategic priorities and continues to support sustainable value creation."

Anne Baldock
Chair of the Remuneration Committee

Chair's introduction

On behalf of the Board, I am pleased to present Kier's Directors' Remuneration report. This is my first report as Chair of the Remuneration Committee, and I am grateful to Margaret Hassall for her thoughtful handover and support during the transition.

The Committee's role is to ensure that executive remuneration supports Kier's strategy, reflects performance and remains aligned with the experience of shareholders, employees and other stakeholders. In a year in which the Group has continued to deliver strong operational performance, the Committee has applied that lens carefully to each of its decisions.

The report is divided into three principal sections:

- This annual statement, summarising the Committee's principal activities and decisions during the year
- The annual report on remuneration, setting out remuneration paid to the Board in FY26 and the arrangements applying for FY27
- The Directors' Remuneration Policy (the Policy), which will be submitted for shareholder approval at the 2026 AGM

A summary of the Committee's review of the Policy is set out on page 92, with the proposed Policy set out on pages 108–117.

Remuneration for the year ending 30 June 2026

Business and strategic context

As set out elsewhere in this Annual Report, Kier delivered another year of strong progress and achieved an average net cash position for the first time in over a decade. The Group has continued to strengthen its financial position while maintaining a disciplined focus on operational delivery, cash generation and sustainable growth.

Key performance highlights for the year included:

- A year-end order book of £11.9bn (£11.0bn in FY25)
- Adjusted operating profit (AOP) of £169.8m (£159.1m in FY25)
- A year-end net cash position of £232.4m (£204.1m in FY25)
- Average month-end net cash of £10.7m (£(49.2)m in FY25)
- Operating free cash flow of £206.2m (£199.2m in FY25)
- Adjusted earnings per share (EPS) of 23.5p (21.6p in FY25)

The Committee monitored performance against the long-term sustainable growth plan throughout the year. It remains satisfied that the incentive framework is closely aligned with the Group's strategic priorities and continues to support sustainable value creation.

Shareholder experience

The Committee considered the shareholder experience when assessing remuneration outcomes for the year. For FY26, an interim dividend of 2.6p per share was paid in May 2026 and a final dividend of 5.2p per share is proposed for payment in December, subject to approval at the 2026 AGM. This is an increase of 8% on the dividend payment for FY25, which was 7.2p.

Following completion of the initial £20m share buyback, Kier announced in March 2026 a further £25m share buyback programme which is expected to be complete by the end of the first half of FY27.

During the year, the Group continued to use market-purchased shares held in the Employee Benefits Trust to satisfy awards under the discretionary Long-Term Incentive Plan and the Sharesave scheme. The Group has no plans to use newly issued shares at the vesting or maturity of its employee share schemes.

The Committee believes that the remuneration and incentive structures continue to align the interests of Executive Directors with those of shareholders. Performance measures are directly linked to the Group's strategic priorities and targets are set with meaningful stretch to support sustainable short and long-term performance. A significant proportion of variable remuneration is delivered in shares and remains subject to deferral, holding periods and the shareholding requirements set out in the Directors' Share Ownership Policy.

Employee experience

The Committee also considered the wider employee context during the year. Kier continues to offer a broad and competitive range of employee benefits and wellbeing initiatives, as described on page 93. New benefits introduced during the year included annual railcards for employees travelling by train for work, a free will-writing service and an additional vehicle provider under the Group's tax-efficient green car scheme. Through Kier Rewards, employees spent £5.7m in FY26 and saved £295,000 on a wide range of purchases.

Financial education remained an important area of focus throughout the year with over 5,000 employees attending in-person or online sessions covering pensions and retirement planning, personal financial wellbeing and employee share schemes.

Participation in all-employee share schemes continued to grow, with significant increases across the Sharesave scheme and Share Incentive Plan. The Committee is pleased to see more colleagues choosing to invest for their future and share in Kier's success alongside shareholders.

The Group introduced its new health, safety and wellbeing strategy under the banner of Kier Cares, which builds on Kier's safety culture and reinforces the commitment that everyone should go home safe and healthy, both physically and mentally. Further information is set out on pages 34-35.

The Committee was pleased to note the further increase in the Group's employee engagement index, which formed part of the FY26 annual bonus targets for the Executive Directors. Further information is provided on page 34.

My predecessor attended the Group's Reward & Employee Benefits Forum with colleagues from a range of roles across the Group. The Forum discussed FY25 remuneration outcomes, the Committee's approach to FY26 executive remuneration, and how the Policy review would inform decision-making on pay and incentives for FY27. I am looking forward to attending the Forum later this year.

FY26 outcomes

Annual bonus

The FY26 annual bonus was based on adjusted operating profit (AOP), average month-end net debt/cash, safety and strategic objectives.

AOP

AOP represented 40% of the FY26 annual bonus. The Committee set a stretching target range. Threshold performance of £159.1m required performance in line with the FY25 outturn; target performance of £168.8m required significant outperformance of analyst consensus at the time the targets were set; and maximum performance of £178.5m was set on a straight-line basis above target.

AOP for the year was £169.8m, representing an above-budget increase of 6.7% year on year. The Committee determined that this resulted in a payout of 55.2% of the maximum for this element.

Average month-end net debt

Average month-end net debt represented 40% of the FY26 annual bonus. The threshold target of £(38.0)m required a significant improvement on FY25. The target level of £(19)m was aligned with expected market consensus when the targets were set, while maximum performance of average month-end net debt of £0m required a stretching improvement, taking into account planned property investment and the share buyback programme.

Average month-end net cash for the year was £10.7m, resulting in a payout of 100% of the maximum for this element.

Safety

Safety represented 10% of the FY26 annual bonus. The safety target was based on Kier's Accident Incident Rate (AIR), with threshold performance requiring an AIR of 84 and maximum performance requiring an AIR of 79 or lower. Although our 12-month rolling AIR was 101, which represented a 12% improvement over the previous year, the threshold level for this target was not met and no payment was made for this element. Further information is set out on pages 34-35.

Strategic objectives

Strategic objectives represented 10% of the FY26 annual bonus and were assessed by reference to the Group's employee engagement index. Threshold performance required an engagement index of 75%, aligned with external benchmarking for the construction industry and above the benchmark for companies of a comparable size to Kier. Maximum performance required an engagement index of 81%.

The all-employee survey achieved an engagement index of 82%, an increase of one percentage point over the prior year, with overall participation of 72%, consistent with the prior year. The Committee also considered progress against the broader balanced scorecard as an additional reference point during FY26.

Having reviewed the extent to which the Executive Directors satisfied their strategic objectives, the Committee determined that a payout of 100% of the maximum for this element was appropriate.

Bonus outcome

Taking into account the business performance and stakeholder context described above, the Committee concluded that the overall bonus outcome of 72.1% of maximum opportunity was fair and appropriate.

Share buyback

The Committee considered the impact of the share buyback programme on the annual bonus outturn and determined that no adjustment was required, as the programme had been factored into the targets when they were set.

Share delivery

FY26 bonuses will be delivered in a combination of cash and deferred shares. The shares will not be released until the end of a three-year holding period. The proportion of bonus to be deferred into shares is 40% until the Executive has met the share ownership requirement, reducing to 33% once the requirement has been achieved.

> **Further detail** on the FY26 annual bonus outcome can be found on pages 95-96

2023 LTIP award

The 2023 LTIP award was based on adjusted earnings per share (EPS) (40%), total shareholder return (TSR) (25%), adjusted free cash flow (FCF) (25%) and reduction in carbon emissions (10%).

Performance

The financial targets were aligned with delivery of the medium-term value creation plan which was launched in 2022. This required EPS of 21.0p to 26.2p in FY26, equivalent to c.10% to c.36% growth over FY23, and adjusted free cash flow of £130.4m to £163.0m representing 80% to 100% conversion of AOP. In addition, Kier's TSR needed to match or outperform the FTSE 250 excluding investment trusts.

The 2023 grant introduced a non-financial target relating to a reduction in the Group's Scope 1 and 2 carbon emissions. The Committee ensured that the target was relevant, quantifiable, science based, and aligned with the Group's pathway to net zero carbon. The target required a significant reduction in Scope 1 and 2 carbon emissions between the FY23 baseline position and the Group's 2030 near-term net zero ambition.

Actual adjusted EPS performance in FY26 was 23.5p resulting in 61.06% of maximum vesting for this element. Adjusted free cash flow was £206.2m and TSR was above upper quartile, resulting in full vesting of the FCF and TSR elements.

The carbon reduction target was achieved in full with significant operational decarbonisation driven by the expanded use of hydrotreated vegetable oil rather than diesel.

Share buyback

The Committee reviewed the effect of the share buyback programmes undertaken in FY25 and FY26 on the LTIP outcome. The Committee noted that the FCF calculation was not impacted by the buybacks and determined that excluding the impact of the buybacks for the EPS element would be immaterial to the overall vesting outcome. It was therefore concluded that the impact of the share buybacks was immaterial and did not warrant an adjustment to the vesting outcome.

Windfall gains

When considering the vesting outcome, the Committee noted that the vast majority of the estimated vest-date value is attributable to strong performance during the three-year performance period, and therefore no adjustment was required. The Committee reserves the discretion to reconsider in the event of a material change in the share price by the date of vest on 17 November 2026.

Outcome

The overall vesting outcome for the 2023 LTIP was 84.42%. The Committee considers this to be an equitable outcome, reflecting both the formulaic performance result and the broader circumstances of the performance period.

The award vesting to the Chief Executive is not subject to a post-vest holding period as the award was granted prior to his appointment to the Board. The Directors' Share Ownership Policy requirements continue to apply.

> **Further detail** on the vesting can be found on pages 96-97

Board changes

The change of Chief Executive was described in last year's Annual Report on page 94. In December 2025, we announced that Simon Kesterton would step down from the Board on 31 December 2025. The relevant termination arrangements, which were in line with our Policy, are set out on page 103.

Tom Hinton joined the Board as Chief Financial Officer (CFO) on 1 January 2026. Tom was appointed on a base salary of £520,000, which was lower than that of the previous CFO, reflecting Kier's stabilisation over the last three years. For FY26, he was eligible for a maximum annual bonus of 150% of salary, pro-rated by 50% to reflect the period worked during the financial year, and an LTIP award of 175% of salary.

To compensate Tom for the bonus he was forfeiting from his previous employer on joining Kier, the Committee approved a buy-out award comprising a £125,000 cash payment, payable six months after joining, and a share award with a value of £125,000, vesting after 12 months with no performance conditions; the Committee is satisfied that the value of these awards fairly reflected the value of the forfeited awards. Further details are set out on page 98. Other benefits, including pension, private medical cover and car allowance, were provided on the usual basis described on page 105.

The Committee considers Tom's remuneration package to be appropriate, taking into account the requirements of the CFO role, the external market and his experience. The remuneration arrangements for both Stuart and Tom were determined in accordance with the shareholder-approved Policy.

Remuneration Policy subject to shareholder approval at the 2026 AGM

The Remuneration Policy was last approved by shareholders at the 2023 AGM and is therefore required to be renewed at the 2026 AGM. During the year, the Committee reviewed the current Directors' Remuneration Policy and consulted with major shareholders. The Committee concluded that the Policy remains fit for purpose, continues to support the Group's strategy and is aligned with FTSE market practice. No changes are proposed to the maximum opportunity under either the annual bonus or the LTIP, and only minor changes are being made to the Policy wording to ensure clarity around its implementation.

Shareholder engagement

As part of our commitment to maintaining an open and transparent dialogue with shareholders, the Committee wrote to major shareholders in April to explain the outcome of its review of the Directors' Remuneration Policy, which will be submitted for approval at the AGM in November. The proposed changes were limited to minor drafting amendments, and the correspondence also provided an opportunity to update shareholders on the change in Committee Chair.

We subsequently met with representatives from four of our principal shareholders to discuss executive remuneration and the proposed Policy.

We welcomed the constructive nature of these discussions and were pleased that no material concerns were raised in relation to either the proposed changes or the broader remuneration framework.

Looking forward – FY27

Base salary

The Committee determined that the Executive Directors will receive a salary increase of 3%, aligned with the average increase that will apply to the majority of the wider workforce. The increase will take effect from the normal review date of 1 October 2026.

Annual bonus

The maximum bonus opportunity will remain unchanged at 150% of base salary.

The bonus will continue to be based on AOP (40%), average month-end net debt/cash (40%), safety (10%) and strategic objectives (10%). The Committee reviewed the performance measures and determined that, whilst the overall weightings should remain unchanged, a second safety measure will be introduced, based on Lost Time Injury Frequency Rate (LTIFR). The strategic objectives element will continue to relate to employee engagement.

The Committee has considered a range of factors in setting targets and is satisfied that they are appropriately stretching. Significant outperformance will be required to achieve maximum payout. Full details of the FY27 performance targets will be provided in the 2027 Directors' Remuneration report.

LTIP awards

The LTIP award level will remain unchanged at 175% of base salary for the Executive Directors.

The 2026 LTIP grant will use a grant price based on the three-month average share price leading up to the date of grant, consistent with recent awards.

The Committee reviewed the range of performance conditions and approved an increase to the weighting of non-financial measures from 10% to 15%. This enables the introduction of a new diversity and inclusion measure, with the non-financial weighting split equally between carbon reduction and diversity and inclusion.

The Committee considered a number of options when determining the most appropriate diversity and inclusion metric for the LTIP including the use of an ethnicity-related measure.

Whilst recognising the importance of improving diversity across all dimensions, the Committee determined that Kier's gender representation remains further from the profile of the wider UK workforce than its ethnicity.

Ethnicity representation remains a key internal priority and a balanced scorecard measure that is closely monitored by the Board.

Following careful discussion, the Committee concluded that increasing female representation at a senior level would represent the area of greatest opportunity.

Senior leaders set the tone for the organisation and have a significant impact on culture, inclusion and the leadership environment experienced by colleagues across the Group. Increasing female representation at this level is therefore expected to support broader progress on diversity and inclusion which is a key measure for many of our customers and therefore contributes to our work-winning success. It also supports the Group's aim to be an employer of choice for gender inclusion within our industry.

The performance measures for the 2026 LTIP grant will therefore be EPS (40%), relative TSR outperformance (25%), FCF (20%), reductions in the Group's Scope 1 and 2 carbon emissions (7.5%) and female representation at senior grades (7.5%).

> **Further detail** on the targets can be found on page 105

As Committee Chair, I would like to thank shareholders for their engagement and feedback during the year. I hope to receive your support for both the Directors' Remuneration report and the Directors' Remuneration Policy at the AGM in November.

Anne Baldock
Chair of the Remuneration Committee

Remuneration at a glance

Approach to remuneration at Kier

Pay linked to performance

More than two-thirds of Executive Directors' maximum remuneration opportunity is variable and dependent on performance against the Group's strategic priorities.

Strong alignment with shareholders

Approximately half of Executive Directors' maximum remuneration opportunity is delivered in shares, with a shareholding requirement of 200% of salary to encourage long-term value creation.

Competitive but responsible remuneration

The Committee seeks to attract and retain talented leaders through competitive remuneration, while ensuring that pay outcomes remain proportionate and support the long-term success of the Company.

Remuneration framework

There are three elements to the framework for the Executives' remuneration:

Fixed element

Comprises base salary, taxable benefits 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. Payments are settled at least one-third in shares which are deferred for three years and subject to malus, with 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 priorities

Growth	Resilience	Performance

Medium-term targets

Revenue growth	Adjusted operating margin	Adjusted EPS growth	Cash flow conversion	Average net cash	Dividend cover

How remuneration links to our strategy

Annual bonus targets for FY27

Adjusted operating profit	Average month end net cash	Safety	Strategic objectives
40%	40%	10%	10%

LTIP performance conditions for FY27

Adjusted EPS	Cash flow conversion	Total shareholder return	Carbon emissions reduction	Diversity & Inclusion
40%	20%	25%	7.5%	7.5%

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

FY26 annual bonus:
Targets included adjusted operating profit (40%), average month-end net debt (40%), Accident Incident Rate (10%) and strategic objectives (10%).

The financial targets were directly linked to the Group's strategic priorities for the forthcoming financial year.

The non-financial targets reflected the Group's health and safety performance and employee engagement.

2023 LTIP:
Targets included adjusted earnings per share (40%), total shareholder return (25%), adjusted free cash flow (25%) and reduction in carbon emissions (10%).

When the Committee selected performance metrics in 2023, profitability and cash generation remained of primary importance. In addition, aligned with the Group's sustainability strategy, a target for the reduction in carbon emissions was introduced.

Set stretching targets

The Committee considers a range of factors to ensure targets are stretching

We take into account the Group's strategic priorities, 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 payout.

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.

Taking into account business performance, the wider stakeholder context and shareholder experience, the Committee is satisfied that the FY26 bonus and 2023 LTIP outcomes are fair and appropriate.

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 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 considered the buyback programmes undertaken in FY25 and FY26 and determined that they did not have a material effect on the 2023 LTIP outcome. It therefore determined that the vesting outcome should not be adjusted to remove the impact of the buyback.

Directors' Remuneration report continued

Remuneration at a glance continued

Summary of the Executive Directors' FY26 remuneration outcome

FY26 bonus

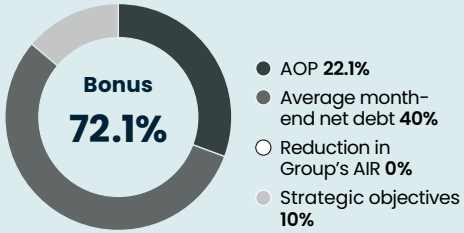
Performance against targets

AOP
£169.8m (55.2% of max)

Average month-end net (debt)/cash
£10.7m (100% of max)

Reduction in Group's AIR
101 (0% of max)

Employee engagement
82% (100% of max)



2023 LTIP

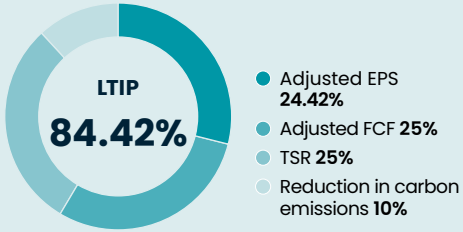
Performance against targets

Adjusted EPS
23.5p (61.06% of max)

TSR
Above upper quartile (100% of max)

Adjusted FCF
£206.2m (100% of max)

Reduction in carbon emissions
18,294 tCO_2e (100% of max)



See pages 95 and 96 for further information

Summary of the Executive Directors' FY27 remuneration framework

	Stuart Togwell (CEO)	Tom Hinton (CFO)
Base salary	£731,300 (+3%)	£535,600 (+3%)
Annual bonus	150% of salary	150% of salary
Targets:		
– Adjusted operating profit	40%	
– Average month-end net cash	40%	
– Group Accident Incident Rate	5%	
– Group Lost Time Injury Frequency Rate	5%	
– Strategic objectives	10%	
LTIP	175% of salary	175% of salary
Targets:		
– Earnings per share	40%	
– Free cash flow	20%	
– Total shareholder return	25%	
– Carbon emissions reduction	7.5%	
– Female representation at senior grades	7.5%	
Pension	7.5% of base salary	7.5% of base salary

Remuneration at a glance continued

2026 Directors' Remuneration Policy

Review of the Directors' Remuneration Policy

Following a review during the year, the Committee determined that no material changes were required.

The proposed Policy is set out on pages 108–117.

Engagement with shareholders

In line with the commitment to maintain an open and transparent dialogue with shareholders, the Committee wrote to major shareholders in April to explain the outcome of its review of the Policy. The letter confirmed that the proposed changes were limited to minor drafting amendments. Shareholders were invited to provide feedback.

The incoming and outgoing Committee Chairs subsequently met with representatives from four key shareholders to discuss the proposed Policy and executive remuneration in general. The discussions were constructive and no material concerns were raised in relation to either the proposed changes or the broader remuneration framework.

Remuneration Committee Chair Q&A

How does the Policy continue to support Kier's strategy?

The Committee is focused on ensuring the Policy, and its application, is directly linked to the delivery of the Group's strategy and its long-term success. We illustrate on page 89 how the strategy links to the management team's remuneration through the careful selection of performance measures and targets.

The Policy enables us to attract, retain and incentivise a leadership team that will continue to build Kier's future success.

What changes have been made to the Policy?

Having reviewed the Policy, and taking into account the recent changes in Kier's management team, we determined that no changes were needed to the Policy in respect of its structure or operation. We are satisfied that the quantum for the short and long-term incentive arrangements remains appropriate for the Group at this time.

We took the opportunity to review the metrics for the FY27 LTIP award and to introduce a new measure focusing on diversity and inclusion.

> See page 88

In addition, we have made minor updates to the Policy wording where necessary to reflect current market practice or relevant Committee decisions, such as the formalisation of the Directors' Share Ownership Policy.

How do you ensure the Policy remains fit for purpose?

As part of the review, we compared pay and incentives for our Executive Directors with both sector peers and the wider FTSE 250. This, together with the work undertaken during 2025 on the appointment terms for our new CEO and CFO, gives the Committee confidence that the Policy remains appropriate for Kier.

We will continue to monitor the effectiveness of the Policy. If we believe that changes are needed before the next required shareholder vote, we will consult with shareholders and bring a revised Policy to an earlier AGM.

How does the Policy align Executives with the wider workforce?

There is significant alignment to the wider workforce within Kier. The measures and targets that apply to the Executive Directors in the annual bonus plan and the LTIP are cascaded to all participants in these arrangements.

Where possible, employee benefits are designed and delivered consistently to all employees. Where we have grade-specific exceptions these are largely aligned with the external market.

The chart on page 93 summarises our pay and reward framework and you will see that many of the benefits and support services are consistent across our whole workforce.

The Committee is regularly updated on workforce pay, benefits and wellbeing support including the introduction of any new or enhanced policies or services.

As I mention in my statement on page 86, my predecessor has been meeting with the Group's Reward & Employee Benefits Forum at least annually and I intend to continue to do this.

The most recent meeting discussed the purpose of the Board and the Committee as well as the AGM and the shareholder voting process. They also talked about the Policy review and why this is important for different stakeholders. The remuneration arrangements for the Executives were discussed with the Forum and there was good engagement and plenty of opportunity for questions to be asked.

Directors' Remuneration report continued

Remuneration at a glance continued

Pay and reward framework

Element of remuneration		All employees	Executive Directors
Salary		Pay review boundaries approved by the Committee	Increases typically in line with average awarded to wider workforce
Annual bonus	Participants	Grade related (over 1,000 employees)	CEO and CFO
	Opportunity	Grade related (between 10% and 100% of salary)	150% of salary
	Measures	Profit; average month-end net cash; health and safety; strategic objectives	
	Deferral	Executive Committee: 25% of net bonus payment deferred for three years	33% of net bonus payment deferred for three years (40% if share ownership requirement not met)
LTIP	Participants	Leadership and strategic senior managers	CEO and CFO
	Opportunity	Grade related (between 25% and 100% of salary)	175% of salary (200% of salary in exceptional circumstances)
	Holding period	No post-vesting holding period	Two-year post-vesting holding period
	Measures	Earnings per share; total shareholder return; free cash flow; carbon reduction; diversity and inclusion	
	Performance period	Not less than three years	
Pension	Employer contributions	7.5% of base salary	
Holiday	Annual leave	26 days plus service increments	
Health	Group private medical insurance	Single person cover provided to employees at specific grades	
Car	Group car policy	Car or car allowance provided to employees at specific grades	
All-employee share plans	Sharesave	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)	
Life assurance	Lump sum payment to beneficiary	4x base salary with minimum payment of £40,000	
Wellbeing	Employee Assistance Programme	24/7 confidential employee advice and counselling service	
	Virtual GP	24/7 free access to GP services for employees and their family members	
Benefits	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, free will writing service and DIY stores trade discounts	
Kier Rewards	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 2026 financial year (audited)

The following table provides details of the Directors' remuneration for the 2026 financial year, together with their remuneration for the 2025 financial year.

	Fixed Pay						Variable Pay						Total	
	Salary/fee (£000)		Benefits[1] (£000)		Pension[2] (£000)		Bonus (£000)		LTIP vesting (£000)		Other (£000)		Total (£000)	
	2026	2025	**2026**	2025	**2026**	2025	**2026[3]**	2025	**2026[4]**	2025[5]	**2026[6]**	2025	**2026**	2025[5]
Executive Directors														
Stuart Togwell[7]	**659**	418	**15**	11	**49**	31	**679**	296	**572**	293	**–**	–	**1,974**	1,049
Tom Hinton[8]	**260**	–	**7**	–	**20**	–	**281**	–	**–**	–	**250**	–	**818**	–
Andrew Davies[9]	**271**	806	**5**	15	**20**	60	**293**	690	**2,096**	3,839	**–**	–	**2,685**	5,410
Simon Kesterton[10]	**288**	563	**7**	15	**22**	42	**316**	482	**1,569**	2,682	**–**	–	**2,202**	3,784
Non-Executive Directors[11]														
Alison Atkinson	**73**	71	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**73**	71
Anne Baldock	**62**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**62**	–
Chris Browne	**73**	68	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**73**	68
Margaret Hassall[12]	**74**	79	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**74**	79
Matthew Lester	**268**	260	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**268**	260
Mohammed Saddiq	**60**	59	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**60**	59
Clive Watson	**73**	71	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**73**	71
Total	**2,161**	2,395	**34**	41	**111**	133	**1,569**	1,468	**4,237**	6,814	**250**	–	**8,362**	10,851

All figures in the above table have been rounded to the nearest £1,000.

1. Comprises the value of taxable benefits and allowances including private medical insurance and a car or car allowance, and non-taxable benefits of the value of matching shares awarded under the Share Incentive Plan.
2. Comprises the payment of employer pension contributions and/or a cash allowance.
3. 33% of the total net bonus payment for Stuart Togwell and 40% of the total net bonus payment for Tom Hinton will be deferred into shares for three years.
4. The estimated value of the LTIP award that was granted in respect of the 2024–26 performance period is included in the table above, based on a share price of 206.3p (the three-month average share price for the period ending 30 June 2026). The award will vest in November 2026 and the shares held by Andrew Davies and Simon Kesterton will then be subject to a two-year holding period. No holding period is applicable to Stuart Togwell as the award was made prior to joining the Board. For Stuart Togwell, the estimated value is pro-rated to reflect the period as a Board Director (1 October 2024 to 30 June 2026) and £265,168 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £60,828 have been included. For Andrew Davies, £972,286 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £223,041 have been included. For Simon Kesterton, £727,875 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £166,971 have been included.
5. The figures in these columns have been restated, compared to the estimated values included in the 2025 Annual Report, to reflect the Company's share price on the vesting date for the 2022 LTIP award of 222.0p.
6. Comprises a cash payment and recruitment share award with the estimated value based on the grant price of 223.2p (the average share price for the five days preceding the start of employment) in lieu of remuneration forfeited on leaving his previous employer. Further details are set out on page 98.
7. Stuart Togwell was appointed as Chief Executive on 1 November 2025. The bonus payment is shown in full. See note 4 regarding the LTIP vesting value.
8. Tom Hinton joined the Board on 1 January 2026.
9. Andrew Davies left the Board on 31 October 2025. Fixed pay is shown for the period to 31 October 2025. Variable pay is shown in full. See page 103 for more information.
10. Simon Kesterton left the Board on 31 December 2025. Fixed pay is shown for the period to 31 December 2025. Variable pay is shown in full. See page 103 for more information.
11. All the Non-Executive Directors were members of the Remuneration Committee for the 2026 financial year (or until they left the Board).
12. Margaret Hassall left the Board on 29 May 2026.

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. Where the Executives are restricted by the annual allowance, a portion of the pension contributions may be paid 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 value of the pension contributions or cash allowances paid in respect of the 2026 financial year (or until the date the Executive left the Board) was:

Director	Employer pension contribution	Pension contribution	Cash allowance	Total
Stuart Togwell	7.5% of salary	–	£49,440	£49,440
Tom Hinton	7.5% of salary	–	£19,500	£19,500
Andrew Davies	7.5% of salary	–	£20,329	£20,329
Simon Kesterton	7.5% of salary	–	£21,625	£21,625

Annual bonus – 2026 financial year (audited)

Details of the annual bonus target setting process are set out on page 90. Bonus outcomes for the Executive Directors in respect of the 2026 financial year were:

Financial performance (weighting: 80%)

Target	Weighting	Threshold[1]	Target[1]	Maximum[1]	Actual performance	Actual performance as a % of bonus element
AOP	40%	£159.1m	£168.8m	£178.5m	£169.8m	55.2%
Group average month-end net debt	40%	£(38.0)m	£(19.0)m	£0m	£10.7m	100%

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[2]	10%	84	79	101	0%

Personal objectives (weighting: 10%)

Target	Weighting	Threshold	Maximum	Actual performance	Actual performance as a % of bonus element
Employee engagement index[2]	10%	75	81	82	100%

1. Bonus payment opportunity was 0% for threshold performance, 50% for target performance and 100% for maximum performance.
2. Bonus payment opportunity was 0% for below threshold, 50% for threshold performance and 100% for maximum performance. Further information is set out on page 86.

As noted in the Chair's statement, the Committee considered the impact of the share buyback programme on the outcome of the annual bonus and determined that no adjustment was required, as the programme had been factored into the targets when they were set. The Committee determined that the overall outcome of 72.1% 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[1]

Director	Bonus payable as % of opportunity	Maximum opportunity as % of salary	Bonus payable as % of salary	Total bonus
Stuart Togwell[2]	72.1%	125%/150%	103.04%	£679,234
Tom Hinton	72.1%	150%	108.12%	£281,112
Andrew Davies	72.1%	150%	108.12%	£293,056
Simon Kesterton	72.1%	150%	108.12%	£316,358

1. The bonus opportunity was reduced pro rata to period of employment during the financial year: Tom Hinton (from 1 January 2026 to 30 June 2026), Andrew Davies (from 1 July 2025 to 31 October 2025) and Simon Kesterton (from 1 July 2025 to 31 December 2025).
2. The bonus opportunity for Stuart Togwell was 125% from 1 July 2025 to 31 October 2025 and 150% following appointment as Chief Executive on 1 November 2025, and the bonus amount payable has been calculated using the relevant salary for both time periods.

In accordance with the Policy, the amount of net bonus payment deferred into shares will be 33% for Stuart Togwell (having met the required shareholding levels) and 40% for Tom Hinton. The deferred shares will be held for three years and malus provisions apply. No deferral is applicable to Andrew Davies or Simon Kesterton.

LTIP award – performance period ended 30 June 2026 (audited)

The three-year performance period for the LTIP award granted in 2023 ended on 30 June 2026. Achievement against the performance conditions for the LTIP award was as follows:

Performance conditions	Weighting	Targets[1]	Actual performance	Level of vesting % per metric[2]	Level of vesting as % of overall opportunity
Adjusted earnings per share[3]	40%	• 0% vesting if less than 21.0p • 25% vesting if equal to 21.0p • 100% vesting if 26.2p or above	23.5p	61.06%	24.42%
Total shareholder return vs FTSE 250 excluding investment trusts	25%	• 0% vesting for below median performance • 25% vesting for at median performance • 100% vesting for upper quartile performance or above	Above upper quartile	100%	25%
Adjusted free cash flow[3]	25%	• 0% vesting if less than £130.4m • 25% vesting if equal to £130.4m • 100% vesting if £163.0m or more	£206.2m	100%	25%
Reduction in carbon emissions[4]	10%	• 0% vesting if above 27,625 tCO_2e • 25% vesting if equal to 27,625 tCO_2e • 100% vesting for 26,171 tCO_2e or below	18,294 tCO_2e	100%	10%
Total					84.42%

1. Straight-line vesting between threshold (25% achievement) and maximum (100% achievement).
2. Expressed as a percentage of maximum opportunity.
3. For the financial year ended 30 June 2026.
4. Measured over the period 1 April 2025 to 31 March 2026 to align with carbon reporting periods.

As noted in the Chair's statement, the Committee determined that the impact of the share buyback programmes were not material to the overall vesting outcome and therefore no adjustment was warranted.

Directors' Remuneration report continued

Annual report on remuneration continued

The Committee also considered the potential for windfall gains on vesting and determined that this was not applicable. However, it reserves the discretion to reconsider in the event of a material change in the share price by the date of vest on 17 November 2026.

The vesting of the LTIP awards granted in 2023 will result in the allocation of the following number of shares:

Director	Estimated number of shares due to vest[1,2]	Value[3]
Stuart Togwell[4]	277,074	£571,604
Andrew Davies	1,015,945	£2,095,895
Simon Kesterton	760,558	£1,569,031

1. The vesting date is 17 November 2026.
2. The estimated number of shares due to vest 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. No holding period is applicable to Stuart Togwell as the award was made prior to joining the Board. 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 2026 which was 206.3p.
4. The estimated number of shares due to vest, and value shown, relates to the period served as an Executive Director (1 October 2024 to 30 June 2026).

Share awards granted during the 2026 financial year (audited)

The following share awards were granted to those persons who, during the 2026 financial year, served as a Director:

Award[1]	Basis of award	Director	Shares awarded	Face value[2]	Award for threshold performance	Performance period	Vesting date	Performance measures
LTIP	Percentage of base salary for the year ended 30 June 2026	Stuart Togwell	607,579	£1,242,499	25%	1 July 2025 – 30 June 2028	13 October 2028	The performance conditions are set out below
		Tom Hinton	400,881	£910,000				
		Simon Kesterton	500,780	£1,024,095				
Deferred shares	Percentage of the net bonus for the year ended 30 June 2025	Stuart Togwell	30,196	£68,998	n/a	n/a	28 October 2028	n/a
		Simon Kesterton	37,298	£85,226				
SIP	Matching shares purchased in accordance with the SIP rules[3]	Tom Hinton	65	£135	n/a	n/a	n/a	Continued service condition
Recruitment	Value of £125,000	Tom Hinton	56,003	£125,000	n/a	n/a	March 2027[4]	Continued service condition

1. The LTIP awards were granted as conditional awards, based on 175% of base salary. 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%. The SIP purchases are Ordinary Shares.
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. For the LTIP awards granted in October 2025 (and for the additional LTIP award granted to Stuart Togwell in November 2025), the share price was 204.5p. For the award granted to Tom Hinton in March 2026, the share price was 227.0p. For the deferred shares, the face value has been calculated using the share price on 27 October 2025, which was 228.5p. For the SIP, the face value has been calculated using the average share price for matching share purchases of 207.3p. For the buy-out award, the face value of the shares has been calculated using the average share price for the five days preceding the start of employment on 1 January 2026, which was 223.2p.
3. Matching shares were funded by the Group at the rate of one matching share for every two partnership shares purchased, capped at £90 of partnership shares per purchase.
4. Vesting in March 2027 following the announcement of the Company's interim results for the period ended 31 December 2026.

Directors' Remuneration report continued

Annual report on remuneration continued

LTIP 2025 grant – performance conditions (audited)

The performance measures and targets for the LTIP awards that were granted during the 2026 financial year are set out in the table below (and page 109 of the 2025 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 (13 October 2028). 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 3% growth per annum increase at threshold and 10% growth per annum increase at maximum compared to the 2025 financial year. The FCF target maintains the 80% to 100% cash conversion range used for the previous LTIP grant. The carbon emission measure is based on the reduction in Scope 1 and 2 emissions as at FY28. The target is set with reference to Kier's net zero target of 9,068 tonnes in 2039 (as validated by SBTi).

The Committee is satisfied that the performance targets represent the right balance between incentivising management and aligning with shareholder interests.

Performance conditions	Weighting	Targets[1]		
Adjusted EPS[2]	40%	• 0% vesting for below 24.1p	• 25% vesting for 24.1p	• 100% vesting for 29.4p
TSR vs FTSE 250 excluding investment trusts	25%	• 0% vesting for below median	• 25% vesting at median	• 100% vesting for upper quartile
Adjusted FCF[2]	25%	• 0% vesting for below £155.2m	• 25% vesting for £155.2m	• 100% vesting for £194.0m
Reduction in carbon emissions[2,3]	10%	• 0% vesting for above 22,547 tCO_2e	• 25% vesting at 22,547 tCO_2e	• 100% vesting for 21,360 tCO_2e or below

1. Straight-line vesting between threshold (25% achievement) and maximum (100% achievement).
2. For the financial year ending 30 June 2028.
3. Measured over the period 1 April 2027 to 31 March 2028 to align with carbon reporting periods.

Buy-out awards (audited)

Following his appointment, Tom Hinton received the following awards to partially compensate for the bonus forfeited on leaving his previous employer.

Cash bonus

A cash payment of £125,000 was payable six months after commencement of employment. This payment is included in the single figure table on page 94.

Recruitment Award

A share award with a value of £125,000 was granted on 10 March 2026. The award will vest in March 2027 following the announcement of the Company's interim results for the period ended 31 December 2026. No performance conditions were attached to the award. No holding period is applicable, but the vested shares will be subject to the Directors' Share Ownership Policy. Malus and clawback apply to the award with a clawback period of one year from the vesting date. The value of the shares is included in the single figure table on page 94.

Directors' Remuneration report continued

Annual report on remuneration continued

Directors' shareholdings and share interests (audited)

The Committee has a Directors' Share Ownership Policy which requires 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 required 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 2026 (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 2026 financial year, served as a Director:

	Shares held				Options held				
As at 30 June 2026	Owned outright or vested[1]	Vested but subject to a holding period[2]	Unvested and subject to performance conditions[3]	Unvested and subject to continued employment[4]	Vested but not exercised	Unvested and subject to continued employment[5]	Shareholding requirement (% of salary)	Current shareholding (% of salary)[6]	Requirement met?
Alison Atkinson	19,628	–	–	–	–	–	n/a	n/a	n/a
Anne Baldock	–	–	–	–	–	–	n/a	n/a	n/a
Chris Browne	20,325	–	–	–	–	–	n/a	n/a	n/a
Andrew Davies[7]	1,661,036	1,668,338	1,500,401	–	–	–	n/a	n/a	n/a
Margaret Hassall[7]	19,563	–	–	–	–	–	n/a	n/a	n/a
Tom Hinton	219	–	400,881	56,068	–	–	200%	0.1%	No
Simon Kesterton[7]	879,903	1,145,483	1,222,606	–	–	–	n/a	n/a	n/a
Matthew Lester	166,131	–	–	–	–	–	n/a	n/a	n/a
Mohammed Saddiq	–	–	–	–	–	–	n/a	n/a	n/a
Stuart Togwell	747,829	130,328	1,672,447	–	–	3,881	200%	270%	Yes
Clive Watson	106,970	–	–	–	–	–	n/a	n/a	n/a

1. Comprising shares held legally or beneficially by the relevant Director or their connected persons, including partnership and dividend shares purchased under the SIP.
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 unvested Recruitment Award (see page 100) and matching shares purchased under the SIP.
5. Comprising options under the Sharesave schemes. See page 100.
6. Calculated by reference to (i) shares owned outright or vested by the Director or their connected persons and (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 2026 of 218.2p and the gross base salaries for the year ended 30 June 2026.
7. Shareholding shown at date of leaving the Board.

Since 30 June 2026, Tom Hinton has acquired beneficial interests in 163 Ordinary Shares in the capital of the Company under the SIP.

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.

Stuart Togwell	As at 30 June 2025	Awards granted during the year	Awards vested during the year[1]	Awards lapsed during the year[2]	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	**As at 30 June 2026**	Date of grant[3]	Grant price at date of award[4,5]	Market price on date awards exercised	End of performance period[6]	End of holding period[7]
LTIP													
2022	646,849	–	681,500	153,993	527,507	279,578	–	**–**	21/10/2022	61.9p	222.0p	30/06/2025	–
2023	502,772	–	–	–	–	–	–	**502,772**	17/11/2023	99.2p	–	30/06/2026	–
2024	562,096	–	–	–	–	–	–	**562,096**	11/10/2024	148.8p	–	30/06/2027	11/10/2029
2025[8]	–	408,997 198,582	–	–	–	–	–	**408,997** **198,582**	13/10/2025 03/11/2025	204.5p	–	30/06/2028	13/10/2030
Deferred shares[9]													
2022	50,891	–	–	–	–	–	50,891	**–**	31/10/2022	61.7p	–	–	31/10/2025
2023	54,667	–	–	–	–	–	–	**54,667**	30/10/2023	99.5p	–	–	30/10/2026
2024	45,465	–	–	–	–	–	–	**45,465**	28/10/2024	143.2p	–	–	28/10/2027
2025	–	30,196	–	–	–	–	–	**30,196**	28/10/2025	228.5p	–	–	28/10/2028
Sharesave[10]													
2024	2,506	–	–	–	–	–	–	**2,506**	29/10/2024	111.0p	–	–	–
2025	–	1,375	–	–	–	–	–	**1,375**	29/10/2025	199.0p	–	–	–

Tom Hinton	As at 30 June 2025	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	**As at 30 June 2026**	Date of grant[3]	Grant price at date of award[4,5]	Market price on date awards exercised	End of performance period[6]	End of holding period[7]
LTIP													
2025	–	400,881	–	–	–	–	–	**400,881**	10/03/2026	227.0p	–	30/06/2028	13/10/2030
Recruitment Award	–	56,003	–	–	–	–	–	**56,003**	10/03/2026	223.2p	–	–	–

For notes see page 101.

Directors' Remuneration report continued

Annual report on remuneration continued

Andrew Davies	As at 30 June 2025	Awards granted during the year	Awards vested during the year[1]	Awards lapsed during the year[2]	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	**As at 30 June 2026**	Date of grant[3]	Grant price at date of award[4,5]	Market price on date awards exercised	End of performance period[6]	End of holding period[7]
LTIP													
2022	2,120,355	–	2,233,944	504,785	1,729,159	916,454	–	**–**	21/10/2022	61.9p	222.0p	30/06/2025	21/10/2027
2023	1,382,623	–	–	307,250	–	–	–	**1,075,373**	17/11/2023	99.2p	–	30/06/2026	17/11/2028
2024	956,315	–	–	531,287	–	–	–	**425,028**	11/10/2024	148.8p	–	30/06/2027	11/10/2029
Deferred shares[9]													
2022	309,808	–	–	–	–	–	309,808	**–**	31/10/2022	61.7p	–	–	–
2023	151,809	–	–	–	–	–	151,809	**–**	30/10/2023	99.5p	–	–	–
2024	119,075	–	–	–	–	–	119,075	**–**	28/10/2024	143.2p	–	–	–
Sharesave[11]													
2022	4,909	–	–	–	4,909	–	–	**–**	02/11/2022	55.0p	–	–	–
2023	3,091	–	–	1,062	2,029	–	–	**–**	31/10/2023	90.0p	–	–	–
2024	2,506	–	–	1,690	816	–	–	**–**	29/10/2024	111.0p	–	–	–

Simon Kesterton	As at 30 June 2025	Awards granted during the year	Awards vested during the year[1]	Awards lapsed during the year[2]	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	**As at 30 June 2026**	Date of grant[3]	Grant price at date of award[4,5]	Market price on date awards exercised	End of performance period[6]	End of holding period[7]
LTIP													
2022	1,481,520	–	1,560,885	352,700	1,208,185	640,337	–	**–**	21/10/2022	61.9p	222.0p	30/06/2025	21/10/2027
2023	966,058	–	–	161,010	–	–	–	**805,048**	17/11/2023	99.2p	–	30/06/2026	17/11/2028
2024	668,190	–	–	334,095	–	–	–	**334,095**	11/10/2024	148.8p	–	30/06/2027	11/10/2029
2025	–	500,780	–	417,317	–	–	–	**83,463**	13/10/2025	204.5p	–	30/06/2028	13/10/2030
Deferred shares[9]													
2022	138,761	–	–	–	–	–	138,761	**–**	31/10/2022	61.7p	–	–	–
2023	106,070	–	–	–	–	–	106,070	**–**	30/10/2023	99.5p	–	–	–
2024	83,199	–	–	–	–	–	83,199	**–**	28/10/2024	143.2p	–	–	–
2025	–	37,298	–	–	–	–	37,298	**–**	28/10/2025	228.5p	–	–	–
Sharesave[11]													
2022	4,909	–	–	–	4,909	–	–	**–**	02/11/2022	55.0p	–	–	–
2023	3,091	–	–	3,091	–	–	–	**–**	31/10/2023	90.0p	–	–	–
2024	2,506	–	–	2,506	–	–	–	**–**	29/10/2024	111.0p	–	–	–

1. Includes additional shares added at vesting to reflect the dividends that would have been payable during the award period (dividend equivalents).
2. For Andrew Davies and Simon Kesterton, their LTIP awards were pro-rated to reflect the time elapsed to cessation of employment. See page 103 for more information.
3. The LTIP awards vest on the third anniversary of the date of grant (except the awards granted to Stuart Togwell in November 2025 and Tom Hinton in March 2026 which vest on 13 October 2028).
4. The grant price for the LTIP awards was the average share price for the three-month period immediately prior to the date of the grant, other than for the LTIP 2022 award (see note 5 below).
5. For deferred shares (and the LTIP 2022 award), this is the market price of a share from the business day immediately prior to the date of the award or exercise. For Sharesave, it is the exercise price. For the Recruitment Award it is the average share price for the five day period prior to commencement of employment.
6. See 'LTIP award – Performance period ended 30 June 2026' on pages 96-97 for vesting outcome. The performance conditions for the LTIP 2024 and 2025 awards are set out on page 121 of the 2024 Annual Report and page 102 of the 2025 Annual Report.
7. For LTIP, the post-vesting holding period is two years (except grants made to Stuart Togwell prior to appointment as an Executive Director). 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).
8. Stuart Togwell received an additional LTIP award following his appointment as Chief Executive. His total award for FY26 was 175% of base salary.
9. The amount of net bonus allocated as deferred shares for Stuart Togwell for the FY22 - FY24 allocations was 25% and for FY25 was 33%. All deferred shares were released to Andrew Davies and Simon Kesterton on their respective leaving dates.
10. 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.
11. For Andrew Davies, the Sharesave contracts were exercised on a pro rata basis following retirement from the Board. For Simon Kesterton, the Sharesave 2023 and 2024 contracts were forfeited following leaving the Board.

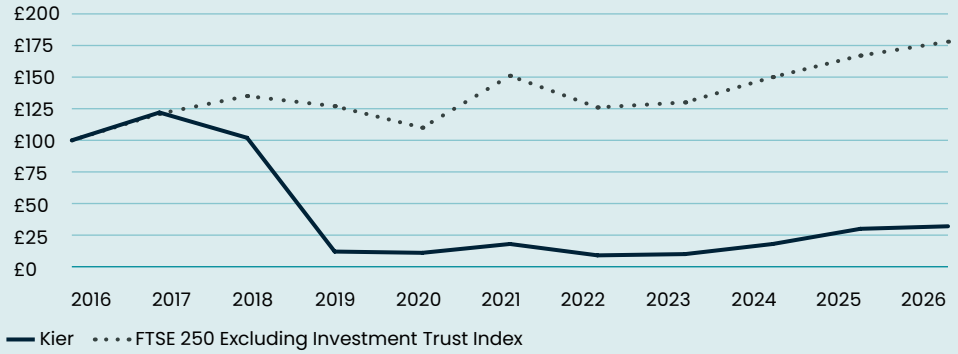
Directors' Remuneration report continued

Annual report on remuneration continued

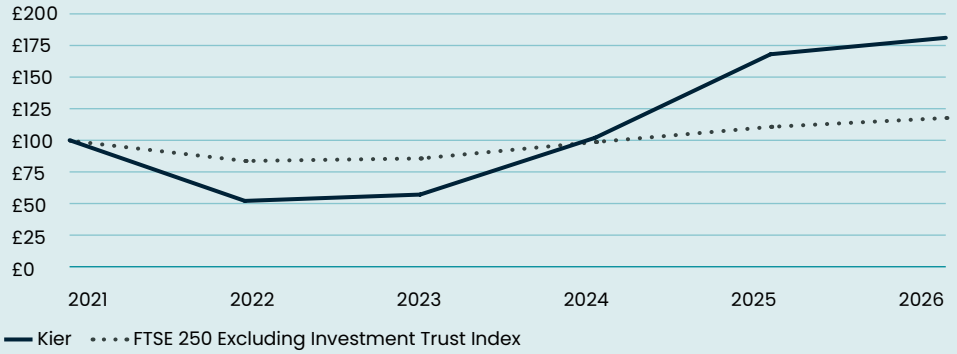
Total shareholder return

The graph below (left) shows the value, to 30 June 2026, of £100 invested in Kier Group plc on 30 June 2016 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. Additionally, the graph below (right) shows the value, to 30 June 2026, of £100 invested in Kier Group plc on 30 June 2021 compared with the value of £100 invested in the FTSE 250 (excluding investment trusts). Over the past five years since the successful capital raise in 2021, the management team have delivered growth in value and outperformance of the FTSE 250 index.

Total shareholder return (for the period from 30 June 2016 to 30 June 2026)



Total shareholder return (for the period from 30 June 2021 to 30 June 2026)



CEO's remuneration

The table below sets out the total remuneration of the CEO paid with respect to each financial year indicated:

Year	2017	2018	2019[1]	2019[1]	2020[2]	2021	2022	2023	2024	2025[3]	**2026[4]**	**2026[4]**
CEO	Haydn Mursell	Haydn Mursell	Haydn Mursell	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	**Andrew Davies**	**Stuart Togwell**
CEO single figure of remuneration (£000)[5]	£1,199	£1,459	£423	£140	£613	£1,323	£2,119	£2,334	£3,843	£5,410	**£2,685**	**£1,974**
Annual bonus payout against maximum opportunity (%)	48	75	–	–	–	90	78.8	91.2	82.1	56.6	**72.1**	**72.1**
LTIP vesting against maximum opportunity (%)	29	24	–	–	–	–	75	54.3	98.75	88.97	**84.42**	**84.42**

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. Andrew Davies retired as CEO on 31 October 2025 and Stuart Togwell was appointed with effect from 1 November 2025.
5. All figures are rounded to the nearest £1,000.

Executive Directors' external appointments

None.

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 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
2026	**Option B**	**106:1**	**74:1**	**47:1**
2025	Option B	121:1	89:1	55:1
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 2026 financial year and those individuals whose remuneration in the 2026 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	£744,380[1]	£34,765	£47,721	£70,853
Total remuneration	£3,874,347[2]	£36,624	£52,009	£82,893

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 2026) 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 2026, 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). The ratio decreased for FY26 due to the change in CEO with lower base salary and variable pay. The Committee considers that the median pay ratio for 2026 disclosed in the above table is consistent with the pay, reward and the progression opportunities available to UK-based employees across the business.

1. Total base salary for Andrew Davies and Stuart Togwell pro-rated for time served as Chief Executive in the 2026 financial year.
2. Total base salary, benefits and annual bonus values for Andrew Davies and Stuart Togwell pro-rated for time served as Chief Executive in the 2026 financial year. The LTIP value pro-rated for time served as Chief Executive during the 1 July 2023 - 30 June 2026 performance period.

Payments to past Directors and payment for loss of office (audited)

The termination arrangements for Andrew Davies were set out in last year's Directors' Remuneration report (page 94). He received normal remuneration for duties as an Executive Director to 31 October 2025 as detailed on page 94. He received a payment of £637,563 in respect of base salary, taxable benefits, pension cash allowance and accrued unused holiday entitlement as an employee for the remainder of his notice period in accordance with the termination arrangements. Andrew did not receive a base salary increase in 2025 and was not granted a 2025 LTIP award. Reflecting his long service and contribution to the business he was treated as a good leaver for the purposes of outstanding LTIP awards and his deferred bonus shares were released to him. His Sharesave options were treated in accordance with the scheme rules. The 2026 bonus payment has been pro-rated to reflect the time elapsed to cessation of employment.

The termination arrangements for Simon Kesterton were that he received normal remuneration for duties as an Executive Director to 31 December 2025 as detailed on page 94. He received a payment of £643,724 in respect of base salary, taxable benefits, pension cash allowance and accrued unused holiday entitlement as an employee for the remainder of his notice period in accordance with the termination arrangements. Simon received a base salary increase in 2025 and was granted a 2025 LTIP award as this occurred prior to leaving the Board. Reflecting his long service and contribution to the business he was treated as a good leaver for the purposes of outstanding LTIP awards and his deferred bonus shares were released to him. His Sharesave options lapsed on termination and his contributions were refunded. The 2026 bonus payment has been pro-rated to reflect the time elapsed to cessation of employment.

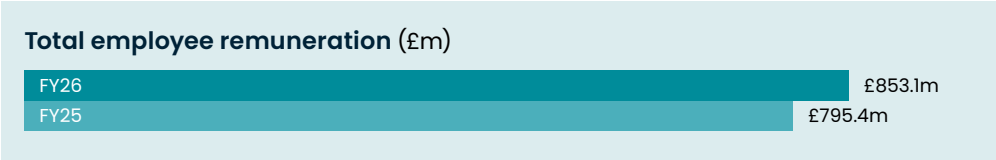
There were no payments to past Directors during the period and no other payments for loss of office.

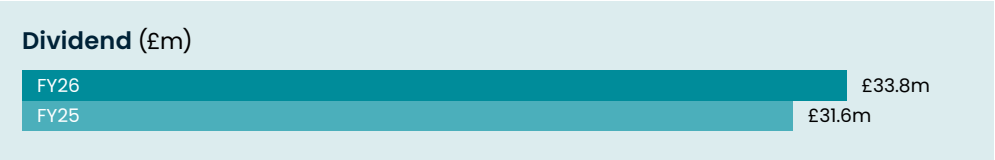
Directors' Remuneration report continued

Annual report on remuneration continued

Relative importance of spend on pay

The graph below shows the total employee remuneration and dividends paid between FY25 and FY26:





Employee remuneration is remuneration paid to or receivable by all employees of the Group and the dividends that relate to the 2025 and 2026 financial years as stated in notes 8 and 11 to the 2026 consolidated financial statements on pages 152 and 158 respectively.

Implementation of the Remuneration Policy in 2026 and 2027

Remuneration element	Implementation in the 2026 financial year		Implementation in the 2027 financial year	
Executive Directors' base salary	Stuart Togwell: £710,000 (effective 1 November 2025) Tom Hinton: £520,000 (from appointment)		With effect from 1 October 2026, salaries will be:	Stuart Togwell: £731,300 (+3%) Tom Hinton: £535,600 (+3%)
			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 FY27 is c.3%.	
Annual bonus	The maximum opportunity for Stuart Togwell and Tom Hinton was 150% of salary (75% of salary at target). The payment due to Tom Hinton will be reduced pro rata for the period of employment during FY26.		The award opportunity for Stuart Togwell and Tom Hinton is unchanged. A new additional non-financial measure relating to safety is being introduced. The weighting of non-financial measures will remain at 20%. The performance targets are considered to be commercially sensitive and will be disclosed, on a retrospective basis, in the 2027 Annual Report.	
	The performance measures and their weighting as a percentage of maximum opportunity were:	• Group AOP: 40% • Average month-end net debt: 40% • Group health and safety: 10% • Strategic objectives: 10%		
	Group AOP and average month-end net debt payout ranges were as follows (as a percentage of maximum opportunity):	• Threshold performance: 0% • On-target performance: 50% • Maximum performance: 100%		

Directors' Remuneration report continued

Annual report on remuneration continued

Remuneration element	Implementation in the 2026 financial year	Implementation in the 2027 financial year	
LTIP	The LTIP awards made to Stuart Togwell and Tom Hinton were at 175% of salary. The performance conditions (and respective weightings) and targets for the LTIP awards are set out on pages 98. The performance period is three years. The awards will, subject to the satisfaction of the performance conditions, vest in October 2028. A two-year holding period will apply to any vested awards.	The level of award for Stuart Togwell and Tom Hinton will be 175% of salary. No change to the length of performance period and post-vesting holding period. The performance conditions for the award are below. See notes on page 106.	
		Adjusted EPS[1,2] (40% weighting)	• 0% vesting for below 26.2p • 25% vesting for 26.2p • 100% vesting for 33.9p
		TSR outperformance[2,3] (25% weighting)	• 0% vesting for below median • 25% vesting at median • 100% vesting for upper quartile
		Adjusted FCF[1,2] (20% weighting)	• 0% vesting for below £163.8m • 25% vesting for £163.8m • 100% vesting for £245.6m or higher
		Reduction in carbon emissions[2,4,5] (7.5% weighting)	• 0% vesting for above 17,379 tCO_2e • 25% vesting for 17,379 tCO_2e • 100% vesting for 16,465 tCO_2e or below
		Female representation at senior grades[1,2,6] (7.5% weighting)	• 0% vesting for below 22% • 25% vesting for 22% • 100% vesting for 25%
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	

For notes see page 106.

Directors' Remuneration report continued

Annual report on remuneration continued

Remuneration element	Implementation in the 2026 financial year		Implementation in the 2027 financial year	
Non-Executive Directors' fees	With effect from 1 October 2025:		With effect from 1 October 2026, the base fee for the Chair of the Board will be increased by 3% which is aligned with the increase for the wider workforce. The base fee for the Non-Executives will increase by £5,000 to align with the median compared to our peer group. The additional fees increase by £1,000 (other than Chair of Remuneration Committee which is unchanged).	
	Chair of the Board	£270,363	Chair of the Board	£278,475
	Base fee for Non-Executive	£60,912	Base fee for Non-Executive	£65,912
	Additional fees:		Additional fees:	
	Chair of Environmental, Social and Governance Committee	£13,000	Chair of Environmental, Social and Governance Committee	£14,000
	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	£13,000	Chair of Risk Management and Audit Committee	£14,000
	Senior Independent Director	£13,000	Senior Independent Director	£14,000

1. For the financial year ending 30 June 2029.
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 2028 to 31 March 2029 to align with carbon reporting periods.
6. Senior grades include senior managers and leadership roles.

Annual evaluation

This year's evaluation was performed by way of a questionnaire and feedback from Committee members, management and regular attendees. The questionnaire sought input on a range of matters including remuneration governance, performance assessment, incentive design, workforce remuneration oversight, stakeholder considerations and Committee processes. The outcome of this evaluation concluded that the Committee operates effectively and provides appropriate oversight of remuneration matters. The principal opportunity identified for the 2027 financial year is ensuring that remuneration structures evolve appropriately to support the Group's next phase of growth.

Directors' Remuneration report continued

Annual report on remuneration continued

Advisers

During the 2026 financial year, Ellason 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 £102,425 (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 13 November 2025. The results of the vote on the resolution were:

Directors' Remuneration report

Votes for[1]	Percentage votes for	Votes against[2]	Percentage votes against	Votes withheld
238,133,261	99.51%	1,180,391	0.49%	132,246

1. Includes those votes for which discretion was given to the Chair.
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[1]	Percentage votes for	Votes against[2]	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 Chair.
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 page 87 for more information.

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 2024 Code.

Directors' Remuneration report continued

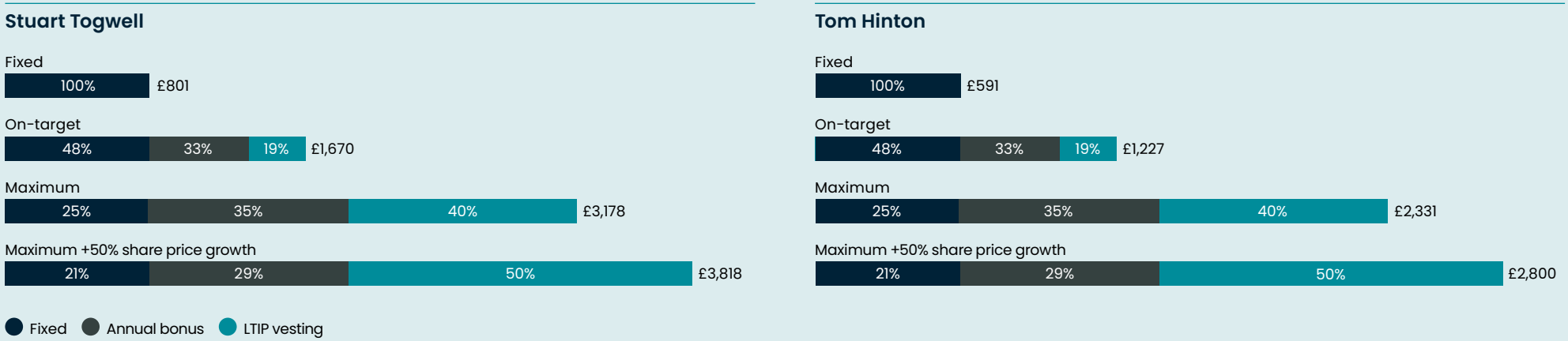
Directors' Remuneration Policy

Introduction

The Company's current Remuneration Policy, as set out in the 2023 Annual Report, received shareholder approval at the AGM held in November 2023. The Company is therefore required to present a new Remuneration Policy (the 2026 Policy) to shareholders at the AGM on 12 November 2026. The 2026 Policy, which is set out on pages 108–117 (inclusive), will take effect from the conclusion of the 2026 AGM (subject to shareholder approval). The Committee is not proposing any material changes but has updated some wording to ensure clarity around its implementation and remains satisfied that the 2026 Policy is in the best interests of shareholders, and that its decision-making process included measures to avoid conflicts of interest.

Illustration of application of Remuneration Policy in the 2027 financial year

(£000s)



Notes

1. 'Fixed' remuneration comprises base salary, taxable benefits and a pension contribution/cash allowance.
2. 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 normal maximum opportunity (175% of base salary).
3. 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.
4. 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 for the LTIP at a share price which is 50% higher than the share price on the date of grant.
5. No value is assumed for participation in the Sharesave or the Share Incentive Plan.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Remuneration Policy table

The Group's policy for each element of an Executive Director's remuneration, together with a summary of any changes to the 2023 Remuneration Policy (the 2023 Policy), is set out in the table below. Further information is set out in the Chair's statement on page 87 and the Chair Q&A on page 92.

Element and link to strategy	Operation	Opportunity	Performance measures	Change to 2023 Policy
Base salary 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.	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. Details of salary changes will be disclosed in the Annual Report.	Not applicable.	None
Benefits 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. Other benefits may be provided based on individual circumstances, which may include the reimbursement of reasonable and necessary expenses, together with any tax due thereon.	Benefits are set at a level which the Committee considers appropriate in light of the market and an individual's circumstances.	Not applicable.	Benefit definition updated
Save As You Earn (SAYE) schemes 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.	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.	Not applicable.	None
Share Incentive Plan To encourage ownership of the Company's shares	An HMRC-approved scheme allowing all employees including Executive Directors to participate. The Company may award matching or free shares up to HMRC limits.	Participants can purchase and receive shares up to the prevailing limit approved by HMRC (or such other lower limit as determined by the Company).	Not applicable.	None
Pension To provide a retirement benefit which is competitive with the market	Executive Directors participate in a defined contribution scheme.	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. Executive Directors may elect to receive all or part of the employer contribution as a taxable cash supplement.	Not applicable.	None

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Element and link to strategy	Operation	Opportunity	Performance measures	Change to 2023 Policy
Annual bonus To reward the delivery of short-term performance targets and business strategy	The Company operates a discretionary bonus scheme. Whether a bonus is awarded and the amount (if any) of bonus awarded will be determined at the Committee's discretion. 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. Payments under the bonus scheme are based on an assessment of performance against targets over the year. 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). The proportion of the net payment to be allocated into Kier Group plc shares is increased to 40% until the requirements of the Director Share Ownership Policy are achieved. Dividend payments accrue on deferred bonus shares over the deferral period. Malus and, in the case of the cash element of a bonus, clawback will apply.	The maximum potential bonus for the Executive Directors is 150% of base salary. '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. 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. 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.	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. 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.	None

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Element and link to strategy	Operation	Opportunity	Performance measures	Change to 2023 Policy
LTIP awards To reward the sustained strong performance by the Group over the longer term	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. A malus provision applies to awards pre-vesting and a clawback provision applies to the post-vesting holding period. Dividend equivalents may apply to awards. The awards are subject to the LTIP rules and the Committee may adjust or amend the awards only in accordance with the LTIP rules. 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. 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 (including a material change to the assumptions underpinning the original targets). The Committee may also make such adjustments to the number of shares which will vest as it determines are required for an equitable outcome for the participants and the Group.	The maximum award is 200% of base salary. 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. On achieving the threshold performance level for each element of the award, 25% of the relevant element of the award will vest. Vesting is on a straight-line basis between threshold and maximum levels of performance.	Prior to granting an award, the Committee sets performance conditions which it considers to be appropriately stretching. The performance conditions relating to an award, and their respective weightings, will be disclosed in the Annual Report.	Wording on the discretion available to the Committee on vesting has been updated.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Payments from outstanding awards

The Company will honour any commitment entered into, and the Executive Directors will be eligible to receive payment from any award or arrangement made, either (i) before this Policy came into effect or (ii) at a time when the relevant individual was not a Director and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director. For these purposes, 'payment' includes the satisfaction or vesting of awards of variable remuneration (including LTIP awards) and, in relation to awards of shares, upon the terms which were agreed when the award was granted. Any such award or arrangement will be subject to their existing terms, provided that such terms were permitted by the Remuneration Policy in force at the date on which the relevant award or arrangement was made, granted or entered into (as the case may be).

Notes to the future Policy table

Malus and clawback

Allocations of shares in part satisfaction of annual bonus payments and unvested LTIP awards will be subject to a 'malus' provision during the three-year deferral period and the three-year performance period prior to vesting, respectively.

This allows the Committee to determine, in its absolute discretion, that (i) the level of an unvested LTIP award (or part of an award) is reduced (including to nil) and/or (ii) the number of deferred shares is reduced (including to nil) in certain circumstances. Examples of such circumstances include, but are not limited to:

- A material misstatement of the Group's financial statements.
- A material error in determining the level of satisfaction of a performance condition or target.
- A participant deliberately misleading the Company, the market and/or shareholders in relation to the financial performance of the Group.
- Any action or omission on the part of the participant which resulted in or which could reasonably be expected to have resulted in material reputational damage to the Group.
- A participant's employment being terminated in circumstances of gross misconduct and/or circumstances justifying summary dismissal.
- Any other circumstances similar in nature to those set out above which the Company considers justifies the application of malus.

The Committee has the right to apply the malus provision to an individual or on a collective basis.

Clawback applies to (i) the cash element of the annual bonus and (ii) the two-year post-vesting holding period which applies to LTIP awards. The circumstances in which clawback apply are the same (or substantially the same) as for malus. The ways in which clawback may be effected are set out in the Company's bonus rules and the LTIP rules, as the case may be. They include requiring an individual to transfer shares received from vested LTIP awards to the Company, pay or repay cash to the Company, reducing the level of awards made to an individual and withholding the vesting of LTIP awards.

These provisions reflect the timeframe in which the Company's financial reporting, audit and risk processes would typically identify one of the malus and clawback trigger events.

Executive Director shareholding requirement

Executive Directors are required to accumulate a shareholding in the Company of at least 200% of base salary over a period of up to five years and the annual bonus deferral increases from 33% to 40% until this is achieved. Executive Directors are therefore required to retain any shares allocated to them (net of tax) as part of the annual bonus plan and upon the vesting of LTIP awards until they reach this level of shareholding.

A post-employment shareholding requirement also applies, pursuant to which, for a period of two years after the date on which employment terminates, an Executive Director is required to retain shares in the Company allocated as part of the annual bonus plan and upon the vesting of LTIP awards which are equal in value to 200% of base salary (or, if less than 200% at the date on which employment terminates, such shares then owned). Shares subject to the post-cessation shareholding requirement are those granted as either deferred shares or LTIP awards (including from allocation/vesting occurring after employment has terminated) and shall be held by either the Company's employee benefit trust or corporate shareholding nominee.

Selection of performance measures and approach to setting targets

The annual bonus measures are determined annually to reflect matters which the Committee considers to be areas of specific focus for the Executive Directors over the short term. The Committee believes that using a number of measures provides a balanced incentive. The measures themselves are aligned to, and are designed to support the delivery of, the Group's strategic objectives.

The Committee sets performance conditions relating to the LTIP awards which are designed to align the interests of management and shareholders, incentivise management to deliver the Group's strategic objectives and reward performance over the longer term. Please see pages 89 and 90 for further information and the Chair's statement on page 88.

Targets for the annual bonus and performance conditions for the LTIP awards are reviewed before the awards are made, based on a number of internal and external reference points, including strategic plans and analyst consensus to reflect market expectations, where available. The Committee intends that the targets will be stretching and will align management's interests with those of shareholders. Please see page 90 for further information.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Approach to setting the remuneration of other employees

Kier's approach to setting annual remuneration is broadly consistent across the Group. Consideration is given to the experience, performance and responsibilities of individuals as well as to publicly available external benchmarking data, to the extent considered necessary or appropriate. Certain grades of senior employees are eligible to participate in an annual bonus scheme with similar performance targets to those used for the Executive Directors. Maximum opportunities and specific performance measures vary by seniority, with business-specific measures applied where appropriate. Senior leaders in strategic roles are also eligible to participate in the LTIP under which awards will normally vest after three years, subject to the achievement of Group performance conditions. Award sizes vary according to seniority and responsibility.

Approach to remuneration on recruitment

External appointment

When recruiting a new Executive Director from outside the Group, the Committee may make use of all the existing components of remuneration. In addition, the Committee may consider it appropriate to grant an award under an alternative scheme or arrangement in order to facilitate recruitment of an individual, subject to the policy set out below. The theoretical maximum variable pay opportunity that can be awarded in one year will be up to 150% of salary in an annual bonus and up to 200% in an LTIP award.

Component	Approach
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, the experience and skills of the individual, internal relativities and the appointee's current base salary. Where a new appointee has an initial base salary set below the market median, any subsequent adjustment will be managed by the Committee, using (where appropriate) phased increases and subject to the individual's development in the role.
Benefits	New appointees will be eligible to receive benefits in line with the Policy, which may also include (but are not limited to) any necessary expenses relating to expatriation or relocation on recruitment.
SIP and SAYE schemes	New appointees will be eligible to participate on the same terms as all other employees.
Pension	New appointees will receive employer pension contributions which are aligned with those available to the workforce, being, at the date of this Policy, 7.5% of pensionable salary, into a defined contribution pension arrangement or an equivalent taxable cash supplement or a combination of both.
Annual bonus	The annual bonus structure described in the Policy will apply to new appointees (including the maximum opportunity), pro-rated in the year of joining to reflect the proportion of that year employed. The mandatory deferral amount will be 40% of the net bonus earned until the shareholding requirement has been met, at which point the deferral amount shall be reduced to one-third of the net bonus earned.
LTIP	New appointees may be granted awards under the LTIP of up to 200% of salary.
'Buy-out' awards	The Committee may consider it appropriate to grant a 'buy-out' award (with respect to either a bonus or a share-based incentive scheme) using either an existing incentive scheme or arrangement or an alternative scheme or arrangement in order to facilitate recruitment. When doing so, the Committee may, to the extent required, implement an arrangement referred to in Listing Rule 9.3.2. Any such 'buy-out' award would have a fair value no higher than that of the award forfeited. In granting any such award, the Committee will consider relevant factors, including any performance conditions attached to the forfeited awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. When considering any performance conditions for any such award, the Committee will, where appropriate, take into account those used in the Company's existing incentive arrangements. Where appropriate, the Committee will also consider whether it is necessary to introduce further retention measures for an individual – for example, extended deferral periods.
Legal fees	The Company may agree to pay the reasonable legal fees incurred by a new appointee for advice received in relation to his/her contract of employment or service agreement.

In determining an appropriate remuneration package for a new Executive Director, the Committee will take into consideration such factors as it considers to be appropriate to ensure that the arrangements are in the best interests of the Company's shareholders.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Internal promotion

When recruiting a new Executive Director through internal promotion, the Committee will set remuneration in a manner consistent with the policy for external appointments set out above (other than with respect to 'buy-out' awards). Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these commitments.

The remuneration of individuals below the Board is typically not greater than for Executive Directors, but may include additional payments for additional responsibilities.

Service contracts

A summary of the key elements of the Executive Directors' service agreements (insofar as they relate to remuneration) is as follows:

Summary of provisions

Contract duration	No fixed term.
Notice period	12 months' notice (both to and from the Executive Director).
Payment in lieu of notice (PILON)	Employment can be terminated with immediate effect by undertaking to make a PILON comprising base salary, pension contributions or allowance, car allowance and a sum representing the cost of private medical insurance. The Company may elect to provide private medical insurance and/or to allow an Executive Director to retain his or her company car through the notice period (or the balance of it) as an alternative to making cash payments. The Company is entitled to make the PILON on a phased basis, subject to mitigation, so that any outstanding payment(s) would be reduced or stopped if alternative employment is obtained.
Change of control	There are no payments due upon a change of control. Please see 'Payments for loss of office' below for a summary of change of control provisions.
Other entitlements on termination	There is no contractual entitlement to notice, or any other payments in respect of the period after cessation of employment, if the individual is summarily dismissed. If not required to take any remaining holiday entitlement during his/her notice period, the Executive Director will receive a payment for any accrued (but untaken) holiday entitlement. Please see 'Payments for loss of office' below for a summary of other entitlements which may be due upon termination (and which relate to remuneration).

The service agreements are available for inspection at the Company's registered office.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Payments for loss of office

The Company's policy on payments for loss of office is as follows:

Component	Approach
Annual bonus	Individuals who are determined by the Committee to be 'good leavers' may be considered for an annual bonus in relation to the year in which their active employment ceases. When deciding whether to exercise its discretion to allow a payment in respect of an annual bonus (and, if so, its amount and the terms on which it may be paid), the Committee will consider such factors as it considers to be appropriate, including performance against bonus targets, the performance of the individual and the Group in general and the circumstances in which the individual is leaving office. Any payment to a 'good leaver' in respect of an annual bonus will typically be made at the same time as annual bonuses are paid to other employees. Clawback will continue to apply to the cash element of any payment made in respect of an annual bonus. The Committee will determine if it is appropriate in the particular circumstances to apply bonus deferral. Deferred shares allocated in part satisfaction of annual bonuses may be released upon cessation of employment if an individual is determined by the Committee to be a 'good leaver'. Otherwise, they will be released at the end of the three-year holding period (unless they are forfeited in the case of circumstances justifying summary dismissal).
LTIP	If an Executive Director ceases to be an employee or a Director of a member of the Group for reasons of: (i) death, (ii) ill-health/injury/disability, (iii) redundancy, (iv) retirement with the agreement of the Company, (v) the sale or transfer of the business or part of the business of the Group in which the Executive Director is employed to a company which is not a member of the Group, (vi) his/her employing company ceasing to be a member of the Group, or (vii) such other circumstances approved by the Committee, the unvested LTIP awards will continue to vest on the original vesting date (subject to satisfaction of performance conditions and, unless the Committee exercises its discretion to waive time pro-rating, time pro-rating to reflect the period worked). Alternatively, the Committee has discretion to allow the awards to vest on cessation of employment (subject to current and forecast progress against the performance conditions and any other factors considered by the Committee to be relevant). Unless the Committee exercises its discretion to waive time pro-rating, time pro-rating will apply to reflect the period worked. If an Executive Director ceases to be an employee or a Director of the Group for any other reason, his/her unvested LTIP awards will lapse on the date of such cessation. Any vested shares are subject to the two-year post-vesting holding period, irrespective of the date on which they vest. Please see 'Change of control' below for the policy which applies in the event of a change of control of the Company.
SIP and SAYE Schemes	The Executive Directors are subject to the same 'leaver' provisions as all other participants, as prescribed by the rules of the relevant scheme or plan.
Other	If the Company terminates an Executive Director's employment by reason of redundancy, the Company will make a redundancy payment to the Executive Director in line with his/her service agreement, any applicable collective bargaining agreement and applicable law and regulation. The Company may make a contribution towards an Executive Director's legal fees for advice relating to a compromise or settlement agreement and may also make other payments connected to the departure – for example, for outplacement services, tax advice and relocation costs. With respect to any such payments, the Committee will authorise what it considers to be reasonable in the circumstances.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Component	Approach
Change of control	Deferred bonus shares will be released and any outstanding LTIP awards will vest early to the extent determined by the Committee, having taken into account current and forecast progress against the performance condition(s), the proportion of the vesting period which has elapsed and any other factors considered by the Committee to be relevant; in such circumstances, no holding period will apply to the shares vesting and any holding period for previously vested LTIP awards will cease to apply. Unless the Committee determines otherwise, if, following a change of control, the acquiring company has substantially the same shareholders and in approximately the same shareholdings as those of the Company prior to the change of control, the LTIP awards will not vest but will be exchanged for equivalent awards over shares in the new holding company (and the holding period will continue to apply). Clawback will not apply to LTIP awards which vest as a result of a change of control or to any payments of cash bonuses made on a change of control. The rules of the SIP and the SAYE schemes will apply on a change of control. No payments are due under the Executive Directors' service agreements upon a change of control.

In exercising discretion in respect of any of the elements referred to above, the Committee will take into account such factors as it considers to be appropriate. These include, but are not limited to: the duration of the Executive Director's service; the Committee's assessment of the Executive Director's contribution to the success of the Group; whether the Executive Director has worked any notice period or whether a PILON is being made; the need to ensure an orderly handover of duties; and the need to compromise any claims which the Executive Director may have. Any use of Committee discretion will be disclosed in the relevant annual report on remuneration.

Where appropriate, the Committee will oblige the individual to mitigate his/her losses and may offset any alternative remuneration received by the individual against any notice or PILON payments made by the Company.

Consideration of employment conditions elsewhere in the Group

Employees are not formally consulted on the Executive Directors' remuneration and were not consulted during the preparation of the Remuneration Policy set out above. However, the Committee Chair attends the Group's Reward & Employee Benefits Forum where a range of employee reward and benefits issues including the Executive Directors' remuneration arrangements, the role of the Committee and the Policy, and how they link with wider workforce pay and benefits within Kier are discussed – see pages 86 and 92 for further information.

The Committee takes into account the pay and employment conditions of employees within the Group when making decisions on the Executive Directors' remuneration; for example, the Committee reviews the Group's latest gender pay gap information and, prior to setting the Executive Directors' remuneration, reviews detailed information relating to the workforce's remuneration. Please see page 86 for further information. With respect to bonuses, the Committee sets targets directly aligned to the delivery of the Group's short-term performance targets and business strategy. Bonus targets may include workforce safety, employee engagement or diversity and inclusion.

Consideration of shareholders' views

The views of shareholders, and guidance from shareholder representative bodies, are important to the Committee and provide the context for setting the remuneration of the Executive Directors. For example, when setting the 2026 Policy, the Chair of the Remuneration Committee engaged with a number of major shareholders, whose feedback was reflected in the Committee's decision-making. Please see the Annual statement of the Chair of the Remuneration Committee on page 85. The Committee will keep the Remuneration Policy under regular review so as to ensure that it continues to relate to the Company's long-term strategy and aligns the interests of the Executive Directors with those of the shareholders. In addition, the Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

Directors' Remuneration report continued

Directors' Remuneration Policy continued

Non-Executive Director remuneration policy

General

The Non-Executive Directors' remuneration (including that of the Chair) 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, although their fees may be paid in cash or shares. The policy on Non-Executive Directors' remuneration is as follows:

Element and link to strategy	Operation	Opportunity	Performance measures	Change to 2023 Policy
Fees To attract and retain Non-Executive Directors of the calibre required and with appropriate skills and experience	Fee levels are reviewed annually with reference to individual experience, the external market and the expected time commitment required of the Director. Additional fees are payable to the Chairs of the Board's Committees and to the Senior Independent Director, and may also be payable for other responsibilities or time commitments.	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. Any changes to fees will be disclosed in the Annual report on remuneration for the relevant year.	Not applicable.	None
Benefits To reimburse Non-Executive Directors for expenses	Reasonable and necessary expenses are reimbursed, together with any tax due on them.	Expenses (including, without limitation, travel and subsistence) incurred in connection with Kier business and any tax payable thereon.	Not applicable.	None

Recruiting Non-Executive Directors

When recruiting a new Non-Executive Director, the Committee will follow the policy set out in the table above.

Non-Executive Director letters of appointment

The Non-Executive Directors do not have service contracts but have entered into letters of appointment with the Company which can be terminated by either party on one month's notice or, in the case of the Chair, six months' notice. The letters of appointment do not include any provisions for the payment of pre-determined compensation upon termination of appointment and are available for inspection at the Company's registered office. The Non-Executive Directors are subject to annual re-election at the AGM.

Directors' report

Introduction

The Directors present their report, together with the audited financial statements for the year ended 30 June 2026. For the purposes of section 463 of the Companies Act 2006 (the Act), the Directors' report of Kier Group plc comprises pages 18–121.

This Directors' report and the Strategic report on pages 4–60 together represent the management report as required under Disclosure Guidance and Transparency Rule 4.1.8R.

As permitted under section 414C(11) of the Act, some information required to be included in the Directors' report is provided in other appropriate sections of this Annual Report and Financial Statements is incorporated into this Directors' report by reference.

Information incorporated by reference

Information	Reported in	Read more on page(s)
Directors	• Board of Directors • Directors' shareholdings and share interests	64–65 100
Employee engagement	• Our People • Our key stakeholders • Engaging with our people	34–39 70–71 34–39
Employment of disabled persons	• Our People	34–39
Engagement with suppliers, customers and others	• Our key stakeholders	70–71
Financial instruments	• Consolidated financial statements – note 27	174–176
Going concern	• Financial review	24–29
Greenhouse gas emissions	• Energy and carbon reporting	40–43
Important events since the end of the financial year	• n/a	n/a
Likely future developments	• Chief Executive's review	6–8
Results and dividends	• Chief Executive's review • Financial review	6–8 24–29

Disclosures required under UK Listing Rule 6.6.1R

Information required to be disclosed	Reference
(1) Amount of interest capitalised	Note 10
(2) Publication of unaudited financial information	Page 190
(3) Long-term incentive schemes	Pages 87–107
(11)–(12) Waiver of dividends	Note 25

Results and dividends

The Group's results and performance highlights for the year are set out on pages 1–14 and on pages 24–29.

An interim dividend of 2.6p per Ordinary Share of 1p each (Ordinary Share) in the capital of the Company (FY25: 2.0p) was paid on 22 May 2026. The Directors propose a final dividend of 5.2p per Ordinary Share (FY25: 5.2p). Subject to approval at the 2026 Annual General Meeting (2026 AGM), the final dividend will be paid on 4 December 2026 to shareholders on the register of members at close of business on 30 October 2026.

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 FY26 final dividend is 13 November 2026. For further information on the DRIP, see Dividend information within the Investors section of the Company's website.

Share capital

The Company has one class of shares, being Ordinary Shares of 1p each, all of which are fully paid. Holders of Ordinary Shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives. On a show of hands, each holder of Ordinary Shares shall have one vote, as shall proxies. On a poll, every holder of Ordinary Shares present in person or by proxy shall have one vote for every share for which they are a holder.

As at 30 June 2026, the issued share capital of the Company was £4,528,753.90, comprising 452,875,390 Ordinary Shares. The Company held 15,028,468 Ordinary Shares in treasury, representing 3.4% of the issued shares, excluding treasury shares.

As at 14 September 2026, the issued share capital of the Company was £4,528,753.90, comprising 452,875,390 Ordinary Shares. The Company held 17,677,122 Ordinary Shares in treasury, representing 4.06% of the issued shares, excluding treasury shares.

Share issues and powers of the Directors

The Directors were granted authority at the Annual General Meeting held on 13 November 2025 (2025 AGM) to allot shares in the Company (i) up to an aggregate nominal amount of £1,488,221; and (ii) up to an aggregate nominal amount of £2,976,443 in connection with a pre-emptive offer. The Directors were also granted authority to allot shares and sell treasury shares non-pre-emptively and wholly for cash (i) up to an aggregate nominal amount of £446,466; and (ii) for the purposes of financing an acquisition or other capital investment up to a further nominal amount of £446,466.

In addition, at the 2025 AGM, the Directors were granted authority in connection with follow-on offers, up to a maximum amount of £178,586. The concept of follow-on offers was introduced by the latest institutional shareholder guidelines, including the Pre-Emption Group's Statement of Principles which was updated in November 2022 to help existing and retail investors to participate in equity issues.

During FY26, no Ordinary Shares were issued 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) (FY25: 741,638 Ordinary Shares with an aggregate nominal value of £7,416.38). Between 1 July 2026 and 14 September 2026, no Ordinary Shares were issued in connection with the exercise of options under the Scheme (FY25: no Ordinary Shares were issued between 1 July 2025 and 12 September 2025). 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 2025 AGM to make market purchases of up to 44,646,655 Ordinary Shares (representing 10% of the Company's issued shares, excluding treasury shares, as at 18 September 2025) up until the earlier of the conclusion of the 2026 AGM and close of business on 31 December 2026.

On 3 March 2026, the Company announced a further share buyback programme of up to £25m (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), £25m (the Completion Date). The purpose of the Buyback Programme was to return capital to shareholders.

As at 30 June 2026, the Company had purchased a total of 10,476,317 Ordinary Shares across the two buybacks with an aggregate nominal value of £104,763.17 and for a total purchase price of £22.3m (FY25: £6.4m), representing 2.31% of the issued shares, excluding treasury shares, as at that date. The Company therefore had 76.5% of the authority to purchase its own shares received from shareholders at the 2025 AGM remaining as at 30 June 2026.

Between 1 July 2026 and 14 September 2026, the Company purchased 2,648,654 Ordinary Shares under the Buyback Programme with an aggregate nominal value of £26,486.54 for a total purchase price of £6,394,202 (FY25: £3,637,689). Therefore, as at 14 September 2026, a total of 6,698,654 Ordinary Shares had been purchased by the Company under the Buyback Programme with an aggregate nominal value of £66,986.54 for a total purchase price of £14,771,480, representing 1.54% of the issued shares, excluding treasury shares, as at that date. The Company therefore had 70.6% of the authority to purchase its own shares received from shareholders at the 2025 AGM remaining as at 14 September 2026.

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 2025 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 2026 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 following information has been provided 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. Details of interests in the Company notified to us as at 30 June 2026 and as at 14 September 2026 under Rule 5.1 of the Disclosure Guidance and Transparency Rules are provided below.

Substantial holdings – DTR disclosures and section 793 information

Shareholder	Interest as at 30 June 2026[1,2]	Interest as at 28 August 2026[1,2,3]
Hargreaves Lansdown Asset Management	4.49%	4.37%
JO Hambro Capital Management	4.44%	4.35%
Oasis Management Company Ltd[4]	5.97%	4.31%
Dimensional Fund Advisors	3.25%	3.31%
BlackRock Investment Management	3.11%	3.10%

1. Subject to rounding.
2. Where a shareholder's interest is below 5% of the Company's voting rights, further notifications to the Company are only required if the holding reaches, exceeds or falls below one of the notification thresholds specified in DTR 5.1. Consequently, the Company may not be notified of changes in holdings below 5%.
3. Being the latest reasonably practicable date before publication of this report.
4. The most recent notification received by the Company from UBS Asset Management in respect of Oasis Management Company's holding indicated that the shareholding had fallen below the 3% threshold requiring notification to the Company under the Disclosure Guidance and Transparency Rules. Based on the Company's analysis of its share register as at 28 August 2026, the Directors believe that interest is 4.31%. However, the Company has not received a subsequent notification of voting rights and is therefore unable to confirm the current level of shareholding.

This information 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. Notifications provided to the Company by major shareholders in accordance with the DTR are published via a Regulatory Information Service and on the Company's website.

Rights under employee share schemes

As at 30 June 2026, JTC Employer Solutions Trustee Limited (JTC), as the trustee of the Kier Group 1999 Employee Benefit Trust, owned 8,990,275 Ordinary Shares (2.0% 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 2026, JTC held 399,484 Ordinary Shares (0.1% 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 2026, Equiniti Limited (Equiniti) held 10,839,822 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.

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, re-election and removal 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 2026 AGM. Further information about the Directors' skills, experience and contribution can be found on pages 63–68.

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 was in place during the year ended 30 June 2026 for the relevant Directors and remains 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 is provided in note 30 to the consolidated financial statements.

Political donations

The Company made no political donations during the year (FY25: £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 2027. A resolution relating to this re-appointment will be proposed at the 2026 AGM.

AGM

The Company's 2026 AGM is scheduled to be held on Thursday, 12 November 2026. Please see the Notice of AGM for further information.

This Directors' report was approved by the Board and signed on its behalf by:

Stephen Milne
Group General Counsel and Company Secretary
14 September 2026

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 2026 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 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 2026, 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 the Governance section, confirms 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 they face.

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.

Stuart Togwell
Chief Executive
14 September 2026

Tom Hinton
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 2026 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 2026 (the "Annual Report"), which comprise:

- the Consolidated balance sheet as at 30 June 2026;
- the Company balance sheet as at 30 June 2026;
- the Consolidated income statement for the year then ended;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Company statement of changes in equity 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 to the Group financial statements, 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 approximately 95% (2025: 98%) of the Group's revenue.

Key audit matters

- Contract accounting (Group)
- Carrying value of investments in Group companies (Company)

Materiality

- Overall Group materiality: £26.1m (2025: £24.4m) based on 0.6% of Group revenue.
- Overall Company materiality: £23.5m (2025: £21.3m) based on 1% of total assets.
- Performance materiality: £19.5m (2025: £18.3m) (Group) and £17.6m (2025: £16.0m) (Company).

The scope of our audit

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

Key audit matters

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

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

The key audit matters below are consistent with last year.

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
Contract accounting (Group) Refer to page 75 (Risk Management and Audit Committee report) and page 139 (Accounting policy). The Group has significant long-term contracts in its Infrastructure and Construction businesses. The recognition of revenue in relation to long-term contracts is in accordance with IFRS 15 'Revenue from Contracts with Customers' where for the majority of contracts revenue is recognised over time. Recognition of revenue is based on the terms of the contract such as fixed fee or cost plus arrangements. The Group estimates the stage of completion of contract activity, based on the actual costs incurred to date compared with the estimated forecast total costs at completion; and judgement is required in respect of accounting for specific terms within contracts. For certain contracts, where revenue recognition is not sensitive to estimates for costs of completion due to the nature of the contracts being cost plus or schedule of rates arrangements, or where judgements applied are not material, these do not form part of our significant risk assessment. Contracts accounted for using 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. Modifications to on-going contracts also require management to apply judgement in accounting for such modifications. 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. 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. 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 as a Key Audit Matter and are particularly focused on the existence/occurrence and accuracy of revenue recognition due to the estimation of costs to complete, ensuring any variable elements of revenue are recognised only to the extent it is highly probable that a significant reversal will not occur and any modifications to the contracts are accounted for appropriately.	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): • contracts with high levels of revenue recognised in the year, in particular where there are material amounts of variable revenue; • low margin or loss making contracts; • contracts with material balance sheet exposure; and • contracts identified through our discussions with management, review of Board minutes, review of legal reports and review of publicly available information. Our audit procedures were then tailored according to the specific risk profile of each contract sampled. The following procedures were performed as applicable on the sample selected: • Obtaining an understanding of the relevant contractual clauses and terms and conditions and agreeing forecast revenue to signed contracts, a sample of signed variations, or other corroborative and supporting documentation; • 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; • Reconciling revenue recognised with amounts certified by clients and agreeing on a sample basis to cash received; • 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; • Substantively testing a sample of actual costs incurred (not part of the significant risk) to date to ensure these had been recorded accurately against the correct contract and in the correct period; • 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; • 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 • 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. 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. We also assessed the impact of other identified risks including the impact of climate change, the current economic environment and considered the associated impact on the forecast cost at completion. Given the degree of estimation, we also reviewed the disclosures regarding significant judgements and estimates included in note 1 to the financial statements. Based on the procedures performed, we noted no material issues from our testing.

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
Carrying value of investments in Group companies (Company) Refer to page 75 (Risk Management and Audit Committee report) and page 188 (Accounting policy). The Company holds investments in subsidiaries of £680.9m (2025: £669.7m) Due to the quantum of the carrying amount and the market capitalisation of the Group compared with the carrying amount, this was an area of focus for the audit of the Company. The Directors' impairment assessment of the carrying value of investments noted no impairment was required.	We audited the Directors' impairment assessment of the carrying value in subsidiaries. In respect of the investment in Kier Limited (the only material investment), we performed the following procedures: • We obtained the Board-approved three year forecast 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; • We tested certain contracts in the Group's order book to provide evidence of the associated revenue forecast in the cash flow model; • We challenged managements' forecast and compared future cash flow performance with historical levels to assess whether the planned performance was considered achievable; • We challenged the assumption within the forecast 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 • We tested the discount rate and long-term growth rate applied with the support of our internal valuation experts. 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.

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, Construction, Property and Corporate. The Group audit partner is supported by another component engagement leader who is responsible for the audit of the Infrastructure segment. The four segments include a number of statutory entities (which may be made up of a number of reporting units in the Group's consolidation). We consider statutory entities to be individual components, but where certain reporting units do not form part of a statutory entity, these are considered as individual components separately.

The Group's operations are largely within the UK. Our audit approach was designed to obtain coverage over approximately 95% 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. 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
Overall materiality	£26.1m (2025: £24.4m).	£23.5m (2025: £21.3m).
How we determined it	0.6% of Group revenue	1% of total assets
Rationale for benchmark applied	We determined that revenue remains the most appropriate benchmark as it is considered to be a reflection of the underlying operating activities of the Group. 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 and determined that 0.6% (FY25: 0.6%) remains the appropriate benchmark. This is consistent with the prior year.	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 £3m to £24.8m. 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% (2025: 75%) of overall materiality, amounting to £19.5m (2025: £18.3m) for the Group financial statements and £17.6m (2025: £16.0m) 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 in the middle 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 £1.3m (Group audit) (2025: £1.2m) and £1.1m (Company audit) (2025: £1.1m) 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 assessment to ensure it was based upon the latest Board approved forecasts and the cash flow assumptions were consistent with our understanding of the outlook for the Group's businesses and the industry;
- 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;
- Reviewing the Directors' reverse stress test to determine the extent of deterioration required in trading performance, working capital, project outcomes and cash generation to exhaust available liquidity and breach covenants;
- Comparing the prior year forecasts against actual performance to assess the Directors' ability to forecast accurately; and
- Reviewing the Directors' covenant calculations, including under severe but plausible scenarios, covering the period from 1 July 2026 to 31 December 2027, 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.

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2026 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.

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

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.

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 the Health and Safety Executive legislation and equivalent local laws, anti-bribery and corruption legislation, environmental legislation and construction laws including the Building Safety Act 2022, 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, 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 with intention to enhance results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- 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 during the year relating to financial results, trading updates and contract wins;
- Challenging assumptions and judgements made by management in the estimates involved in accounting for long term contracts and where applicable, inspecting correspondence with external advisers; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations while recording revenue or journal combinations to reduce costs.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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

We were first appointed by the Company for the financial year ended 30 June 2015. Our uninterrupted engagement covers 12 financial years.

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
14 September 2026

Consolidated income statement

For the year ended 30 June 2026

	Note	2026 £m	2025 £m
Continuing operations			
Group revenue including share of joint ventures[1]	3	**4,393.0**	4,087.8
Less share of joint ventures	3	**(40.5)**	(10.7)
Group revenue		**4,352.5**	4,077.1
Cost of sales		**(3,972.0)**	(3,746.3)
Gross profit		**380.5**	330.8
Administrative expenses		**(268.5)**	(223.2)
Share of post-tax results of joint ventures	16	**(5.6)**	(1.5)
Other income	6	**12.3**	7.6
Operating profit	3,4	**118.7**	113.7
Finance income	7	**7.7**	8.0
Finance costs	7	**(42.6)**	(43.6)
Profit before tax	3	**83.8**	78.1
Taxation	10	**(22.0)**	(21.7)
Profit for the year	3	**61.8**	56.4
Attributable to:			
Owners of the Company		**61.7**	56.4
Non-controlling interests		**0.1**	–
		61.8	56.4

	Note	2026 £m	2025 £m
Earnings per share			
Basic	12	**14.1p**	12.8p
Diluted	12	**13.5p**	12.1p
Supplementary information			
Adjusted[2] operating profit	5	**169.8**	159.1
Adjusted[2] profit before tax	5	**136.4**	125.4
Adjusted[2] basic earnings per share	12	**23.5p**	21.6p

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 2026

	Note	**2026 £m**	2025 £m
Continuing operations			
Profit for the year		**61.8**	56.4
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Fair value movements on cash flow hedging instruments		**–**	0.4
Fair value movements on cash flow hedging instruments recycled to the income statement	7	**–**	(0.2)
Items that will not be reclassified to the income statement			
Re-measurement of retirement benefit assets and obligations	9	**6.3**	(42.5)
Tax on re-measurement of retirement benefit assets and obligations	10	**(1.5)**	10.7
Other comprehensive income/(loss) for the year		**4.8**	(31.6)
Total comprehensive income for the year		**66.6**	24.8
Attributable to:			
Equity holders of the Company		**66.5**	24.8
Non-controlling interests		**0.1**	–
		66.6	24.8

Consolidated balance sheet

As at 30 June 2026

	Note	2026 £m	2025 £m
Non-current assets			
Intangible assets	13	**583.1**	608.4
Property, plant and equipment	14	**20.5**	28.0
Right-of-use assets	22	**110.2**	96.5
Investment properties	15	**107.6**	100.6
Investments in and loans to joint ventures	16	**158.7**	145.8
Deferred tax assets	17	**127.7**	136.7
Contract assets	18	**57.0**	57.0
Trade and other receivables	19	**35.8**	30.0
Retirement benefit assets	9	**80.6**	74.1
Non-current assets		**1,281.2**	1,277.1
Current assets			
Inventories	20	**64.6**	65.6
Contract assets	18	**430.4**	317.0
Trade and other receivables	19	**255.9**	202.8
Corporation tax receivable		**2.4**	0.6
Cash and cash equivalents	21	**1,899.6**	1,689.4
Current assets		**2,652.9**	2,275.4
Total assets		**3,934.1**	3,552.5
Current liabilities			
Bank overdrafts	21	**(1,402.0)**	(1,221.4)
Lease liabilities	22	**(52.7)**	(40.8)
Trade and other payables	23	**(1,134.2)**	(1,105.7)
Contract liabilities	18	**(292.9)**	(168.0)
Provisions	24	**(81.6)**	(53.1)
Current liabilities		**(2,963.4)**	(2,589.0)

	Note	2026 £m	2025 £m
Non-current liabilities			
Borrowings	21	**(265.2)**	(263.9)
Lease liabilities	22	**(125.3)**	(110.3)
Trade and other payables	23	**(20.9)**	(19.1)
Retirement benefit obligations	9	**(21.3)**	(26.9)
Provisions	24	**(26.6)**	(26.1)
Non-current liabilities		**(459.3)**	(446.3)
Total liabilities		**(3,422.7)**	(3,035.3)
Net assets	3	**511.4**	517.2
Equity			
Share capital		**4.5**	4.5
Share premium		**3.6**	3.6
Retained earnings		**152.7**	158.6
Merger reserve		**350.6**	350.6
Equity attributable to owners of the Company		**511.4**	517.3
Non-controlling interests		**–**	(0.1)
Total equity		**511.4**	517.2

The financial statements of Kier Group plc, company registration number 2708030, on pages 131–189, were approved by the Board of Directors on 14 September 2026 and were signed on its behalf by:

Stuart Togwell
Chief Executive

Tom Hinton
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 30 June 2026

	Note	Share capital[1] £m	Share premium £m	Retained earnings[2] £m	Merger reserve[3] £m	Other reserves[4] £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 July 2024		4.5	3.2	162.1	350.6	(0.2)	520.2	(0.1)	520.1
Profit for the year		–	–	56.4	–	–	56.4	–	56.4
Other comprehensive (loss)/income		–	–	(31.8)	–	0.2	(31.6)	–	(31.6)
Total comprehensive income for the year		–	–	24.6	–	0.2	24.8	–	24.8
Dividends paid	11	–	–	(24.1)	–	–	(24.1)	–	(24.1)
Issue of own shares		–	0.4	–	–	–	0.4	–	0.4
Share-based payments	25	–	–	8.9	–	–	8.9	–	8.9
Deferred tax on share-based payments		–	–	3.2	–	–	3.2	–	3.2
Purchase of own shares via employee benefit trust	25	–	–	(9.7)	–	–	(9.7)	–	(9.7)
Purchase of own shares via share buyback		–	–	(6.4)	–	–	(6.4)	–	(6.4)
At 30 June 2025		4.5	3.6	158.6	350.6	–	517.3	(0.1)	517.2
Profit for the year		**–**	**–**	**61.7**	**–**	**–**	**61.7**	**0.1**	**61.8**
Other comprehensive income		**–**	**–**	**4.8**	**–**	**–**	**4.8**	**–**	**4.8**
Total comprehensive income for the year		**–**	**–**	**66.5**	**–**	**–**	**66.5**	**0.1**	**66.6**
Dividends paid	11	**–**	**–**	**(34.1)**	**–**	**–**	**(34.1)**	**–**	**(34.1)**
Share-based payments	25	**–**	**–**	**11.2**	**–**	**–**	**11.2**	**–**	**11.2**
Deferred tax on share-based payments		**–**	**–**	**2.5**	**–**	**–**	**2.5**	**–**	**2.5**
Purchase of own shares via employee benefit trust	25	**–**	**–**	**(29.7)**	**–**	**–**	**(29.7)**	**–**	**(29.7)**
Purchase of own shares via share buyback		**–**	**–**	**(22.3)**	**–**	**–**	**(22.3)**	**–**	**(22.3)**
At 30 June 2026		**4.5**	**3.6**	**152.7**	**350.6**	**–**	**511.4**	**–**	**511.4**

1. The share capital includes 452,875,390 of authorised, issued and fully paid Ordinary Shares of 1p each (2025: 452,875,390). 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. No new shares were issued under the Sharesave Scheme (2025: 741,638).
2. The Company has completed its initial share buyback programme to return capital to shareholders. On 3 March 2026, the Company announced a further share buyback of up to £25m. During the year, a total of 10,476,317 Ordinary Shares of 1p each (2025: 4,552,151) were purchased across the two buybacks at a cost of £22.3m (2025: £6.4m). At the balance sheet date, a total of 15,028,468 (2025: 4,552,151) Ordinary Shares have been acquired under buyback programmes and were held as treasury shares.
3. £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.
4. Other reserves include capital redemption reserve, cash flow hedge reserve and translation reserve which were all £nil at 30 June 2025 and 2026.

Consolidated statement of cash flows

For the year ended 30 June 2026

	Note	2026 £m	2025 £m
Continuing operations			
Cash flows from operating activities			
Profit before tax		**83.8**	78.1
Net finance cost	7	**34.9**	35.6
Share of post-tax trading results of joint ventures	16	**5.6**	1.5
Pension cost charge	9	**2.1**	2.1
Equity-settled share-based payments charge	25	**11.2**	8.9
Amortisation of intangible assets and mobilisation costs	13,19	**31.3**	38.7
Change in fair value of investment properties	15	**(12.3)**	(7.6)
Depreciation of property, plant and equipment	14	**6.2**	5.6
Depreciation of right-of-use assets	22	**47.8**	46.1
Loss on disposal of property, plant and equipment, right-of-use assets and intangible assets	4	**0.9**	0.4
Operating cash inflows before movements in working capital and deficit contributions to pension funds		**211.5**	209.4
Deficit contributions to pension funds	9	**(5.2)**	(7.0)
(Increase)/decrease in inventories	21	**(5.2)**	2.0
(Increase)/decrease in receivables	21	**(47.9)**	19.6
Increase in contract assets	18	**(113.4)**	(15.9)
Increase/(decrease) in payables	21	**30.1**	(20.5)
Increase in contract liabilities	18	**124.9**	39.6
Increase in provisions	21	**29.0**	2.0
Cash inflow from operating activities		**223.8**	229.2
Dividends received from joint ventures	16	**3.5**	3.9
Interest received		**5.0**	3.7
Income tax paid	10	**(2.9)**	(1.8)
Net cash inflow from operating activities		**229.4**	235.0

	Note	2026 £m	2025 £m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**5.7**	1.0
Proceeds from sale of investment property		**13.7**	–
Purchase of property, plant and equipment and right-of-use assets		**(5.9)**	(11.1)
Purchase of intangible assets	13	**(4.7)**	(5.4)
Purchase of capitalised mobilisation costs		**(4.0)**	(1.9)
Purchase of investment property	15	**(2.5)**	–
Investment in joint ventures	16	**(55.6)**	(60.9)
Loan repayment and return of equity from joint ventures	16	**33.6**	9.9
Net cash used in investing activities		**(19.7)**	(68.4)
Cash flows from financing activities			
Issue of shares		**–**	0.4
Purchase of own shares via employee benefit trust		**(29.7)**	(9.7)
Purchase of own shares via share buyback		**(22.3)**	(6.4)
Interest paid		**(39.2)**	(40.6)
Cost of raising finance		**(1.6)**	–
Principal elements of lease payments	22	**(53.2)**	(47.5)
Drawdown of borrowings	21	**–**	4.7
Repayment of borrowings	21	**–**	(44.3)
Settlement of derivative financial instruments		**–**	7.2
Dividends paid	11	**(34.1)**	(24.1)
Net cash used in financing activities		**(180.1)**	(160.3)
Increase in cash, cash equivalents and bank overdrafts		**29.6**	6.3
Opening cash, cash equivalents and bank overdrafts		**468.0**	461.7
Closing cash, cash equivalents and bank overdrafts	21	**497.6**	468.0

Notes to the consolidated financial statements

For the year ended 30 June 2026

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 2026 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 14 September 2026.

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 2025 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 185–189.

Basis of preparation

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis except for investment properties and defined benefit pension plan assets, 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 2026 onwards:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' regarding lack of foreign currency exchangeability

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'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' new standard and published amendments (not yet UK endorsed)
- 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 regarding contracts referencing nature-dependent electricity
- Amendments to IAS 21 (not yet UK endorsed) regarding translation to a hyperinflationary presentation currency

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. There will be no material change to Kier's brought forward cash balance at 1 July 2026 as a result of these amendments to IFRS 9.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Going concern

In assessing the appropriateness of the going concern basis of preparation, the Directors have considered the Group's ability to continue in operational existence through to 31 December 2027, being at least 12 months from the date of approval of these financial statements.

The assessment included a review of cash flow forecasts across all divisions, recent trading performance, forecast accuracy, available financing facilities, expected covenant compliance and the strength of the Group's order book. At 30 June 2026, the Group's order book totalled £11.9bn, providing strong visibility of secured and probable future work throughout the assessment period.

The Group benefits from a robust funding structure, comprising committed facilities of £440m, including a £190m Revolving Credit Facility available until October 2028, with an option to extend to October 2030, and £250m of Senior Notes maturing in February 2029.

The Directors considered a range of severe but plausible downside scenarios, including reductions in trading activity, project-specific challenges, inflationary pressures, subcontractor insolvency, changes in interest rates and the potential impact of emerging regulatory requirements. The assessment also reflected the ability of management to implement appropriate mitigating actions where necessary.

In addition, reverse stress testing was performed to determine the extent of deterioration required to exhaust available liquidity or breach financial covenants. The analysis demonstrated that a significantly more severe combination of adverse events than those considered plausible would be required before liquidity or covenant headroom was eliminated. The Directors therefore consider such outcomes to be remote.

The Directors also considered wider macroeconomic and political risks. The Group's forecasts are supported by a substantial proportion of revenue that is either secured or highly probable, much of which arises through long-term framework agreements. The Group operates in essential infrastructure and public service sectors, including transport, water, energy, justice, healthcare and education, which continue to benefit from long-term Government investment commitments, including those set out in the UK's 10-Year Infrastructure Strategy.

While inflation remains a factor within both the supply chain and labour market, the Group's contract portfolio provides significant protection, with approximately 95% of contracts being delivered under two-stage or cost-reimbursable arrangements.

The Directors have also considered the impact of climate change. No material short term physical climate-related risks have been identified. Over the medium term, the Group expects the transition to a lower-carbon economy to create additional opportunities across sustainable infrastructure, water management, environmental services and nuclear projects. Accordingly, climate change is not expected to have a material adverse impact on the Group's ability to continue as a going concern.

Having reviewed the Group's forecasts, downside scenarios and reverse stress testing, the Directors are satisfied that the Group is expected to maintain substantial liquidity headroom and remain compliant with its financial covenants throughout the going concern period.

Accordingly, the Directors conclude that the Group has adequate resources to meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements. The Directors have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and therefore continue to adopt the going concern basis in preparing these financial statements.

Climate-related matters

As reported in the TCFD report (on pages 46–50) and the principal risks on page 59, 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

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 2026. 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.

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 is 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Revenue and profit recognition continued

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 are identified. 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;
- 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 a 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.

Some construction contracts have pre-construction services agreements (PCSAs), prior to the main works contract. They are detailed design and costed proposals enabling the customer to approve a business case, that if delivered successfully fulfils the PCSA gateway and leads to a main works phase being granted. Each PCSA is accounted for as a single performance obligation, as the bundled services provided under the arrangement are highly interrelated. Revenue is recognised over time since PCSA activities are service based and the customer receives the benefit of design development, planning, procurement support, programme input and related pre-construction outputs as those services are performed.

(b) Services

Revenue and profit from services rendered, which include facilities management, transportation network maintenance and utilities maintenance, are 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Revenue and profit recognition continued

(b) Services continued

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.

(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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Alternative performance measures continued

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 191.

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.

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

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Goodwill and other intangible assets continued

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.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Leases continued

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 operates a Green Car scheme, which enables employees to lease electric vehicles via a salary sacrifice scheme. The Group enters into a lease with the provider of the vehicle and enters into a separate agreement with the employee, under which the leased car is made available to the employee in return for a reduction in the employee's salary. The Group's accounting policy is to treat these salary sacrifice agreements as sub-leases because they convey to the employees the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group also 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).

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 property is not being actively developed, net rental income and finance costs are taken to the income statement. Land and properties are transferred from inventories to investment properties when they are no longer being actively developed with a view to sale and are being held for earning rentals and/or for capital appreciation.

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

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.

(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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Financial instruments continued

(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.

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:

(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 2026, the Group has included estimated recoveries from customers and other third parties with a combined net value of £93.5m (2025: £81.0m). 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 £17.1m (2025: £17.3m) to a downside of £12.8m (2025: £13.0m).

Over 370 construction contracts (2025: over 400) were income generating during the year within the Group's Construction and Infrastructure operating divisions. Of these, one (2025: one) 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 240 sites (2025: 275) each year with an average project size of £22.2m (2025: £19.7m) and with average revenue in the year of £6.2m (2025: £5.6m). 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 mean there can be a greater level of estimation and uncertainty. The blended portfolio risk of the overall Construction business is mitigated by the relative sizes of the Regional Build, Strategic Projects and NRNN businesses.

Construction revenue for the year was £2.0bn (2025: £1.9bn) with an associated adjusted operating profit margin of 3.9% (2025: 3.9%).

The historical profit margins in the Construction businesses typically range from 3.6% to 4.2%. A potential downside risk in margin would be 0.3% (2025: 0.3%). 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 £5.9m (2025: £5.7m).

In addition, the Group has a number of ongoing contracts where lifecycle funds are established to meet contractual obligations. At 30 June 2026 the carrying value of these non-current contract assets was £57.0m (2025: £57.0m). The key sensitivity in the calculation is the percentage of the funds build-up required for future maintenance. A 10% increase/decrease in the costs to complete would result in a profit decrease of £8.0m/profit increase of £8.8m in any one year.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Critical accounting judgements and estimates continued

(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.

Other accounting judgements and estimates

(c) 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 2026, the value of land and work in progress held for development, included in inventory on the balance sheet, was £52.2m (2025: £48.8m).

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.

(d) 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.

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 2026 the Group had a provision of £45.6m (2025: £32.2m) 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 £4.6m.

(e) 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.

(f) 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 £90.5m (2025: £100.2m) in respect of tax losses.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

1 Significant accounting policies continued

Other accounting judgements and estimates continued

(f) Taxation (judgement and estimate) continued

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 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 £203.5m (2025: £173.6m). Management is experienced in RDEC claims and is assisted by external advisers. However, if qualifying spend was to reduce by 10%, this would result in a decrease in RDEC income of £4.1m (2025: £3.5m).

(g) 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 140. Determining whether an item is classified as an adjusting item requires judgement.

Total adjusting items, excluding tax, of £52.6m were charged to the income statement in respect of continuing operations for the year ended 30 June 2026 (2025: £47.3m). 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.

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

The Group derives revenue from capital infrastructure projects as well as the maintenance of infrastructure assets across various sectors including highways, rail, water and gas.

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 and 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 revenue is 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

2 Revenue continued

Construction continued

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.

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 2026

	2027 £m	**2028 £m**	**2029 onwards £m**
Infrastructure	**1,800.4**	**1,210.5**	**1,359.7**
Construction	**1,638.7**	**656.6**	**155.4**
Total transaction price allocated to remaining performance obligations	**3,439.1**	**1,867.1**	**1,515.1**

At 30 June 2025

	2026 £m	2027 £m	2028 onwards £m
Infrastructure	1,657.5	1,227.3	1,419.2
Construction	1,395.6	681.2	382.3
Total transaction price allocated to remaining performance obligations	3,053.1	1,908.5	1,801.5

No revenue was linked to future related performance obligations in the Property segment (2025: £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, 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 16–20. 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 2026

3 Segmental reporting continued

	2026					2025				
	Infrastructure £m	**Construction £m**	**Property £m**	**Corporate £m**	**Group £m**	Infrastructure £m	Construction £m	Property £m	Corporate £m	Group £m
Continuing operations										
Revenue[1]										
Group revenue including share of joint ventures	**2,340.1**	**1,986.8**	**63.4**	**2.7**	**4,393.0**	2,136.0	1,910.5	38.4	2.9	4,087.8
Less share of joint ventures	**(0.8)**	**–**	**(39.7)**	**–**	**(40.5)**	(1.3)	–	(9.4)	–	(10.7)
Group revenue	**2,339.3**	**1,986.8**	**23.7**	**2.7**	**4,352.5**	2,134.7	1,910.5	29.0	2.9	4,077.1
Timing of revenue[1]										
Products and services transferred at a point in time	**7.4**	**–**	**29.3**	**–**	**36.7**	6.9	–	33.1	–	40.0
Products and services transferred over time	**2,332.7**	**1,986.8**	**34.1**	**2.7**	**4,356.3**	2,129.1	1,910.5	5.3	2.9	4,047.8
Group revenue including share of joint ventures	**2,340.1**	**1,986.8**	**63.4**	**2.7**	**4,393.0**	2,136.0	1,910.5	38.4	2.9	4,087.8
Profit/(loss) for the year										
Adjusted operating profit/(loss)[2]	**128.7**	**76.5**	**9.1**	**(44.5)**	**169.8**	111.0	75.0	12.2	(39.1)	159.1
Adjusting items[2]	**(18.9)**	**(32.2)**	**–**	**–**	**(51.1)**	(21.5)	(20.1)	–	(3.8)	(45.4)
Operating profit/(loss)	**109.8**	**44.3**	**9.1**	**(44.5)**	**118.7**	89.5	54.9	12.2	(42.9)	113.7
Net finance income/(costs)[3]	**8.6**	**16.3**	**(7.5)**	**(52.3)**	**(34.9)**	6.7	4.4	(5.9)	(40.8)	(35.6)
Profit/(loss) before tax	**118.4**	**60.6**	**1.6**	**(96.8)**	**83.8**	96.2	59.3	6.3	(83.7)	78.1
Taxation					**(22.0)**					(21.7)
Profit for the year					**61.8**					56.4
Balance sheet										
Operating assets[4]	**1,044.0**	**361.7**	**319.1**	**309.7**	**2,034.5**	920.8	351.0	297.0	294.3	1,863.1
Operating liabilities[4]	**(641.6)**	**(893.0)**	**(14.8)**	**(206.1)**	**(1,755.5)**	(511.9)	(788.5)	(37.0)	(212.6)	(1,550.0)
Net operating assets/(liabilities)[4]	**402.4**	**(531.3)**	**304.3**	**103.6**	**279.0**	408.9	(437.5)	260.0	81.7	313.1
Cash, cash equivalents, bank overdrafts and borrowings	**675.6**	**906.2**	**(187.9)**	**(1,161.5)**	**232.4**	642.6	757.4	(225.2)	(970.7)	204.1
Net assets/(liabilities)	**1,078.0**	**374.9**	**116.4**	**(1,057.9)**	**511.4**	1,051.5	319.9	34.8	(889.0)	517.2
Other information										
Inter-segmental revenue	**6.0**	**3.5**	**–**	**37.6**	**47.1**	11.2	3.5	–	40.2	54.9
Capital expenditure on property, plant, equipment and intangible assets	**2.1**	**1.4**	**–**	**6.5**	**10.0**	2.2	1.0	–	13.3	16.5
Depreciation of property, plant and equipment	**(0.5)**	**(0.6)**	**(0.2)**	**(4.9)**	**(6.2)**	(0.5)	(0.2)	(0.2)	(4.7)	(5.6)
Amortisation of computer software	**(1.2)**	**(3.4)**	**–**	**(6.4)**	**(11.0)**	(1.7)	(0.8)	–	(11.1)	(13.6)

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 (2025: 16%). Group revenue including joint ventures is an alternative performance measure, see page 191.
2. See notes 1 and 5 for adjusting items.
3. Interest was (charged)/credited to the divisions at a notional rate of 4.0% (2025: 4.0%).
4. Net operating assets/(liabilities) represent assets excluding cash, cash equivalents, bank overdrafts, borrowings and interest-bearing inter-company loans.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

4 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2026 £m	2025 £m
Amortisation of intangible assets	13	**30.0**	35.2
Depreciation of property, plant and equipment	14	**6.2**	5.6
Loss on sale of property, plant and equipment and right-of-use assets		**0.9**	0.4
Depreciation of right-of-use assets	22	**47.8**	46.1
Fair value adjustment to investment properties	15	**(12.3)**	(7.6)

Services provided by the Group's auditors

	2026 £m	2025 £m
Fees payable for the audit of the parent company and consolidated financial statements[1]	**2.9**	2.9
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[2]	**0.4**	0.2

1. The auditors' remuneration relates to amounts paid to PricewaterhouseCoopers LLP (PwC). In addition, audit fees of £0.1m for prior year work were recorded during the year (2025: £0.2m).
2. A summary of other services provided by PwC during the year is provided on page 77. In 2026, the fees relating to other assurance services include £190,000 for the review of the interim statements (2025: £185,000). Also included is £9,000 (2025: £9,000) for a subscription service providing factual updates and changes to applicable law, regulation or accounting and auditing standards. The 2026 fees include finance-related verification work of £186,500.

5 Adjusting items

(a) Reconciliation to adjusted profit

	2026			2025		
	Adjusted £m	Adjusting items £m	Total £m	Adjusted £m	Adjusting items £m	Total £m
Continuing operations						
Group revenue	**4,352.5**	**–**	**4,352.5**	4,077.1	–	4,077.1
Cost of sales	**(3,941.1)**	**(30.9)**	**(3,972.0)**	(3,727.3)	(19.0)	(3,746.3)
Gross profit	**411.4**	**(30.9)**	**380.5**	349.8	(19.0)	330.8
Administrative expenses	**(248.3)**	**(20.2)**	**(268.5)**	(197.6)	(25.6)	(223.2)
Share of post-tax results of joint ventures	**(5.6)**	**–**	**(5.6)**	(1.5)	–	(1.5)
Other income	**12.3**	**–**	**12.3**	8.4	(0.8)	7.6
Operating profit	**169.8**	**(51.1)**	**118.7**	159.1	(45.4)	113.7
Net finance charges	**(33.4)**	**(1.5)**	**(34.9)**	(33.7)	(1.9)	(35.6)
Profit before tax	**136.4**	**(52.6)**	**83.8**	125.4	(47.3)	78.1
Taxation	**(34.0)**	**12.0**	**(22.0)**	(30.2)	8.5	(21.7)
Profit for the year	**102.4**	**(40.6)**	**61.8**	95.2	(38.8)	56.4

Adjusting items include:

- Cost of sales – consists of fire and cladding compliance costs of £30.9m (2025: £17.0m) incurred in rectifying legacy issues to comply with the latest Government guidance. The net charge of £30.9m includes a credit of £6.2m (2025: £8.7m) in respect of insurance proceeds.
- Administrative expenses – includes amortisation of acquired intangible assets of £19.0m (2025: £21.6m) comprising amortised contract rights arising from prior year acquisitions. In addition, £1.2m has been included in relation to central costs incurred in managing fire and cladding claims.
- Net finance charges – these relate to IFRS 16 interest charges on leased investment properties previously used as offices.
- Taxation – the taxation credit of £12.0m (2025: £8.5m) is the tax effect of the items described above.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

5 Adjusting items continued

(b) Cash outflow from adjusting items

	2026 £m	2025 £m
Adjusting items reported in the income statement	**52.6**	47.3
Less: non-cash items incurred in the year	**(42.1)**	(38.4)
Add: payment of prior year accruals and provisions	**9.2**	8.9
Cash outflow from adjusting items	**19.7**	17.8

6 Other income

	Note	2026 £m	2025 £m
Fair value gain on investment properties	15	**12.3**	7.6
Other income		**12.3**	7.6

7 Finance income and costs

	2026 £m	2025 £m
Finance income		
Bank deposits	**3.6**	3.6
Interest receivable on loans to related parties	**0.4**	0.1
Net interest on net defined benefit obligation	**2.7**	4.3
Interest receivable on leases	**1.0**	–
	7.7	8.0
Finance costs		
Interest payable on loans and overdrafts	**(6.0)**	(8.3)
Interest payable on bonds	**(22.5)**	(22.5)
Interest payable on leases	**(10.4)**	(9.1)
Foreign exchange movements on foreign denominated borrowings	**–**	(0.5)
Fair value movements on cash flow hedges recycled from other comprehensive income	**–**	0.2
Other	**(3.7)**	(3.4)
	(42.6)	(43.6)
Net finance costs	**(34.9)**	(35.6)

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

8 Information relating to Directors and employees

	2026 No.	2025 No.
Monthly average number of people employed during the year including Executive Directors by segment was:		
Infrastructure	**6,032**	6,000
Construction	**3,798**	3,772
Property	**77**	73
Corporate	**545**	516
	10,452	10,361

Five employees are located outside of the UK (2025: six).

	Note	2026 £m	2025 £m
Group staff costs by segment are as follows:			
Infrastructure		**463.0**	427.9
Construction		**314.9**	300.6
Property		**13.8**	13.5
Corporate		**61.4**	53.4
		853.1	795.4
Comprising:			
Wages and salaries		**718.0**	677.0
Social security costs		**86.6**	75.2
Defined benefit pension scheme net credit to the income statement	9	**(0.6)**	(2.2)
Contributions to defined contribution pension schemes		**37.9**	36.5
Share-based payments charge	25	**11.2**	8.9
		853.1	795.4

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 85–117.

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 two (2025: 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 2026 in respect of the Group's defined benefit pension schemes amounted to £5.2m (2025: £7.0m), which included past service deficit contributions of £5.2m (2025: £6.9m) and current service employer contributions of £nil (2025: £0.1m).

The Group agreed revised deficit recovery plans with the Trustees of the Kier Group scheme, May Gurney scheme and Mouchel schemes in April and May 2026 and agreed the latest schedule of contributions for the McNicholas scheme in 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 2026

9 Retirement benefit obligations continued

Contributions to defined benefit schemes continued

	2027 £m	2028 £m	2029 £m	2030 £m	2031 £m
Deficit contributions	6.1	5.2	5.2	5.2	0.4

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 £0.7m (2025: £0.8m) in respect of the running and administration of the defined benefit schemes, with a further £2.1m (2025: £2.0m) 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 £37.9m (2025: £36.5m) 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 11 years (2025: 12 years).

The IAS 19 accounting valuations at 30 June 2026 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.

	2026 %	2025 %
Discount rate	**5.75**	5.50
Inflation rate - Retail Price Index (RPI)	**2.95**	2.90
Inflation rate - Consumer Price Index (CPI)	**2.45–2.75**	2.20–2.65
Rate of general increases in pensionable salaries	**2.95**	2.90
Rate of increase in pensions payments liable for Limited Price Indexation		
— RPI subject to minimum of 0% and a maximum 5%	**2.85**	2.80
— RPI subject to minimum of 0% and a maximum 2.5%	**1.95**	1.90

The mortality assumptions used were as follows:

	2026		2025	
	Male years	**Female years**	Male years	Female years
Life expectancy from age 65, currently aged 65				
— Kier Group scheme	**22.4**	**24.1**	21.6	23.5
— Acquired schemes	**20.4–22.7**	**23.5–24.2**	20.4–22.0	22.9–24.0
Life expectancy from age 65, currently aged 45				
— Kier Group scheme	**23.4**	**25.0**	22.7	24.6
— Acquired schemes	**21.6–23.7**	**24.6–25.6**	21.7–22.9	24.3–25.4

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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:

	2026			2025		
	Kier Group £m	**Acquired schemes £m**	**Total £m**	Kier Group £m	Acquired schemes £m	Total £m
Opening net surplus/(deficit)	**68.7**	**(21.5)**	**47.2**	96.9	(16.4)	80.5
Current service cost	**–**	**–**	**–**	–	(0.1)	(0.1)
Administration expenses	**(1.9)**	**(0.2)**	**(2.1)**	(1.8)	(0.2)	(2.0)
Net interest on net defined benefit surplus	**3.7**	**(1.0)**	**2.7**	4.9	(0.6)	4.3
Total income/(expense) recognised in the income statement	**1.8**	**(1.2)**	**0.6**	3.1	(0.9)	2.2
Remeasurement gains/(losses) on scheme assets	**1.5**	**7.2**	**8.7**	(57.7)	(26.8)	(84.5)
Actuarial gains due to changes in financial assumptions	**15.1**	**9.0**	**24.1**	36.2	23.7	59.9
Actuarial losses due to changes in demographic assumptions	**(9.5)**	**(4.0)**	**(13.5)**	(5.9)	(3.1)	(9.0)
Actuarial losses due to liability experience	**(3.7)**	**(9.3)**	**(13.0)**	(3.9)	(5.0)	(8.9)
Total amount recognised in other comprehensive income	**3.4**	**2.9**	**6.3**	(31.3)	(11.2)	(42.5)
Contributions by the employer	**–**	**5.2**	**5.2**	–	7.0	7.0
Closing net surplus/(deficit)	**73.9**	**(14.6)**	**59.3**	68.7	(21.5)	47.2
Changes in the fair value of scheme assets						
Fair value at 1 July	**763.0**	**372.2**	**1,135.2**	825.2	393.4	1,218.6
Annuity policies included	**–**	**–**	**–**	–	1.4	1.4
Interest income on scheme assets	**40.7**	**20.0**	**60.7**	41.3	19.9	61.2
Remeasurement gains/(losses) on scheme assets	**1.5**	**7.2**	**8.7**	(57.7)	(26.8)	(84.5)
Contributions by the employer	**–**	**5.2**	**5.2**	–	7.0	7.0
Net benefits paid out	**(44.8)**	**(22.8)**	**(67.6)**	(44.0)	(22.5)	(66.5)
Administration expenses	**(1.9)**	**(0.2)**	**(2.1)**	(1.8)	(0.2)	(2.0)
Fair value at 30 June	**758.5**	**381.6**	**1,140.1**	763.0	372.2	1,135.2

	2026			2025		
	Kier Group £m	**Acquired schemes £m**	**Total £m**	Kier Group £m	Acquired schemes £m	Total £m
Changes in the present value of the defined benefit obligation						
Present value at 1 July	**(694.3)**	**(393.7)**	**(1,088.0)**	(728.3)	(409.8)	(1,138.1)
Annuity policies included	**–**	**–**	**–**	–	(1.4)	(1.4)
Current service cost	**–**	**–**	**–**	–	(0.1)	(0.1)
Interest expense on scheme liabilities	**(37.0)**	**(21.0)**	**(58.0)**	(36.4)	(20.5)	(56.9)
Actuarial gains due to changes in financial assumptions	**15.1**	**9.0**	**24.1**	36.2	23.7	59.9
Actuarial losses due to changes in demographic assumptions	**(9.5)**	**(4.0)**	**(13.5)**	(5.9)	(3.1)	(9.0)
Actuarial losses due to liability experience	**(3.7)**	**(9.3)**	**(13.0)**	(3.9)	(5.0)	(8.9)
Net benefits paid out	**44.8**	**22.8**	**67.6**	44.0	22.5	66.5
Present value at 30 June	**(684.6)**	**(396.2)**	**(1,080.8)**	(694.3)	(393.7)	(1,088.0)
Amounts included in the balance sheet						
Fair value of scheme assets	**758.5**	**381.6**	**1,140.1**	763.0	372.2	1,135.2
Net present value of the defined benefit obligation	**(684.6)**	**(396.2)**	**(1,080.8)**	(694.3)	(393.7)	(1,088.0)
Net surplus/(deficit)	**73.9**	**(14.6)**	**59.3**	68.7	(21.5)	47.2
Related deferred tax (liability)/asset	**(18.5)**	**3.7**	**(14.8)**	(17.2)	5.4	(11.8)
Net pension asset/(liability)	**55.4**	**(10.9)**	**44.5**	51.5	(16.1)	35.4

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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:

	2026			2025		
	Kier Group £m	**Acquired schemes £m**	**Total £m**	Kier Group £m	Acquired schemes £m	Total £m
Retirement benefit assets	**73.9**	**6.7**	**80.6**	68.7	5.4	74.1
Retirement benefit obligation	**–**	**(21.3)**	**(21.3)**	–	(26.9)	(26.9)
Net surplus/(deficit)	**73.9**	**(14.6)**	**59.3**	68.7	(21.5)	47.2

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, annuity policies and derivatives, which are based on unquoted valuations.

	2026			2025		
	Kier Group £m	**Acquired schemes £m**	**Total £m**	Kier Group £m	Acquired schemes £m	Total £m
Equities	**220.9**	**144.5**	**365.4**	204.7	130.6	335.3
Corporate bonds	**125.1**	**9.8**	**134.9**	123.9	10.3	134.2
Government bonds	**148.3**	**72.2**	**220.5**	153.3	62.4	215.7
Index-linked bonds	**195.2**	**98.0**	**293.2**	194.9	101.5	296.4
Fixed income aggregate funds	**61.2**	**44.3**	**105.5**	61.1	52.6	113.7
Cash	**10.7**	**6.8**	**17.5**	32.0	9.5	41.5
Property	**–**	**–**	**–**	–	3.7	3.7
Absolute return	**–**	**4.6**	**4.6**	–	4.8	4.8
Annuity policies	**–**	**1.6**	**1.6**	–	1.9	1.9
Derivatives	**(2.9)**	**(0.2)**	**(3.1)**	(6.9)	(5.1)	(12.0)
Total market value of assets	**758.5**	**381.6**	**1,140.1**	763.0	372.2	1,135.2

History of experience gains and losses for defined benefit schemes in aggregate:

	2026 £m	2025 £m	2024 £m	2023 £m	2022 £m
Fair value of scheme assets	**1,140.1**	1,135.2	1,218.6	1,247.7	1,557.0
Net present value of the defined benefit obligation	**(1,080.8)**	(1,088.0)	(1,138.1)	(1,143.2)	(1,362.3)
Net surplus	**59.3**	47.2	80.5	104.5	194.7
Related deferred tax liability	**(14.8)**	(11.8)	(20.0)	(26.1)	(49.3)
Net pension asset	**44.5**	35.4	60.5	78.4	145.4
Difference between expected and actual return on scheme assets	**8.7**	(84.5)	(41.1)	(315.4)	(339.9)
Experience (losses)/gains on scheme liabilities	**(13.0)**	(8.9)	3.6	(51.4)	(10.4)

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 objectives. 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. 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 2026

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.

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:

	2026		2025	
	+0.25%/+1 year £m	**-0.25%/-1 year £m**	+0.25%/+1 year £m	-0.25%/-1 year £m
Discount rate (+/-0.25%)	**30.5**	**(30.5)**	28.6	(29.8)
Inflation rate (+/-0.25%)	**(16.4)**	**16.4**	(16.6)	18.3
Life expectancy (+/-1 year)	**(36.8)**	**36.8**	(28.7)	28.6

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

	2026 £m	2025 £m
Current tax		
UK corporation tax	**12.7**	12.5
Adjustments in respect of prior years	**0.2**	–
Foreign tax suffered	**0.5**	–
Total current tax charge	**13.4**	12.5
Deferred tax		
Origination and reversal of temporary differences	**9.7**	10.9
Adjustments in respect of prior years	**(1.1)**	(1.7)
Total deferred tax	**8.6**	9.2
Total tax charge in the income statement	**22.0**	21.7
Reconciliation of effective tax rate		
Profit before tax	**83.8**	78.1
Losses from joint venture companies	**3.2**	–
Profit before tax excluding income from joint ventures	**87.0**	78.1
Income tax at UK corporation tax rate of 25% (2025: 25%)	**21.7**	19.5
Non-deductible expenses	**3.4**	5.0
Income not taxable	**–**	(1.3)
Share-based payment	**(1.8)**	0.2
Movement in unrecognised deferred tax	**(0.4)**	–
Adjustments in respect of prior years	**(0.9)**	(1.7)
Total tax	**22.0**	21.7

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

10 Taxation continued

(a) Recognised in the income statement continued

The Group tax charge excluding joint venture companies of £22.0m (2025: £21.7m) shown in the table equates to an effective tax rate of 25.3% (2025: 27.8%) on profit before tax excluding joint venture companies and including joint venture LLPs of £83.8m (2025: £78.1m). This effective rate is different from the standard rate of corporation tax of 25% (2025: 25%) due to items shown in the table.

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.

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 £5.9m (2025: £5.2m) has been recognised in respect of uncertain tax positions.

The Group is monitoring tax reforms driven by the OECD's BEPS initiative, including the Pillar Two rules which seek to implement a global 15% minimum tax rate. The United Kingdom substantively enacted Pillar Two rules in Finance (No.2) Act 2023 on 20 June 2023 and similar legislation has been enacted in other territories in which the Group operates. Based on current year consolidated financial data, the Group has assessed the potential tax impact of Pillar Two. There is no current top-up impact on the Group's results for the year ended 30 June 2026. The Group has applied the temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as detailed in amendments to IAS 12 issued by the IASB in May 2023.

(b) Recognised in the cash flow statement

The cash flow statement shows cash of £22.3m, in respect of RDEC credits, was received during the year (2025: £29.0m) (see note 21). The Group made tax payments on account of £2.9m (2025: £1.8m).

(c) Recognised in the statement of comprehensive income

	2026 £m	2025 £m
Deferred tax charge/(credit) (including effect of change in tax rate)		
Actuarial gains/(losses) on defined benefit pension schemes	**2.9**	(8.9)
Total deferred tax charge/(credit)	**2.9**	(8.9)
Corporation tax credit in respect of pension contributions paid	**(1.4)**	(1.8)
Total tax charge/(credit) in the statement of comprehensive income	**1.5**	(10.7)

(d) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25% (2025: 25%), 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 £521.7m (2025: £564.6m) available for offset against future profits. A deferred tax asset has been recognised on £362.0m (2025: £400.6m) 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 £40.7m was included in operating profit during the year (2025: £41.0m). Included in other receivables at 30 June 2026 were RDEC receivables of £40.1m (2025: £31.8m). This predominantly represents in-year claims, with the FY25 balance received during the year.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

11 Dividends

The following dividends were recognised in the year:

	2026		2025	
	£m	pence per share	£m	pence per share
Prior year final	**22.7**	**5.2**	15.2	3.5
Current year interim	**11.4**	**2.6**	8.9	2.0
Total dividend recognised in year	**34.1**	**7.8**	24.1	5.5

The following dividends were declared in respect of the year:

	2026		2025	
	£m	pence per share	£m	pence per share
Interim	**11.4**	**2.6**	8.9	2.0
Final	**22.4**	**5.2**	22.7	5.2
Total dividend relating to the year	**33.8**	**7.8**	31.6	7.2

The proposed final dividend for the year ending 30 June 2026 of 5.2p per share (2025: 5.2p) 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 £22.4m will be paid on 4 December 2026 to shareholders on the register at the close of business on 30 October 2026.

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

	2026		2025	
	Basic £m	Diluted £m	Basic £m	Diluted £m
Continuing operations				
Profit for the year	**61.8**	**61.8**	56.4	56.4
Less: non-controlling interest share	**(0.1)**	**(0.1)**	–	–
Profit after tax and minority interests	**61.7**	**61.7**	56.4	56.4
Adjusting items (excluding tax)	**52.6**	**52.6**	47.3	47.3
Tax impact of adjusting items	**(12.0)**	**(12.0)**	(8.5)	(8.5)
Adjusted profit after tax	**102.3**	**102.3**	95.2	95.2
Weighted average number of shares (no, m)	**436.1**	**457.5**	441.5	466.1
Basic earnings (p)				
Attributable to the ordinary equity holders of the Company	**14.1**	**13.5**	12.8	12.1
Adjusted basic earnings (p)				
Adjusted basic earnings per share attributable to the ordinary equity holders of the Company	**23.5**	**22.4**	21.6	20.4

The weighted average number of shares is lower than the number of shares in issue by 16.8m (2025: 11.4m), 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 2026

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
Cost				
At 1 July 2024	545.6	243.2	135.1	923.9
Additions	–	–	5.4	5.4
Disposals	–	–	(5.4)	(5.4)
At 30 June 2025	545.6	243.2	135.1	923.9
Additions	**–**	**–**	**4.7**	**4.7**
Disposals	**–**	**–**	**(1.0)**	**(1.0)**
Transfers	**–**	**–**	**0.2**	**0.2**
At 30 June 2026	**545.6**	**243.2**	**139.0**	**927.8**
Accumulated amortisation and impairment				
At 1 July 2024	(2.1)	(194.1)	(89.5)	(285.7)
Charge for the year	–	(21.6)	(13.6)	(35.2)
Disposals	–	–	5.4	5.4
At 30 June 2025	(2.1)	(215.7)	(97.7)	(315.5)
Charge for the year	**–**	**(19.0)**	**(11.0)**	**(30.0)**
Disposals	**–**	**–**	**1.0**	**1.0**
Transfers	**–**	**–**	**(0.2)**	**(0.2)**
At 30 June 2026	**(2.1)**	**(234.7)**	**(107.9)**	**(344.7)**
Net book value				
At 30 June 2026	**543.5**	**8.5**	**31.1**	**583.1**
At 30 June 2025	543.5	27.5	37.4	608.4

Goodwill largely relates to the group of cash generating units (CGUs) in the Infrastructure 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 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 (2025: £106.8m). Net book value £7.5m (2025: £14.9m).
- MRBL Limited (Mouchel Group) — Cost £127.1m (2025: £127.1m). Net book value £nil (2025: £10.4m).
- Rail assets of the Buckingham Group — Cost £7.5m (2025: £7.5m). Net book value £nil (2025: £1.1m).
- Certain business and assets of Babcock Civil Infrastructure Limited — Cost £1.6m (2025: £1.6m). Net book value £1.0m (2025: £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 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

13 Intangible assets continued

Carrying amounts of goodwill and intangible contract rights by CGU continued

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 12.4% (2025: 13.5%). A terminal growth rate of 1.6% (2025: 1.8%) has been applied into perpetuity.

	2026			2025		
	Goodwill £m	**Intangible contract rights £m**	**Total £m**	Goodwill £m	Intangible contract rights £m	Total £m
Infrastructure	**523.1**	**7.5**	**530.6**	523.1	26.4	549.5
Construction	**20.4**	**1.0**	**21.4**	20.4	1.1	21.5
	543.5	**8.5**	**552.0**	543.5	27.5	571.0

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

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 segment is £542.1m (2025: £343.0m) above the carrying value of the assets. The Infrastructure 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
Cost			
At 1 July 2024	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)
At 30 June 2025	20.3	45.3	65.6
Additions	**0.3**	**5.0**	**5.3**
Disposals	**(2.1)**	**(18.0)**	**(20.1)**
Transfers	**2.0**	**(2.2)**	**(0.2)**
At 30 June 2026	**20.5**	**30.1**	**50.6**
Accumulated depreciation and impairment			
At 1 July 2024	(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
At 30 June 2025	(7.5)	(30.1)	(37.6)
Charge for the year	**(0.8)**	**(5.4)**	**(6.2)**
Disposals	**0.1**	**13.4**	**13.5**
Transfers	**–**	**0.2**	**0.2**
At 30 June 2026	**(8.2)**	**(21.9)**	**(30.1)**
Net book value			
At 30 June 2026	**12.3**	**8.2**	**20.5**
At 30 June 2025	12.8	15.2	28.0

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

15 Investment properties

(a) Reconciliation of carrying amount

	Owned assets £m	Right-of-use assets £m	Total £m
Cost			
At 1 July 2024	61.1	43.8	104.9
Transfers	3.6	(15.5)	(11.9)
Fair value gain/(loss) recognised in other income	8.3	(0.7)	7.6
At 30 June 2025	73.0	27.6	100.6
Transfers	**6.2**	**–**	**6.2**
Additions	**2.5**	**–**	**2.5**
Disposals	**(14.0)**	**–**	**(14.0)**
Fair value gain/(loss) recognised in other income	**15.0**	**(2.7)**	**12.3**
At 30 June 2026	**82.7**	**24.9**	**107.6**

Investment properties comprise office buildings and commercial land/properties that were formerly utilised by the Group but have been vacated, property inventories that are no longer being actively developed, along with a student accommodation property. 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 properties 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. During the year, the Group sold its former head office buildings at Tempsford and land previously used as a waste recycling site.

(b) Amounts recognised in the income statement

	2026 £m	2025 £m
Rental income from operating leases	**5.5**	5.7
Direct operating expenses for property that generated rental income	**(3.3)**	(2.5)
Fair value gain	**12.3**	7.6
Total net income recognised in the income statement	**14.5**	10.8

(c) Leasing arrangements

Some of 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 its 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:

	2026 £m	2025 £m
Less than one year	**1.9**	2.7
One to two years	**1.9**	1.8
Two to three years	**1.0**	1.6
Three to four years	**1.0**	0.5
Four to five years	**0.8**	0.5
Over five years	**2.4**	3.0
Total	**9.0**	10.1

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

15 Investment properties continued

(d) Measurement of fair values

The fair value of the owned investment properties was determined as at 30 June 2026 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair values of the right-of-use investment properties have been determined by the Group without the use of an independent valuer. The valuation techniques for all of the investment properties use unobservable inputs (defined by IFRS 13 as 'level 3' inputs).

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Owned assets	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.	External valuations are performed every two years. The last valuations were carried out as at 30 June 2026. The following inputs have been used in assessing the valuations: **Student accommodation** • expected market rental growth of 3% (2025: 3%); • occupancy rate average of 98% (2025: 98%); and • expected market yields of 5.75% (2025: 5.25%). **Wind farm** • expected electricity price of £80 per MWh (2025: £62 per MWh); and • expected market yields of 8% (2025: 8%). **Strategic land** • gross development value - private of £425 - £465 per sq ft (2025: n/a); • residential build costs of £170 per sq ft (2025: n/a); and • strategic infrastructure of £20k per plot (2025: n/a).	The estimated fair value would increase/(decrease) if: • expected market rental growth was higher/(lower); • the occupancy rate was higher/(lower); • expected market yields were lower/(higher); • expected electricity price was higher/(lower); • gross development value was higher/(lower); • residential build costs were higher/(lower); or • strategic infrastructure was higher/(lower).
Right-of-use assets	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.	The following inputs have been used in the discounted cash flow models: • expected market rental growth of 0.5% to 2% (2025: 1% to 2%); • occupancy rate average of 97% (2025: average of 99%); • rent-free/void periods of six to eighteen months at the end of each tenancy (2025: six to nine months); and • risk-adjusted discount rate of 4.2% (2025: 4.2%).	The estimated fair value would increase/(decrease) if: • expected market rental growth was higher/(lower); • the occupancy rate was higher/(lower); • rent-free/void periods were shorter/(longer); or • the risk-adjusted discount rate was lower/(higher).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

16 Investments in and loans to joint ventures

(a) Movements in year

	2026 £m	2025 £m
Investments in joint ventures		
At 1 July	**145.8**	91.7
Additions	**55.6**	76.4
Disposals	**–**	(7.0)
Loan repayments and return of equity	**(33.6)**	(9.9)
Share of:		
– Operating profit/(loss)	**2.7**	(0.4)
– Finance costs	**(9.2)**	(0.9)
– Tax income/(expense)	**0.9**	(0.2)
Post-tax results of joint ventures	**(5.6)**	(1.5)
Dividends received	**(3.5)**	(3.9)
At 30 June	**158.7**	145.8

(b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 30 June 2026 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 2026	% of ownership interest/ voting rights 2025	Carrying amount 2026 £m	Carrying amount 2025 £m
Kier Cornwall Street	**90%/50%**	90%/50%	**25.1**	32.9
Solum Regeneration	**50%/50%**	50%/50%	**24.2**	25.0
Southwark	**90%/50%**	90%/50%	**37.0**	23.3
Immaterial joint ventures			**72.4**	64.6
			158.7	145.8

All material joint ventures are incorporated in England and Wales and are in the Group's Property division. The Solum Regeneration joint venture has a March year-end reporting date, to coincide with that of the joint venture partner. Solum Regeneration prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Group to enable the Group to account for the joint venture under the equity method in its consolidated financial statements.

(c) Borrowing facilities and guarantees to joint ventures

The Group has provided guarantees to support borrowing facilities of joint ventures as follows:

	2026			2025		
	Borrowing facility £m	Guarantees £m	Drawn at 30 June £m	Borrowing facility £m	Guarantees £m	Drawn at 30 June £m
Kier Trade City	**14.2**	**2.7**	**13.4**	35.4	9.0	17.1
Kier Cornwall Street	**48.8**	**6.3**	**45.8**	–	–	–
Kier Countryside	**35.3**	**5.0**	**32.0**	–	–	–

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 2026

16 Investments in and loans to joint ventures continued

(d) 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 and reporting date.

	Kier Cornwall Street		Solum Regeneration		Southwark	
Summarised balance sheet	**2026 £m**	2025 £m	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Non-current assets	**–**	–	**–**	–	**–**	4.9
Current assets						
Cash and cash equivalents	**–**	0.2	**1.9**	0.4	**4.7**	0.3
Other current assets	**71.0**	68.2	**50.8**	53.9	**78.3**	45.9
Total current assets	**71.0**	68.4	**52.7**	54.3	**5.2**	46.2
Current liabilities						
Other current liabilities	**(0.3)**	(0.5)	**(4.3)**	(4.3)	**(2.0)**	(15.9)
Total current liabilities	**(0.3)**	(0.5)	**(4.3)**	(4.3)	**(2.0)**	(15.9)
Non-current liabilities						
Financial liabilities (excluding trade payables)	**(45.3)**	(34.3)	**–**	–	**(42.3)**	(6.7)
Total non-current liabilities	**(45.3)**	(34.3)	**–**	–	**(42.3)**	(6.7)
Net assets	**25.4**	33.6	**48.4**	50.0	**43.9**	28.5
Group's share (%)	**90%**	90%	**50%**	50%	**90%**	90%
Group's share	**22.9**	30.2	**24.2**	25.0	**39.5**	25.7
Capital introduced on behalf of joint venture partner	**2.3**	2.7	**–**	–	**–**	–
Elimination of unrealised profit on downstream transactions	**–**	–	**–**	–	**(2.4)**	(2.4)
Investment in joint venture	**25.2**	32.9	**24.2**	25.0	**37.1**	23.3

	Kier Cornwall Street		Solum Regeneration		Southwark	
Summarised income statement	**2026 £m**	2025 £m	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Revenue	**1.2**	–	**30.9**	0.1	**–**	–
Finance costs	**(3.7)**	(0.9)	**–**	–	**(0.9)**	–
Taxation	**–**	–	**(0.4)**	–	**–**	–
(Loss)/profit for the year from continuing operations	**(4.0)**	0.9	**0.5**	(1.8)	**0.9**	–
(Loss)/profit for the year	**(4.0)**	0.9	**0.5**	(1.8)	**0.9**	–
Total comprehensive (expense)/income	**(4.0)**	0.9	**0.5**	(1.8)	**0.9**	–

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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.

	2026 £m	2025 £m
Aggregate carrying amount of individually immaterial joint ventures	**72.4**	64.6
Dividends received from individually immaterial joint ventures	**3.5**	3.9
Aggregate amounts of the Group's share of:		
Loss from continuing operations	**(1.6)**	(1.4)
Total comprehensive expense	**(1.6)**	(1.4)

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[1] £m	Retirement benefit obligations £m	Tax losses £m	Total £m
At 1 July 2024	(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
At 30 June 2025	(6.3)	10.3	44.3	(11.8)	100.2	136.7
Credited/(charged) to income statement – continuing	**4.5**	**(4.0)**	**0.7**	**(0.1)**	**(9.7)**	**(8.6)**
Charged directly to comprehensive income	**–**	**–**	**–**	**(2.9)**	**–**	**(2.9)**
Credited directly to equity	**–**	**–**	**2.5**	**–**	**–**	**2.5**
At 30 June 2026	**(1.8)**	**6.3**	**47.5**	**(14.8)**	**90.5**	**127.7**

1. Included in short-term temporary differences are deferred tax assets of £16.2m (2025: £15.0m) in respect of RDEC Step 2 amounts carried forward and £26.7m (2025: £27.4m) 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	
	2026 £m	2025 £m	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Property, plant and equipment	**6.3**	10.3	**–**	–	**6.3**	10.3
Intangible assets	**–**	–	**(1.8)**	(6.3)	**(1.8)**	(6.3)
Retirement benefit obligations	**–**	–	**(14.8)**	(11.8)	**(14.8)**	(11.8)
Other short-term timing differences	**47.5**	44.3	**–**	–	**47.5**	44.3
Tax losses	**90.5**	100.2	**–**	–	**90.5**	100.2
Total	**144.3**	154.8	**(16.6)**	(18.1)	**127.7**	136.7
Set-off tax	**(16.6)**	(18.1)	**16.6**	18.1	**–**	–
Net deferred tax assets	**127.7**	136.7	**–**	–	**127.7**	136.7

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 is 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 2026;
- 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 five years (2025: seven years).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

18 Contract assets and liabilities

(a) Current contract assets

	2026 £m	2025 £m
At 1 July	**317.0**	304.5
Transferred to receivables	**(285.3)**	(276.9)
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	**(6.4)**	1.2
Balance remaining in relation to contract assets at the start of the year	**25.3**	28.8
Increase related to services provided in the year	**405.1**	288.2
At 30 June	**430.4**	317.0

(b) Non-current contract assets

	2026 £m	2025 £m
At 1 July	**57.0**	53.6
Increase related to services provided in the year	**–**	3.4
At 30 June	**57.0**	57.0

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

	2026 £m	2025 £m
At 1 July	**(168.0)**	(128.4)
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	**152.5**	123.5
Contract liabilities repaid	**0.4**	0.9
Balance remaining in relation to contract liabilities at the start of the year	**(15.1)**	(4.0)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	**(277.8)**	(164.0)
At 30 June	**(292.9)**	(168.0)

19 Trade and other receivables

	2026 £m	2025 £m
Current:		
Trade receivables	**75.1**	50.5
Construction contract retentions	**55.4**	56.6
Amounts receivable from joint ventures	**5.7**	11.4
Other receivables	**66.3**	42.8
Prepayments	**52.5**	34.8
Accrued income	**0.9**	6.7
	255.9	202.8
Non-current:		
Construction contract retentions	**17.3**	24.5
Capitalised mobilisation costs	**6.0**	3.3
Other	**12.5**	2.2
	35.8	30.0

Construction contract retentions are amounts withheld by the customer until they are satisfied with the quality of the work undertaken.

£1.3m of capitalised mobilisation costs were amortised during the year (2025: £3.5m).

20 Inventories

	2026 £m	2025 £m
Raw materials and consumables	**12.4**	16.8
Land and work in progress held for development	**52.2**	48.8
	64.6	65.6

As at 30 June 2026, there were no provisions held against inventory relating to land and work in progress for development (2025: £1.9m).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

21 Net cash

	2026 £m	2025 £m
Cash and cash equivalents	**1,899.6**	1,689.4
Bank overdrafts	**(1,402.0)**	(1,221.4)
Net cash, cash equivalents and bank overdrafts	**497.6**	468.0
Borrowings due after one year	**(265.2)**	(263.9)
Net cash[1]	**232.4**	204.1

1. 'Net cash' is an alternative performance measure, see page 191.

Average month-end net cash was £10.7m (2025: £49.2m debt). Net cash/(debt) 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 £123.4m (2025: £111.2m) 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 £67.4m (2025: £92.2m) 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

	2026		2025	
	Inventories £m	**Trade and other receivables £m**	Inventories £m	Trade and other receivables £m
1 July balance sheet	**65.6**	**232.8**	74.0	265.8
30 June balance sheet	**64.6**	**291.7**	65.6	232.8
Movement per balance sheet	**(1.0)**	**58.9**	(8.4)	(33.0)
Transfer to investment properties	**6.2**	**–**	–	–
RDEC income	**–**	**–**	–	41.0
Net RDEC receipts	**–**	**–**	–	(29.0)
Tax on RDEC income	**–**	**11.1**	–	–
Green car scheme lease additions	**–**	**(19.4)**	–	–
Movements in capitalised mobilisation costs	**–**	**(2.7)**	–	1.6
Non-cash movements arising from acquisition and disposal of property	**–**	**–**	6.4	–
Other	**–**	**–**	–	(0.2)
Movement per cash flow statement	**5.2**	**47.9**	(2.0)	(19.6)

	2026		2025	
	Trade and other payables £m	**Provisions £m**	Trade and other payables £m	Provisions £m
1 July balance sheet	**(1,124.8)**	**(79.2)**	(1,138.2)	(77.2)
30 June balance sheet	**(1,155.1)**	**(108.2)**	(1,124.8)	(79.2)
Movement per balance sheet	**(30.3)**	**(29.0)**	13.4	(2.0)
Tax owed to joint ventures	**–**	**–**	(2.1)	–
Deferred payment on acquisition of joint venture	**–**	**–**	8.5	–
Deferred tax on acquisition of joint venture	**–**	**–**	0.6	–
Discount unwind	**0.2**	**–**	0.1	–
Movement per cash flow statement	**(30.1)**	**(29.0)**	20.5	(2.0)

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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
Net cash/ (borrowings) as at 1 July 2024	461.7	(58.8)	(242.0)	6.3	167.2
Cash flows	6.3	44.3	(4.7)	(6.8)	39.1
Amortisation of capitalised loan fees	–	–	(2.2)	–	(2.2)
Foreign exchange movements	–	(0.5)	–	0.5	–
Transfers	–	15.0	(15.0)	–	–
Net cash/ (borrowings) as at 30 June 2025	468.0	–	(263.9)	–	204.1
Cash flows	**29.6**	**–**	**–**	**–**	**29.6**
Capitalised loan fees	**–**	**–**	**1.6**	**–**	**1.6**
Amortisation of capitalised loan fees	**–**	**–**	**(2.9)**	**–**	**(2.9)**
Net cash/ (borrowings) as at 30 June 2026	**497.6**	**–**	**(265.2)**	**–**	**232.4**

(c) Reconciliation of movements in liabilities arising from financing activities

	Borrowings £m	Hedging derivatives £m	Lease liabilities £m
(Liabilities)/assets as at 1 July 2024	(300.8)	7.1	(173.1)
Changes from financing cash flows:			
– Drawdown of borrowings	(4.7)	–	–
– Repayment of borrowings/principal elements of lease payments	44.3	–	47.5
– Settlement of derivative financial instruments	–	(7.2)	–
Non-cash movements:			
– Net lease additions	–	–	(25.5)
– Amortisation of capitalised loan fees	(2.2)	–	–
– Foreign exchange movements	(0.5)	–	–
– Changes in fair values of derivatives	–	0.1	–
Liabilities as at 30 June 2025	(263.9)	–	(151.1)
Changes from financing cash flows:			
– Repayment of borrowings/principal elements of lease payments	**–**	**–**	**53.2**
Non-cash movements:			
– Net lease additions	**–**	**–**	**(80.1)**
– Capitalised loan fees	**1.6**	**–**	**–**
– Amortisation of capitalised loan fees	**(2.9)**	**–**	**–**
Liabilities as at 30 June 2026	**(265.2)**	**–**	**(178.0)**

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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 39 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 £135.6m (2025: £138.2m). The assets leased under short-term leases include small items of plant and equipment which 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
At 1 July 2024	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)
At 30 June 2025	38.6	26.0	31.9	96.5
Additions	**15.4**	**25.5**	**52.2**	**93.1**
Depreciation	**(7.0)**	**(10.0)**	**(30.8)**	**(47.8)**
Disposals	**(0.4)**	**(19.9)**	**(11.3)**	**(31.6)**
At 30 June 2026	**46.6**	**21.6**	**42.0**	**110.2**

(c) Lease liabilities

	2026 £m	2025 £m
Current	**52.7**	40.8
Non-current	**125.3**	110.3
	178.0	151.1

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

	2026 £m	2025 £m
Principal elements of lease payments[1]	**53.2**	47.5
Interest paid[1]	**10.4**	9.1
Payments for short-term leases and leases of low-value assets[2]	**135.6**	138.2
Total cash outflow for leases	**199.2**	194.8

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

	2026 £m	2025 £m
Current:		
Trade payables	**285.6**	311.0
Accruals	**617.6**	580.7
Subcontract retentions	**34.8**	37.1
Other taxation and social security	**178.2**	168.1
Other payables and deferred income	**18.0**	8.8
	1,134.2	1,105.7
Non-current:		
Subcontract retentions	**20.9**	19.1
	20.9	19.1

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

24 Provisions

	Self-insurance £m	Onerous contracts £m	Warranty, rectification and other contractual obligations £m	Other £m	Total £m
At 1 July 2024	22.7	2.9	50.3	1.3	77.2
Charged to income statement	1.8	8.1	25.2	–	35.1
Utilised	(3.5)	(7.0)	(21.7)	(0.5)	(32.7)
Unwinding of discount	–	0.2	–	–	0.2
Transfer from creditors	–	–	(0.6)	–	(0.6)
At 30 June 2025	21.0	4.2	53.2	0.8	79.2
Charged to income statement	**12.4**	**3.6**	**31.0**	**–**	**47.0**
Utilised	**(6.0)**	**(8.3)**	**(14.1)**	**–**	**(28.4)**
Unwinding of discount	**–**	**0.2**	**–**	**–**	**0.2**
Transfer from creditors	**–**	**10.2**	**–**	**–**	**10.2**
At 30 June 2026	**27.4**	**9.9**	**70.1**	**0.8**	**108.2**
Expected utilisation					
Within one year	**13.5**	**7.2**	**60.1**	**0.8**	**81.6**
After one year	**13.9**	**2.7**	**10.0**	**–**	**26.6**
At 30 June 2026	**27.4**	**9.9**	**70.1**	**0.8**	**108.2**
Within one year	4.4	2.3	45.6	0.8	53.1
After one year	16.6	1.9	7.6	–	26.1
At 30 June 2025	21.0	4.2	53.2	0.8	79.2

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 2026 was as follows:

	Sharesave Scheme 2 November 2022	Sharesave Scheme 31 October 2023	Sharesave Scheme 29 October 2024	Sharesave Scheme 29 October 2025	Total
Number of options					
Directors	–	–	2,506	1,375	3,881
Employees	20,290	5,362,415	6,072,063	4,271,629	15,726,397
	20,290	5,362,415	6,074,569	4,273,004	15,730,278
Exercise price (pence)	55	90	111	199	

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 is 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.

4,477,479 options were granted in the year (2025: 6,968,114) under the Sharesave Scheme, which will all be equity settled.

7,020,149 Sharesave Scheme options were exercised during the year (2025: 5,502,245). The weighted average market price of Kier Group plc shares at the date of exercise of Sharesave Scheme options during the year was 219.5p (2025: 146.4p).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

25 Share-based payments continued

Long-Term Incentive Plan

The number of awards over the Company's Ordinary Shares outstanding at 30 June 2026 was as follows:

	LTIP awards FY24	LTIP awards FY25	LTIP awards FY26	Total
Number of awards				
Directors	2,383,193	1,321,219	1,091,923	4,796,335
Employees	5,661,168	4,327,566	3,774,609	13,763,343
	8,044,361	5,648,785	4,866,532	18,559,678
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. Under the rules of the LTIP scheme, the Group has the option of settling the awards with shares or with a cash payment equal to the market value of the shares. However, as it is the Group's intention to settle the awards with shares and there is no present obligation to settle with cash, the LTIP awards are recognised and measured as equity-settled share-based payments. Directors' awards are subject to a two-year post-vesting holding period and malus and clawback provisions.

5,398,271 new options were granted under the LTIP scheme in the year (2025: 6,910,466) and 9,130,328 options vested during the year (2025: 6,828,573). The weighted average market price of Kier Group plc shares at the date of exercise of LTIP options during the year was 222.0p (2025: 143.2p).

Further description of the above share schemes and the terms and conditions of each scheme is included in the Directors' Remuneration report on pages 85–117.

Recruitment award

A Recruitment award of 56,003 share options was granted to the Group's new Chief Financial Officer to compensate for payments forfeited from his previous employment. The Recruitment Award options have no performance conditions, other than the requirement to remain employed by the Group, have a zero exercise price and will vest in March 2027.

Shares held in trusts

The LTIP awards and Sharesave options 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 trust 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 trust are as follows:

	2026		2025	
	Number of shares	**Historic cost value £m**	Number of shares	Historic cost value £m
At 1 July	**9,944,522**	**14.3**	11,804,281	9.0
Acquired during the year	**15,807,662**	**33.9**	10,366,433	14.8
Issued in satisfaction of share scheme awards	**(16,640,283)**	**(28.9)**	(11,849,888)	(9.3)
Issued in satisfaction of deferred bonus schemes	**(121,626)**	**(0.2)**	(376,304)	(0.2)
At 30 June	**8,990,275**	**19.1**	9,944,522	14.3

The market value of these shares at 30 June 2026 was £19.6m (2025: £20.8m).

The shares acquired by the trust in the year at a cost of £33.9m (2025: £14.8m), net of cash received in respect of the deferred bonus schemes of £0.3m (2025: £0.5m) and Sharesave option price proceeds of £3.9m (2025: £4.6m), is reflected in the statement of changes in equity as a net cost of purchase of own shares of £29.7m (2025 £9.7m).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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:

	2026						2025		
Scheme	**Sharesave**	**LTIP**	**LTIP (Directors)**	**LTIP**	**LTIP (Directors)**	**Recruitment Award**	Sharesave	LTIP	LTIP (Directors)
Date of grant	**29 October 2025**	**13 October 2025**	**13 October 2025**	**10 March 2026**	**10 March 2026**	**10 March 2026**	29 October 2024	11 October 2024	11 October 2024
Share price at grant (pence)	**227.0**	**230.0**	**230.0**	**216.0**	**216.0**	**216.0**	145.0	137.0	137.0
Exercise price (pence)	**199.0**	**nil**	**nil**	**nil**	**nil**	**nil**	111.0	nil	nil
Expected term (years)	**3.3**	**3.0**	**3.0**	**2.6**	**2.6**	**1.0**	3.3	3.0	3.0
Holding period (years)	**n/a**	**n/a**	**2.0**	**n/a**	**2.0**	**n/a**	n/a	n/a	2.0
Expected volatility	**32.7%**	**33.3%**	**32.7%**	**33.3%**	**32.7%**	**n/a**	30.5%	30.8%	31.0%
Dividend yield	**3.17%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	3.55%	n/a	n/a
Risk-free interest rate	**3.34%**	**3.78%**	**4.11%**	**3.78%**	**3.95%**	**n/a**	4.08%	3.97%	4.08%
Value per option (pence):									
– Sharesave/Recruitment Award	**60.0**	**–**	**–**	**–**	**–**	**216.0**	43.8	–	–
– LTIP market condition (25%)	**–**	**183.8**	**172.0**	**172.6**	**161.5**	**–**	–	79.9	75.0
– LTIP non-market condition (75%)	**–**	**230.0**	**215.2**	**216.0**	**202.1**	**–**	–	137.0	128.7

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 £11.2m relating to share-based payments has been recognised in the income statement as employee costs (2025: £8.9m). Included in other payables is an amount of £3.8m (2025: £3.9m) 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 2026

25 Share-based payments continued

Summary of movements in the number of options

A reconciliation of option movements is shown below:

	2026		2025	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at 1 July	**46,669,168**	**35.4p**	48,210,585	31.4p
Granted	**9,931,753**	**89.7p**	13,878,580	55.7p
Lapsed or forfeited	**(6,104,485)**	**23.3p**	(3,089,179)	44.4p
Exercised	**(16,150,477)**	**24.3p**	(12,330,818)	40.3p
Outstanding at 30 June	**34,345,959**	**58.5p**	46,669,168	35.4p
Exercisable at 30 June	**129,394**	**114.4p**	304,247	79.3p

The options outstanding at 30 June 2026 have a weighted average remaining contractual life of 1.24 years (2025: 1.25 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 ultimate 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 2026

27 Financial instruments

	2026		2025	
	Financial assets at amortised cost £m	**Financial liabilities at amortised cost £m**	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m
Financial assets				
Trade and other receivables[1]	**233.2**	**–**	194.7	–
Cash and cash equivalents	**1,899.6**	**–**	1,689.4	–
Equity loans provided to joint ventures	**155.4**	**–**	144.5	–
Total	**2,288.2**	**–**	2,028.6	–
Financial liabilities				
Bank overdrafts	**–**	**(1,402.0)**	–	(1,221.4)
Borrowings	**–**	**(265.2)**	–	(263.9)
Lease liabilities	**–**	**(178.0)**	–	(151.1)
Trade and other payables[2]	**–**	**(976.1)**	–	(955.9)
Total	**–**	**(2,821.3)**	–	(2,592.3)
Net	**2,288.2**	**(2,821.3)**	2,028.6	(2,592.3)

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 2026

27 Financial instruments continued

Credit risk continued

An analysis of the provision held against trade receivables is set out below:

	2026 £m	2025 £m
Provision as at 1 July	**0.5**	0.5
Credited to the income statement	**(1.2)**	(0.8)
Charged to the income statement	**2.1**	1.4
Utilised in the year	**(0.5)**	(0.6)
Provision as at 30 June	**0.9**	0.5

There were £26.3m (2025: £15.3m) of trade receivables that were overdue at the balance sheet date that have not been provided against, of which £21.1m (2025: £9.4m) had been received by the end of August 2026. There are no indications as at 30 June 2026 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 2026 that were overdue for payment was 35% (2025: 30%). Credit terms vary across the Group; the average age of trade receivables was as follows:

Infrastructure	4 days (2025: 7 days)
Construction	8 days (2025: 4 days)
Property	10 days (2025: 11 days)

Overall, the Group considers that it is not exposed to significant credit risk.

Equity loans to joint ventures of £155.4m (2025: £144.5m) 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:

	2026 £m	2025 £m
Fixed rate	**250.0**	250.0
Variable rate	**20.1**	20.1
Cost of raising finance	**(5.0)**	(6.2)
	265.1	263.9

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 2026, the Group had no debt denominated in US dollars at fixed currency rates using derivatives (2025: £nil).

As at 30 June 2026, the Group had no unhedged debt outstanding (2025: US$nil).

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 2026

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 expire in May 2026 and are without recourse to the Group. At 30 June 2026, the aggregate amount outstanding on this interest-bearing debt against which an interest rate derivative is held is £nil (2025: £34.3m). The Group's share of the total net fair value asset of this interest rate derivative at 30 June 2026 amounted to £nil (2025: £0.2m), which has met the criteria for hedge accounting.

Financial liabilities – analysis of maturity dates

At 30 June 2026, the Group had the following financial liabilities at amortised cost together with the maturity profile of their contractual cash flows:

30 June 2026	Trade and other payables[1] £m	Bank overdrafts £m	Borrowings £m	Lease liabilities £m	Total £m
Carrying value	**976.1**	**1,402.0**	**265.2**	**178.0**	**2,821.3**
Contractual undiscounted cash flows					
Less than one year	**955.2**	**1,402.0**	**24.3**	**61.3**	**2,442.8**
One to two years	**10.4**	**–**	**43.6**	**38.1**	**92.1**
Two to three years	**6.7**	**–**	**272.5**	**20.3**	**299.5**
Three to four years	**3.6**	**–**	**–**	**13.4**	**17.0**
Four to five years	**0.2**	**–**	**–**	**10.3**	**10.5**
Over five years	**–**	**–**	**–**	**74.9**	**74.9**
	976.1	**1,402.0**	**340.4**	**218.3**	**2,936.8**

30 June 2025	Trade and other payables[1] £m	Bank overdrafts £m	Borrowings £m	Lease liabilities £m	Total £m
Carrying value	955.9	1,221.4	263.9	151.1	2,592.3
Contractual undiscounted cash flows					
Less than one year	936.9	1,221.4	24.3	48.0	2,230.6
One to two years	12.0	–	24.3	28.7	65.0
Two to three years	6.6	–	44.6	16.8	68.0
Three to four years	0.6	–	272.5	12.7	285.8
Four to five years	0.1	–	–	9.3	9.4
Over five years	0.1	–	–	71.5	71.6
	956.3	1,221.4	365.7	187.0	2,730.4

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 2026, 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 2026 (2025: £250.0m);
- revolving credit facility of £190.0m, at a margin over SONIA, due for renewal on 13 October 2028, which was undrawn at 30 June 2026 (2025: £150.0m, undrawn); and
- non-recourse project finance of £20.1m (2025: £20.1m) 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 (2025: undrawn).

Included within borrowings are capitalised loan fees of £5.0m (2025: £6.2m).

The Group increased its total available facilities by £40m in the year ended 30 June 2026 (2025: £148.2m reduction).

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

28 Financial and capital commitments

The Group had no significant capital commitments at the year-end date (2025: 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 85–117.

In addition to their salaries, the Group also provides non-cash benefits to Directors and contributes to their pension arrangements as disclosed on page 94. Key management personnel also participate in the Group's share option programme (see note 25).

Key management personnel compensation comprises:

	2026 £m	2025 £m
Total fixed pay as analysed in the Directors' Remuneration report	**2.3**	2.6
Payments to past Directors and payment for loss of office as disclosed in the Directors' Remuneration report	**1.3**	–
Bonus as analysed in the Directors' Remuneration report	**1.6**	1.5
Employer's national insurance contributions	**1.9**	1.1
Share-based payment charge[1]	**2.3**	2.1
Total key management personnel compensation	**9.4**	7.3

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

	2026 £m	2025 £m
Construction services and materials	**0.3**	1.1
Staff and associated costs	**2.0**	2.5
Management services	**1.7**	1.4
Interest on loans to joint ventures	**0.5**	0.1
Plant hire	**0.2**	0.2
	4.6	5.3

Trading balances with joint ventures

	2026 £m	2025 £m
Trading balances due from joint ventures	**–**	7.2
Trading balances due to joint ventures	**(0.7)**	(0.6)

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 2026

30 Subsidiaries and other undertakings

A full list of subsidiaries, branches, associated undertakings and joint arrangements as at 30 June 2026 is detailed below. Unless stated otherwise, all undertakings are wholly owned and held indirectly by Kier Group plc.

Subsidiaries

Company name	Registered office[1]	Share class(es) held	% held by Group
00931371 Limited (formerly Marriott Limited) (in liquidation)	12	Ordinary	100%
A C Chesters & Son Limited (dissolved 11 August 2026)	1	Ordinary	100%
Arena Central Developments LLP	1	–	100%
Arena Central Management Limited	1	A Ordinary	100%
			25%[1]
Caribbean Construction Company Limited	2	Ordinary	100%
Caxton Integrated Services Holdings Limited (dissolved 29 July 2026)	12	Ordinary	100%
Clearbox 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 (dissolved 29 July 2026)	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 (in liquidation)	1	Ordinary	100%
Kier Benefits Limited	1	Ordinary	100%
Kier Build Limited	1	Ordinary	100%
Kier Business Services Limited	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[2]	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[2]	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 Ewan Limited (dissolved 11 August 2026)	1	Ordinary	100%
Kier Facilities Services Limited	1	Ordinary	100%
Kier Finance & Treasury Holdings Limited (dissolved 11 August 2026)	1	Ordinary	100%
Kier Finance Limited (dissolved 11 August 2026)	1	Ordinary	100%
Kier Fleet Services Limited	1	Ordinary	100%
Kier Green Investments Limited	1	Ordinary	100%
Kier Group Trustees Limited[3]	1	Ordinary	100%
Kier Holdings Limited	1	Ordinary	100%
		Irredeemable preference	100%
Kier Infrastructure and Overseas Limited	1	Ordinary	100%
Kier Infrastructure and Overseas Limited – Jamaica Branch			

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

30 Subsidiaries and other undertakings continued

Subsidiaries continued

Company name	Registered office[1]	Share class(es) held	% held by Group
Kier Infrastructure and Overseas Limited – Trinidad Branch			
Kier Infrastructure Pty Ltd	8	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 (in liquidation)	9	Ordinary	100%
Kier Limited[3]	1	Ordinary	100%
Kier Logistics (Knowsley) Ltd	1	Ordinary	100%
Kier 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 National Limited	1	Ordinary	100%
Kier North Tyneside Limited (in liquidation)	12	B Ordinary	100%
			80%[1]
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 (dissolved 11 August 2026)	1	Ordinary A	100%
Kier Plant Limited	1	Ordinary	100%

Company name	Registered office[1]	Share class(es) held	% held by Group
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 (in liquidation)	12	Ordinary	100%
Kier Recycling CIC	1	Ordinary	100%
Kier Services Limited	1	Ordinary	100%
Kier Sheffield LLP (dissolved 29 July 2026)	12	–	80.1%
Kier South Wokingham LLP	1	–	100%
Kier Stoke Limited (in liquidation)	12	Ordinary	100%
Kier Sydenham Limited	1	Ordinary	100%
Kier Transportal 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%
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%
Pure Recycling Warwick Limited	1	Ordinary A	100%
		Ordinary B	100%
Robert Marriott Group Limited (in liquidation)	12	Ordinary	100%
T H Construction Limited	1	Ordinary	100%
T J Brent Limited	1	Ordinary	100%
		Ordinary B	100%
		Ordinary C	100%

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

30 Subsidiaries and other undertakings continued

Subsidiaries continued

Company name	Registered office[1]	Share class(es) held	% held by Group
Tempsford Insurance Company Limited[3]	10	Ordinary	100%
Tor2 Limited (dissolved 29 July 2026)	12	PSP Shares	100% 80.01%[1]
TradeDirect Logistics Limited (dissolved 11 August 2026)	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%
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 184.

Notes

1. Total interest in entity held by the Group as there are other share class(es) held by a third party.
2. Accounted for as a subsidiary as control is achieved through an agreement between shareholders.
3. Shares held directly by Kier Group plc.

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
Arena Central Developments LLP	OC305452	30 June 2026
Dragon Lane Holdings 1 LLP	OC398919	30 June 2026
Dragon Lane Holdings 2 LLP	OC398920	30 June 2026
Dragon Lane LLP	OC398924	30 June 2026
Kier (Catterick) Limited	07372563	30 June 2026
Kier (Newcastle) Investment Ltd	09978111	30 June 2026
Kier (Newcastle) Operation Limited	10609470	30 June 2026
Kier (NR) Limited	06648175	30 June 2026
Kier Build Limited	01551959	30 June 2026
Kier Business Services Limited	03679828	30 June 2026
Kier Commercial Investments Limited	04002798	30 June 2026
Kier Developments Limited	04407754	30 June 2026
Kier Education Investments Limited	06458919	30 June 2026
Kier Education Services Limited	05457729	30 June 2026
Kier Fleet Services Limited	02127113	30 June 2026
Kier Green Investments Limited	08922437	30 June 2026
Kier Holdings Limited	05887559	30 June 2026
Kier Integrated Services (Estates) Limited	00216679	30 June 2026
Kier Integrated Services (Holdings) Limited	04321657	30 June 2026
Kier Integrated Services Group Limited	02372311	30 June 2026
Kier International (Investments) Limited	01463191	30 June 2026
Kier International Limited	00810557	30 June 2026
Kier Logistics (Knowsley) Ltd	13682851	30 June 2026
Kier Logistics Holdco Ltd	13682160	30 June 2026
Kier Management Consulting Limited	02491619	30 June 2026
Kier MBS Limited	11632543	30 June 2026
Kier Minerals Limited	02099531	30 June 2026
Kier National Limited	02100338	30 June 2026
Kier Overseas (Nine) Limited	01531039	30 June 2026

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

30 Subsidiaries and other undertakings continued

Subsidiaries continued

Company name	Company registration number	Year end
Kier Overseas (Seventeen) Limited	01462100	30 June 2026
Kier Overseas (Twenty-Three) Limited	02127112	30 June 2026
Kier Plant Limited	04233359	30 June 2026
Kier Professional Services Limited	08881783	30 June 2026
Kier Property Limited	04459403	30 June 2026
Kier Property Management Company Limited	06207623	30 June 2026
Kier South Wokingham LLP	OC451168	30 June 2026
Kier Transportal Limited	08658406	30 June 2026
Magnetic Limited	07775665	30 June 2026
McNicholas Construction Services Limited	01510892	30 June 2026
MRBL Limited	08177998	30 June 2026
Pure Recycling Warwick Limited	06436462	30 June 2026
T H Construction Limited	01532971	30 June 2026

Joint ventures

Company name	Registered office[1]	Interest held
Property		
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 and Countryside JV No1 LLP	13	50%
Kier Bishops Stortford Holdings Limited	1	90%
Kier Bishops Stortford 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	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 Holdings 2 Limited	1	50%
Kier HGP Holdings LLP	1	50%
Kier HGP Tunbridge Wells LLP	1	50%
Kier HGP Weybridge LLP (formerly Kier HGP Devco 2 LLP)	1	50%

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

30 Subsidiaries and other undertakings continued

Joint ventures continued

Company name	Registered office[1]	Interest held
Kier Maidenhead Holdings 1 LLP	1	90%
Kier Maidenhead Holdings 2 LLP	1	90%
Kier Maidenhead LLP	1	90%
Kier Logistics (Bognor) Ltd	1	90%
Kier Logistics (Milton Keynes) Ltd	1	90%
Kier 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 Sharston Limited	1	90%
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%
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 (Greenwich) LLP (formerly Solum Regeneration (Haywards) LLP)	1	50%
Solum Regeneration (Harrow) LLP (formerly Solum Regeneration (Walthamstow) LLP)	1	50%
Solum Regeneration (Kingswood) LLP	1	50%
Solum Regeneration (Redhill) LLP	1	50%
Solum Regeneration (Surbiton) LLP	1	50%
Solum Regeneration (Twickenham) LLP	1	50%
Solum Regeneration (Walton) LLP (formerly Solum Regeneration (Maidstone) 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	10%
Watford Health Campus Neighbourhood Square LLP	1	50%
Winsford Devco LLP	1	50%
Winsford Holdings 1 LLP	1	50%
Winsford Holdings 2 LLP	1	50%
Construction		
Kier Graham Defence Limited	1	50%
Services		
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 184.

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

30 Subsidiaries and other undertakings continued

Joint ventures continued

Joint operation name	Description	Trading address
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 Kildaire)	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 Construccion 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
STEP	a joint arrangement between Kier Infrastructure Services Limited and Nuvia Limited	STEP Fusion Program Site, Former West Burton Power Station, Retford, Nottinghamshire, DN22 9BL

Notes to the consolidated financial statements continued

For the year ended 30 June 2026

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	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, 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

1. The share capital of all entities is wholly owned and held indirectly by Kier Group plc unless indicated otherwise.
2. 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.
3. 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.
4. Interests in the above joint ventures are held by subsidiary undertakings.
5. The joint ventures where the Group has an interest in excess of 50% are still considered joint ventures as the Group has joint control.
6. 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 2026

	Note	2026 £m	2025 £m
Non-current assets			
Investments	5	**680.9**	669.7
Deferred tax assets		**3.3**	3.3
Amounts due from subsidiary undertakings	6	**1,519.6**	1,461.2
Non-current assets		**2,203.8**	2,134.2
Current assets			
Cash and cash equivalents		**150.3**	–
Other debtors		**–**	0.5
Current assets		**150.3**	0.5
Total assets		**2,354.1**	2,134.7
Current liabilities			
Bank overdraft		**(978.8)**	(688.3)
Creditors: amounts falling due within one year	7	**(58.7)**	(57.0)
Corporation tax payable		**(8.3)**	(6.4)
Provisions for liabilities		**–**	(0.1)
Current liabilities		**(1,045.8)**	(751.8)
Non-current liabilities			
Creditors: amounts falling due after more than one year	7	**(245.3)**	(244.1)
Non-current liabilities		**(245.3)**	(244.1)
Total liabilities		**(1,291.1)**	(995.9)
Net assets		**1,063.0**	1,138.8
Shareholders' funds			
Called up share capital		**4.5**	4.5
Share premium account		**3.6**	3.6
Merger reserve		**350.6**	350.6
Profit and loss account		**704.3**	780.1
Total equity		**1,063.0**	1,138.8

The loss for the year was £0.9m (2025: profit of £1.5m).

The financial statements of Kier Group plc, company registration number 2708030, on pages 185–189 were approved by the Board of Directors on 14 September 2026 and were signed on its behalf by:

Stuart Togwell
Chief Executive

Tom Hinton
Chief Financial Officer

Company statement of changes in equity

For the year ended 30 June 2026

	Called up share capital £m	Share premium account £m	Merger reserve £m	Profit and loss account £m	Total equity £m
At 1 July 2024	4.5	3.2	350.6	809.9	1,168.2
Profit for the year	–	–	–	1.5	1.5
Total comprehensive income for the year	–	–	–	1.5	1.5
Dividends paid	–	–	–	(24.1)	(24.1)
Issue of own shares	–	0.4	–	–	0.4
Share-based payments	–	–	–	8.9	8.9
Purchase of own shares via employee benefit trust	–	–	–	(9.7)	(9.7)
Purchase of own shares via share buyback	–	–	–	(6.4)	(6.4)
At 30 June 2025	4.5	3.6	350.6	780.1	1,138.8
Loss for the year	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(0.9)**	**(0.9)**
Dividends paid	**–**	**–**	**–**	**(34.1)**	**(34.1)**
Share-based payments	**–**	**–**	**–**	**11.2**	**11.2**
Purchase of own shares via employee benefit trust	**–**	**–**	**–**	**(29.7)**	**(29.7)**
Purchase of own shares via share buyback	**–**	**–**	**–**	**(22.3)**	**(22.3)**
At 30 June 2026	**4.5**	**3.6**	**350.6**	**704.3**	**1,063.0**

Included in the profit and loss account is the balance on the share scheme reserve which comprises the investment in own shares of £19.1m (2025: £14.3m) and a credit balance on the share scheme reserve of £15.5m (2025: £14.3m).

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 2026

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.

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 2026. 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 2025 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 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

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 page 137.

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:

(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.

Notes to the Company financial statements continued

For the year ended 30 June 2026

1 Accounting policies continued

Financial instruments continued

(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.

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.

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 loss for the year was £0.9m (2025: profit of £1.5m).

The auditors' remuneration for audit services to the Company was £0.1m (2025: £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 85–117. The Company has no employees other than the Directors.

4 Dividends

£34.1m dividends have been paid by the Company (2025: £24.1m). See note 11 to the consolidated financial statements.

Notes to the Company financial statements continued

For the year ended 30 June 2026

5 Investments

Details of the Company's subsidiaries at 30 June 2026 are provided in note 30 to the consolidated financial statements.

	2026 £m	2025 £m
At 1 July	**669.7**	455.5
Additions	**–**	205.3
Capital contributions	**11.2**	8.9
At 30 June	**680.9**	669.7

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, which was settled via a reduction in the loan due from Kier Limited.

Capital contributions of £11.2m were made during the year ended 30 June 2026 in relation to share-based payments on behalf of subsidiaries (2025: £8.9m).

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

	2026 £m	2025 £m
Amounts falling due after more than one year:		
Amounts due from subsidiary undertakings[1]	**1,519.6**	1,461.2

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

	2026 £m	2025 £m
Amounts falling due within one year:		
Amounts due to subsidiary undertakings[1]	**47.9**	47.9
Other creditors	**10.8**	9.1
	58.7	57.0
Amounts falling due after more than one year:		
Borrowings	**245.3**	244.1
	245.3	244.1

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 notes 21 and 27 to the consolidated financial statements.

Financial record

(unaudited)

Continuing operations

Year ended 30 June	**2026 £m**	2025 £m	2024 £m	2023 £m	2022 £m
Group revenue including share of joint ventures	**4,393.0**	4,087.8	3,969.4	3,405.4	3,256.5
Less share of joint ventures	**(40.5)**	(10.7)	(64.3)	(24.7)	(112.6)
Group revenue	**4,352.5**	4,077.1	3,905.1	3,380.7	3,143.9
Profit					
Group operating profit[1]	**163.1**	153.0	142.1	116.3	93.6
Share of post-tax results of joint ventures	**(5.6)**	(1.5)	1.6	1.1	26.9
Other income	**12.3**	7.6	6.5	14.1	–
Adjusted operating profit	**169.8**	159.1	150.2	131.5	120.5
Net finance costs before adjusting items	**(33.4)**	(33.7)	(32.1)	(26.7)	(26.4)
Adjusted profit before tax	**136.4**	125.4	118.1	104.8	94.1
Amortisation of acquired intangible assets relating to contract rights	**(19.0)**	(21.6)	(23.2)	(19.2)	(19.7)
Adjusting finance costs	**(1.5)**	(1.9)	(2.9)	(2.9)	(2.8)
Other adjusting items	**(32.1)**	(23.8)	(23.9)	(30.8)	(55.7)
Profit before tax	**83.8**	78.1	68.1	51.9	15.9
Basic earnings per share before adjusting items	**23.5p**	21.6p	20.6p	19.2p	16.8p
Dividend per share	**7.8p**	7.2p	5.2p	–	–
At 30 June					
Net assets (£m)	**511.4**	517.2	520.1	513.0	554.6

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
Total Group revenue	Revenue from the Group from continuing operations including joint ventures	• KPIs • Consolidated income statement
Adjusted operating profit	Operating profit for the year from continuing operations before adjusting items	• KPIs • Note 5
Adjusted profit before tax	Profit before tax for the year from continuing operations before adjusting items	• Note 5
Adjusted earnings per share	Earnings per share for the year generated from continuing operations before adjusting items	• KPIs • Note 12
Cash outflow from adjusting items	Cash flow from operating activities for the year before adjusting items	• Note 5
Net cash	The Group's net cash at the year-end date	• KPIs • Note 21
Average net cash / (debt)	The Group's net cash/(debt) as an average of the month end positions up to the previous year-end date	• KPIs • Note 21
Free cash flow	An alternative cash flow measure to evaluate what is available for distribution	• KPIs • Financial review
Operating free cash flow	Free cash flow before the payment of interest and tax	• Operational review • Financial review
Operating free cash flow conversion	Cash conversion calculated as a percentage of operating free cash flow over adjusted operating profit	• Operational review • Financial review
Adjusted operating margin	Operating margin calculated as a percentage of adjusted operating profit over total Group revenue	• Operational review
Order book	Secured and probable future contract revenue not currently recognised in the financial statements	• KPIs

kier.co.uk

As Kier's primary external platform, our corporate website builds confidence in our capabilities by bringing together company information, technical expertise, project proof points and business performance into a single digital experience. It enables all our stakeholders to better understand our business, expertise and long-term value creation.

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Engage with us and keep up with the latest news and developments via social media.

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Kier Group plc
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2nd Floor
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Clippers Quay
Salford
M50 3XP

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