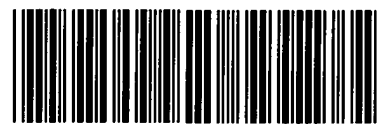


REGISTERED NUMBER: 04273754 (ENGLAND AND WALES)

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

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MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Directors

P D Boyle
S C Smith
M R Atkinson
J C Morgan
O T M Templar-Coates
C K K Gangotra

Company Secretary

L A K Minns (appointed 3 June 2025)
H M Mason (resigned 22 April 2025)

Head Office

Cooper House
Redgrave Close
Cross Point Business Park
Coventry, United Kingdom
CV2 2UU

Registered Office

Kent House
14–17 Market Place
London, United Kingdom
W1W 8AJ

Independent Auditor

Ernst & Young LLP
R+ Building,
2 Blagrove St,
Reading
United Kingdom
RG1 1AZ

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Principal activities

Morgan Sindall Construction & Infrastructure Ltd (hereafter referred to as 'the Company') is a UK construction and infrastructure business with a network of local offices. Our strategy has remained consistent for a number of years: to focus on long-term frameworks that allow us to build more meaningful relationships with our key customers. The Company works for private and public sector customers on projects and frameworks from £150,000 to over £1 billion. Activities range from special works and repairs and maintenance to the design and delivery of complex construction and engineering projects where the Company is able to provide building and civil engineering services. The Company operates across the aviation, commercial, defence, education, emergency services and custodial, energy, healthcare, industrial, leisure and community, nuclear, retail, science and technology, transport and water sectors. The Company is a member of the Morgan Sindall Group plc (hereafter referred to as 'the Group') and its subsidiaries and its activities are included in the Group's Construction and Infrastructure reporting divisions.

Business review

The results for the year and key performance indicators for the Company were as follows:

	Year to 31 December 2025 £000	Year to 31 December 2024 £000	Change
Revenue	1,934,034	1,931,680	+0.1%
Adjusted operating profit ¹	60,774	57,070	+6.5%
Adjusted operating margin ¹	3.1%	3.0%	+10bps
Operating profit	59,077	57,155	+3.4%
Operating margin	3.1%	3.0%	+10bps
Profit after tax	63,920	55,934	+14.3%
Net assets	306,199	298,982	+2.4%
Secured order book ²	2,904,098	2,756,518	+5.4%

¹ Adjusted operating profit and margin is before interest, tax, exceptional items (note 2) and amortisation (note 3).

² The 'secured order book' is the sum of the 'committed order book' and the 'framework order book'. The 'committed order book' represents the Company's share of future revenue that will be derived from signed contracts or letters of intent. The 'framework order book' represents the Company's expected share of revenue from the frameworks on which the Company has been appointed up to 2031. This excludes prospects where confirmation has been received as preferred bidder only, with no formal contract or letter of intent in place.

The Company achieved a steady performance in the year. Revenue for the year was stable at £1,934m (2024: £1,932m), while adjusted operating profit¹ was up 6.5% to £60.8m (2024: £57.1m). The adjusted operating margin¹ was 3.1%, up slightly at 10bps against the prior year (2024: 3.0%). An exceptional Building Safety charge, net of insurance recoveries, of £1.6m was recognised in the year relating to four (2024: four) Construction contracts (2024: £0.1m credit). The operating profit grew slightly by 3.4% to £59.1m (2024: £57.2m). The operating margin was 3.1%, up 10bps against the prior year (2024: 3.0%). The Company's activity is made up of Construction, accounting for 60% of revenue (2024: 54%) and Infrastructure, contributing 40% of revenue (2024: 46%).

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Construction

	Year to 31 December 2025 £000	Year to 31 December 2024 £000	Change
Revenue	1,159,191	1,044,092	+11.0%
Adjusted operating profit ¹	37,034	30,913	+19.8%
Adjusted operating margin ¹	3.2%	3.0%	+20bps
Operating profit	35,366	30,998	+14.1%
Operating margin	3.1%	3.0%	+10bps
Secured order book ²	1,112,219	951,800	+16.9%

¹ Adjusted operating profit and margin is before interest, tax, exceptional items (note 2) and amortisation (note 3).

² The 'secured order book' is the sum of the 'committed order book' and the 'framework order book'. The 'committed order book' represents the Company's share of future revenue that will be derived from signed contracts or letters of intent. The 'framework order book' represents the Company's expected share of revenue from the frameworks on which the Company has been appointed up to 2031. This excludes prospects where confirmation has been received as preferred bidder only, with no formal contract or letter of intent in place.

Construction's revenue increased by 11% to £1,159m (2024: £1,044m), while adjusted operating profit¹ increased by 19.8% to £37.0m (2024: £30.9m), resulting in an expansion to its adjusted operating margin¹ by 20 basis points to 3.2% (2024: 3.0%); in the middle of its targeted range for its operating margin of 3.0%-3.5%. An exceptional Building Safety charge, net of insurance recoveries, of £1.6m was recognised in the year relating to four (2024: four) Construction contracts (2024: £0.1m credit). The strong profit performance was driven by improving the overall quality of earnings from disciplined contract selectivity through to operational delivery and handover, together with prudent risk management within its order book.

Throughout the year, Construction maintained its strong momentum in winning new work, with the secured order book at £1,112m, 16.9% ahead of the prior year (2024: £952m). Of the total, £885m (80% by value) is secured for 2026, this compares to £771m (81% by value) of work which was secured for the year ahead at the start of last year. In addition to its secured order book, there continues to be a significant amount of suitable work available in the market aligned to the sectors that Construction operates within, much of which is being generated through negotiated or existing frameworks. At the end of the year, Construction had £1,452m of work at preferred bidder stage (2024: £1,179m), providing confidence of a sizeable ongoing workload for the forthcoming year.

Education

In the second half of the year, Construction was appointed to the Department for Education's (DfE) framework for projects over £12m in the North and South of England. Additionally, Construction secured five lower value lots (£4.4m to £12m) across various regions.

Project wins during the year included the new £103m Ardrossan Community Campus in Scotland for North Ayrshire Council, which will provide educational facilities for over 1,400 pupils as well as community facilities; a £35m replacement building for Llangatwg Comprehensive School in Neath; a £29m extension and refurbishment of Grade II listed Appleby Grammar School in Appleby-In-Westmorland, Cumbria for the Department for Education (DfE); a £26m, three-storey teaching block at Villiers High School in Ealing; and a £17.6m facility for the University of Salford's Acoustics Department, including anechoic (non-echoing) chambers and lab space.

Construction also secured a number of primary school projects: the £27.4m Balmuidy Primary School and Early Years Centre in Bishopbriggs for East Dunbartonshire Council; the £16.5m Orchard View Primary

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Academy in Aylesbury, the third school delivered as part of the growing Kingsbrook development; the £14.8m Great Haddon Primary School in Peterborough; and the £13.5m Birchington Church of England Primary School for the DfE in Kent.

Completions included the £64.9m King Henry VIII 1,900-place all-through school in Abergavenny; the £59m transformation of a former Debenhams site into the University of Gloucester's new City Campus; the £39m Callerton Academy in Newcastle upon Tyne; the £26.7m Ravensdale special educational needs and disabilities (SEND) school in Mansfield; the £21m new build and refurbishment of the University of Central Lancashire's School of Veterinary Medicine; and the £13m Rosherville Church of England Academy in Northfleet, Kent.

Healthcare

Project wins included two refurbishment projects totalling £13.1m for St Richard's Hospital in Chichester for University Hospitals Sussex NHS Trust: the Same Day Emergency Care unit and a stroke unit. Work started on a £35m theatre and ward expansion at Harrogate District Hospital and an £18m imaging centre at Milton Keynes University Hospital.

Completions included a £25m diagnostic centre for Norfolk and Norwich University Hospital; a £11.2m extension for Grange University Hospital's emergency department in Cwmbran; and a £9m redevelopment of Bradford Royal Infirmary's maternity department.

Other Sectors

Construction secured a series of projects totalling £30m for the Scottish Fire & Rescue Service; a £52m contract to provide retail, residential and commercial units in Bideford, Devon; and a project to construct a £12m operations and maintenance building in Great Yarmouth as part of the Norfolk Offshore Wind Zone.

In leisure, wins included the £24.5m Bishops Auckland leisure centre, via Alliance Leisure and the UK Leisure Framework; the £29.4m Outer West Leisure Centre for Newcastle City Council; and the £17.3m refurbishment of the Princess Royal Theatre for Neath Port Talbot Council, funded by the Levelling Up Fund. Significant completions included a £32m waste recycling centre for Walsall Metropolitan Council; three fire station refurbishments totalling £33.5m; and a £37m refurbishment of Hammerstone Road train depot in Manchester.

Outlook for Construction

The medium-term target for Construction is to deliver an operating margin between 3.0% and 3.5% per annum with an annual revenue target in excess of £1.5bn.

For 2026, based upon its secured order book and projects at preferred bidder stage, together with the timing of projects being delivered, its operating margin is expected to be in the middle of the target range and revenues expected to make continued progress towards £1.5bn.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Infrastructure

	Year to 31 December 2025	Year to 31 December 2024	Change
	£000	£000	
Revenue	774,843	887,588	-12.7%
Adjusted operating profit ³	23,740	26,157	-9.2%
Adjusted operating margin ³	3.1%	2.9%	+20bps
Operating profit	23,711	26,157	-9.4%
Operating margin	3.1%	2.9%	+20bps
Secured order book ²	1,791,879	1,804,718	-0.7%

² The 'secured order book' is the sum of the 'committed order book' and the 'framework order book'. The 'committed order book' represents the Company's share of future revenue that will be derived from signed contracts or letters of intent. The 'framework order book' represents the Company's expected share of revenue from the frameworks on which the Company has been appointed up to 2031. This excludes prospects where confirmation has been received as preferred bidder only, with no formal contract or letter of intent in place.

³ Adjusted operating profit and margin is before interest, tax and amortisation (note 3).

Following its strong work winning successes over the last two years, Infrastructure's trading performance over the full year for both revenue and profits reflected the high proportion of projects at the early contractor involvement stage from those recently awarded large frameworks; while still ensuring it maintained high-quality operational delivery across its existing contract portfolio. Revenue decreased by 12.7% to £775m (2024: £888m) with operating profit declining by 9.4% to £23.7m (2024: £26.2m), while its operating margin expanded by 20 basis points to 3.1% (2024: 2.9%).

Infrastructure's order book of £1,792m remained in line with the prior year (2024: £1,805m) and continues to remain long-term in nature, with a further £660m at preferred bidder stage; noting that around 98% of its orderbook is derived through frameworks. Infrastructure continues to remain focused and well-positioned to deliver long-term sustainable infrastructure solutions for its customers within its key sectors, being nuclear, energy, defence, rail, water and highways. Its markets have significant long-term committed investment programmes in place, largely driven by government and regulatory objectives. Clients are continuing to award large long-term frameworks with its delivery partners, awarding projects focused on delivering the strategic outcomes over the term of the framework.

Nuclear

Infrastructure was appointed as electrical distribution partner on the Sellafield Infrastructure Delivery Partnership; the contract, which was awarded to three partners, has a total value of £2.9bn across its lifecycle, with an initial nine-year term and an option to extend for a further six years. Decommissioning works for Sellafield continued during the year as part of the Infrastructure Strategic Alliance and the £1.6bn Programme and Project Partners contract. Work also progressed at Clyde in Scotland under the Defence Infrastructure Organisation framework.

Energy

Significant growth was achieved in the energy sector during the year. Key awards included a position on National Grid's new £8bn Electricity Transmission Partnership to deliver vital substation work in the North West region and construction works on the Tilbury to Grain project as part of National Grid's Great Grid Partnership to upgrade electricity infrastructure. Additionally, Infrastructure was appointed by Scottish Power Energy Networks as sole contractor for substation and overhead line upgrades on the Denny to Wishaw network, which will enable an additional 1,000MW of green energy to flow through Scotland's central belt. Project completions included the grid supply point project for SSEN at Gremista on Shetland.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Rail

Good progress was made on a number of projects, including the £22m roof replacement at Liverpool Street Station, which will allow more natural light into Britain's busiest station, and restoration works on the River Plym viaduct in Devon, both under Network Rail frameworks.

Works also progressed on upgrades to Beckton Depot and Surrey Quays station for Transport for London; and the delivery of six new stations over 18 miles of track on the Northumberland Line for Northumberland County Council which is leading the scheme in collaboration with the Department for Transport, Network Rail and Northern Trains.

Water

Work completed on the 16-mile West section of the Thames Tideway Tunnel, a 10-year project, delivered in joint venture. The tunnel as a whole protects the Thames by diverting 34 of the most-polluting sewage outflows and aims to reduce sewage spills into the river by 95%.

For Wessex Water, the team began work on several combined sewer overflow projects as part of the AMP8 Framework awarded in 2024. For Welsh Water, Infrastructure's 30-year plus collaborative relationship continues, with the focus on completing schemes under AMP7 Framework in advance of transitioning to AMP8.

Highways & Aviation

Work continued on the £87m M27 project as part of National Highways' Concrete Roads Programme to repair or replace the concrete surface of motorways and major A roads in England.

Infrastructure re-entered the aviation market in 2025, with the award of a place on Gatwick Airport's Construction Framework. The framework is valued at c£270m in total, with project values ranging between £3m and £20m, and is expected to run for four years with an option, subject to scope, to extend by a further two years.

Outlook for Infrastructure

The increased medium-term target for Infrastructure is to deliver annual revenues towards £1.5bn, while its operating margin target remains unchanged, between 3.75% and 4.25% per annum.

For 2026, based upon the timing of projects and the projected type of work, Infrastructure's operating margin is expected to be in the middle of the target range. This is underpinned by its continued focus on long-term client relationships, disciplined contract selectivity, risk management and project delivery.

Financial position and liquidity

The Company's financial position is set out in the Balance Sheet. Total shareholders' funds increased by £7.2m to £306.2m as at 31 December 2025 (2024: £299.0m). This movement primarily reflects post-tax profits of £63.9m, tax credits of £8.5m relating to share-based payments and dividends of £65.2m paid to the Company's shareholder, Morgan Sindall Holdings Limited.

At 31 December 2025, the Company had net current assets of £73.0m (2024: £72.9m), including cash balances of £139.4m (2024: £64.6m). Cash balances include £20.1m (2024: £23.0m) representing the Company's share of cash held within jointly controlled operations.

Average daily cash for the year was £106.5m (2024: £53.6m) and the Company continues to maintain a strong cash generation profile. During the year, an additional building safety provision of £4.8m was identified and recognised as an exceptional item (see note 2 for further details).

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held cash of £590.5m, including £20.3m (2024: £23.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £59.3m (together net cash of £531.2m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2024: £180m), of which £15m matures in June 2028 and £165m matures in October 2028.

Key performance indicators

The Company's financial key performance indicators are described in the business review and the financial position and liquidity above. No other key performance indicators are deemed necessary to explain the development, performance or position of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to:

- securing new work and retaining places on frameworks given the market and economic environment;
- impact of cost inflation and supply chain insolvency;
- health and safety incidents;
- fraud risk and cyber attacks;
- impact of non-adherence to environmental performance requirements;
- skills shortage in the construction industry;
- attracting and retaining talented people;
- contractual risk (including mispricing of contracts, managing changes to contracts and contract disputes, poor project delivery, poor contract selection and building fire safety regulations); and
- counterparty and liquidity risk.

Further discussion of risks and uncertainties in the context of the Group as a whole and how these risks are managed and mitigated, is provided in the strategic report in the Group's 2025 annual report, which does not form part of this report.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

With regard to credit risk, the Company has implemented policies that require appropriate credit checks on potential customers and subcontractors before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the Group.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. Liquidity is provided through cash balances and access to the Group's committed bank loan facilities.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Interest rate risk

In respect of interest rate risk, the Company does not have any significant interest-bearing assets and liabilities. Interest-bearing assets and liabilities include cash balances, overdrafts and amounts owed by Group undertakings, all of which have interest rates applied at floating market rates.

Price risk

The Company has some exposure to commodity price risk as a result of its operations. This risk is managed on a project-by-project basis by limited forward-buying of certain commodities and by negotiating annual purchase agreements with key suppliers. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Section 172(1) statement

The directors of the Company, when taking strategic, financial and operational decisions, consider what is most likely to promote the success of the Company and the Group in the long term, for the benefit of shareholders and having regard to the interests of wider stakeholders. The directors also understand the importance of engaging with key stakeholders and taking their views into account when making decisions as well as considering the impact of our activities on local communities, the environment, including climate change, and the Group's reputation.

In order to maintain a reputation for high standards of business conduct, we adhere to our Group Code of Conduct which states our commitment to our Human Rights Policy and provides a framework for how we should act when engaging with our customers, partners, colleagues and suppliers. The Code of Conduct gives our employees practical guidance on upholding the Group's Core Values and delivering on the Group's strategic priorities which include our Total Commitments to being a responsible business. In addition, our Supplier Code of Conduct provides guidance for our suppliers on our Core Values and Total Commitments and the ethical standards expected by all our stakeholders.

The key activities of the Company's directors during the year included:

General

- Approved the financial statements for the year ended 31 December 2024;
- approved an interim dividend for the year ended 31 December 2025; and
- oversaw the preparation and review of monthly performance reports submitted to the Group Board, covering operational and financial performance, health and safety matters, principal risks and opportunities, and stakeholder engagement activities.

Safety, health and environment

- Monitored safety, health and environmental performance against the Company's established strategy and objectives; and
- continued to progress delivery of the Company's sustainability and climate change commitments.

Strategy

- Oversaw the preparation of the Company's five-year strategic plan and annual budget for submission to, and approval by, the Group Board;
- supervised work-winning activity, contract reviews and risk management processes through the Company's established governance frameworks; and
- approved and managed the relocation of the Company's head office from Rugby to Cooper House in Walsgrave, Coventry.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Business and financial performance

- Received regular, detailed updates on business performance measured against strategic priorities and key performance indicators;
- reviewed and assessed financial performance against budget, including exceptional items, variances from expectations and corresponding operational improvements; and
- monitored payment practices to ensure compliance with the Prompt Payment Code, of which both the Company and the Group are signatories, in support of responsible supplier relationships.

Culture and governance

- Oversaw and assessed the Company's culture using a range of leading and lagging indicators, including results from employee surveys, whistleblowing reports, internal audit findings, health and wellbeing metrics, safety performance data, emerging trends, and progress on inclusion and diversity initiatives; and
- reviewed and monitored the effectiveness of the Company's people-related policies, including those concerning recruitment, development and reward, equality, inclusion and diversity, health and wellbeing, compliance with labour and employment legislation, and adherence to data protection requirements.

Further information, including the Group's Section 172 statement, can be found in the Group's 2025 annual report at morgansindall.com.

Engagement with our key stakeholders

Shareholders

The Company's ultimate shareholder is Morgan Sindall Group plc and its shareholders. We create value for the Group by generating strong and sustainable results that translate into dividends. The directors discuss Company performance with the Group's executive directors in monthly management meetings and provide executive summaries for the Group Board. In addition, the directors routinely engage with the Group Board on topics of strategy, governance and performance. Company strategic plans are reviewed by the Group Board and include information on the impact of our activities on each stakeholder group and the environment.

Employees

Our employees are at the forefront of our business. We are proud of our people who have the passion, commitment and range of expertise we need to support and make a difference for our customers.

Our key priorities are to provide our employees with a fair, respectful and safe environment in which to work; have regard for their health and wellbeing; invest in their personal development and career progression; offer support for flexible working; and create an open and honest culture that promotes inclusion and diversity. Our employee policies are designed to support these goals and take account of external legislation, our Code of Conduct and our Core Values so that we can continue to recruit, develop and retain the talent needed to deliver our strategy.

We believe it is essential to engage with our employees to understand their views and priorities and how they feel about the business.

The Group's 2025 annual report describes how the Group Board engages with employees across the Group and how it reviews the Company's employee engagement activities throughout the year.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Company recognises the need to ensure effective communication with employees and focuses on three key methods of engagement: virtual briefings; leadership briefings; and in-house newsletters and intranet updates. We keep our employees updated with our business goals, market conditions, operational performance, health and wellbeing support, and career advancement and personal development opportunities, using a variety of communication channels. All new employees are given a formal induction programme on joining which includes introducing them to our Core Values and Total Commitments. More information on our Core Values and Total Commitments can be found in the Group's 2025 annual report.

We hold an annual conference for employees where directors and other senior managers communicate key messages and employees have the opportunity to share ideas and experiences with the directors and with colleagues from different roles and regions. We encourage our employees to challenge the status quo and think differently so that they can keep improving; for example, we invite employees to submit ideas via 'innovation portals' for ways of improving our business or on specific topics such as carbon reduction.

The Company has an Employee Forum which provides a formalised structure for feedback. We conduct regular surveys of our employees, following which we analyse their feedback and share with them the results of the surveys together with the actions that we will be undertaking in response and the impact of those activities. During the year, Infrastructure completed a comprehensive employee engagement survey named 'Your voice, Our future', achieving a strong response rate of 75% (2024: 85%) and an employee engagement index of 85% (2024: 84%). Construction also undertook an employee survey during the year, achieving an excellent completion rate of 86%. The feedback received from both surveys continues to inform and shape ongoing actions and improvement initiatives across the Company.

Examples of the actions taken during 2025 include:

Infrastructure:

- Introduced a mentoring platform designed to strengthen learning and development and enhance knowledge-sharing across the business. By year end, 143 employees had registered on the platform, resulting in 35 successful mentor-mentee matches.
- Implemented new 'Reward Principles' to increase transparency around career pathways and ensure that pay and benefits are applied fairly and consistently throughout the organisation.
- Launched the 'Healthy Hearts and Minds' campaign, aimed at improving employee health and wellbeing through practical daily activities focused on fitness, sleep, nutrition and overall wellbeing.
- Expanded wellbeing support by offering health screening assessments and enhancing the medical cashback benefit.
- Continued the 'Reach Higher' talent development programme, progressing a second cohort to further strengthen leadership capability and career development pathways.
- Introduced an enhanced internal redeployment approach, providing a more structured and positive process for employee movement within the business. This initiative contributed to reduced redundancy costs and supported the retention of critical skills.

Construction:

- Refreshed the 'Academy' training platform to further strengthen the provision of learning and development resources across the business.
- Completed a comprehensive talent-mapping and succession-planning exercise to support long-term workforce development and inform future learning and development opportunities.

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

- Delivered monthly 'Function Focus' webinars, providing employees with the opportunity to deepen their understanding of the business, engage with colleagues across regions and enhance cross-functional collaboration.
- Rolled out the Developing Business Leadership programme to support the development of emerging leaders and reinforce future leadership capability within the business.

In Construction, as part of our ongoing commitment to supporting our employees we have retained our Investors in People's 'We invest in People' Platinum status and our 'We invest in Wellbeing' Gold accreditation. In addition, Infrastructure achieved Gold status for 'We invest in People' and 'We invest in Wellbeing'.

A Save As You Earn (SAYE) Plan is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount, to encourage employee engagement with the business performance and progress.

Inclusion and diversity

We recognise that diversity of thought, perspectives and experiences drive innovation and provide competitive advantage and therefore ensure that our employment practices promote an inclusive and diverse work environment. We are committed to creating opportunities for career growth and building a continuous learning culture. We hold personal development conversations with our employees throughout their careers with us and help them gain the skills they need to support their ambitions and drive the business forward.

We have an employee working group which develops action plans to improve inclusion. These include focusing on our recruitment and retention processes, promoting careers in the industry and supporting *inclusion and diversity in our supply chain*. We have also established a number of employee networks, which have actively promoted, supported and advanced our diversity ambitions. These networks have contributed through initiatives such as reviewing our family-friendly policies, providing input into internal campaigns, and supporting relevant national programmes.

Disabled employees

The Company's policy aligns with the Group policy to give full and fair consideration to job applications made by disabled people; commit to making reasonable adjustments to their role and responsibilities; and offer the training and support they need to give them the same opportunities for progression as our other employees. Further details of our approach can be found on page 17.

Engagement with customers and partners, suppliers and local communities

We believe the best approach to developing and nurturing long-term relationships is to base them on trust, by maintaining regular dialogue, listening attentively, being open and transparent when giving information, and working collaboratively.

Suppliers

Our long-standing relationships with supply chain partners are essential to the successful delivery of our projects. To support our supply chain, we are committed to leveraging our reach to roll out our standards of ethics and compliance, while working with them to drive sustainable actions on behalf of our customers.

We engage proactively with our supply chain, monitoring performance against defined criteria and providing constructive feedback to support continuous improvement. The Group's whistleblowing service is also accessible to our suppliers, enabling them to raise concerns about any behaviours or decisions that

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

may fall short of the standards set out in our Supplier Code of Conduct.

A key element in building and maintaining trust with our supply chain is our continued commitment to prompt payment. We adhere to the Prompt Payment Code and during the six months to 31 December 2025, we paid 98% of invoices within 60 days (December 2024: 98%), thereby maintaining performance above the Prompt Payment Code's 95% threshold. Our average payment days improved to 23 days (December 2024: 25 days), and the proportion of invoices paid to agreed terms remained at 97% (December 2024: 97%). We continue to monitor our payment practices closely and publish our payment performance data every six months in line with UK statutory requirements.

Customers, partners and communities

We work with a diverse range of customers across the public, commercial and regulated sectors, including local authorities. In delivering our projects, we also take into account the needs of local communities and the end users who will occupy or benefit from the assets and infrastructure we create. Maintaining strong, long-term relationships with our customers and partners is fundamental to the Company's success. The Group's decentralised operating model enables us to engage with customers and partners at a local level and tailor our services to meet their specific requirements.

A core value of the Group is that the customer comes first. This principle is embedded through our Perfect Delivery approach, which includes developing a customer charter for each project to clearly define our customers' objectives. This ensures we remain focused on delivering against these objectives throughout the project life cycle and respond promptly to any issues that may arise.

Our activities contribute positively to local communities by providing sustainable, low-carbon buildings and infrastructure; operating as a considerate contractor who minimises disruption; and supporting the local economy through job creation and the engagement of local suppliers and services. We engage with communities through consultation with residents before and during our projects, undertaking planning consultations for each project and phase, offering training and employment opportunities, partnering with schools and colleges to promote careers in construction, and supporting both local and national charities as well as wider community initiatives through volunteering.

During the year, Construction's 'Just Transition' programme launched six regionally-funded initiatives designed to support an equitable green transition. These initiatives were shaped by an expert panel and developed to deliver long-term, place-based benefits. We also continued to meet project social value requirements throughout 2025, complemented by additional voluntary activities undertaken through our 'Enhancing Communities' approach. In parallel, a dedicated project was initiated to strengthen the collection, storage and reporting of social value data, with stakeholder mapping and regional workshops informing the design of an improved solution aligned to operational needs.

More broadly, we engaged with stakeholders at industry events such as Footprint+, participated in national forums focused on timber and the circular economy, and collaborated with industry bodies to advance carbon literacy. These activities further strengthened relationships with clients, supply chain partners and community stakeholders. To enhance internal alignment, we also completed and published a revised Social Value and Sustainability Policy, providing a consistent framework through which to assess the effectiveness and integrity of the social, economic and environmental contributions we make within the communities we serve.

During the year, Infrastructure's Nuclear team partnered with Inspira, a leading employability skills organisation, to deliver a 'World of Work' day for 50 Year 9 students. The initiative aimed to enhance

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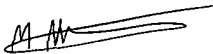
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

students' understanding of the workplace, the skills required for future employability, and the breadth of career opportunities available within the labour market.

Also, during the year, five female engineers from Infrastructure participated in the 'Aspiration Inspiration Careers Fair' at a girls' high school in East London, engaging with approximately 1,500 students. Their involvement contributed to challenging industry stereotypes and supporting a more inclusive pipeline of future STEM talent. By sharing professional insights and practical experiences, they helped raise aspirations and demonstrate that careers in the sector are accessible to young women.

We report to the Group Board of directors on a monthly basis on details of our relationships with our supply chain, customers and local communities, including feedback and satisfaction metrics and details of community initiatives. Further information on the Group's engagement with stakeholders and how it delivers on its Total Commitments can be found in the Group's 2025 annual report.

Approved by and on behalf of the Board



M Atkinson
Finance Director
12 March 2026

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and the audited financial statements for the year ended 31 December 2025. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. These financial statements have been prepared under United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law.

Corporate governance statement

In line with The Companies (Miscellaneous Reporting) Regulations 2018, the following section sets out the corporate governance arrangements that the Company has had in place during the year. Further information which demonstrates how the Board makes decisions for the long-term success of the Company and its stakeholders, including how the directors ensure the Company complies with section 172 of the Companies Act 2006, can be found in the strategic report on pages 2 to 13.

The Company's ultimate parent, Morgan Sindall Group plc, applies the UK Corporate Governance Code (the 'Code') to fulfil its governance reporting requirements (a copy of the Group's consolidated accounts can be found at morgansindall.com). Having taken this into account, we have chosen not to apply a separate code, however, this report explains how the Company has embedded the corporate governance arrangements established by the Group into its operations.

Board leadership and company purpose

The Group operates a decentralised philosophy in which each division operates independently within its own markets and areas of expertise. To ensure good governance practices are in place and the desired culture is embedded throughout the Group, the executive directors of the ultimate parent company are appointed as directors on each of the divisional companies' boards. This ensures that clear lines of communication between the Group Board and the Company's Board are maintained.

The overall Group purpose of harnessing the energy of our people to achieve the improbable is reinforced by the Company through the expertise it offers in construction and infrastructure. Where appropriate, we collaborate with our sister companies in the Group to maximise our offering to customers. The Group's Core Values and Total Commitments are integral to our culture and business strategy. The directors ensure that the values, strategy and culture align and are implemented and communicated consistently through the Company's workforce, for example through inductions for all new starters and regular on-site health and safety briefings for our employees and supply chain. In addition, all employees receive a regular newsletter of business news and activities.

Division of responsibilities

The Group's decentralised philosophy gives the Company's directors the flexibility and autonomy to tailor resources and respond quickly to the needs of our own customers and partners. The Group's system of delegated authorities empowers decision-making at the appropriate management levels, dependent on knowledge and industry experience. Divisional delegated authorities ensure that oversight is always maintained and that the directors retain control of key decisions affecting the Company.

The managing directors of the Company are members of the Group management team which meets regularly to consider strategic and operational matters affecting the Group as a whole. These include risk, health and safety, strategy, the Group budget and responsible business strategy.

Representatives from the Company also participate in cross-divisional protecting people and HR forums, IT security steering group, climate action panel, and supply chain and social value panels,

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which act as channels for sharing ideas and best practice and ensuring that good governance is adopted across the Group.

Composition, succession and evaluation

A biography for the executive directors of the Group Board and the managing directors of the Company can be found in the leadership section of the Group's website: morgansindall.com. The Company's directors are supported by a management team, of which details can be found on our websites: morgansindallconstruction.com and morgansindallinfrastructure.com.

Our succession plans are reviewed by the Group Board's nomination committee. The Group and Company are committed to ensuring an inclusive and diverse workforce where everyone, regardless of background, can feel included and respected. For further information on inclusion and diversity, please see the strategic report and governance section in the Group's 2025 annual report.

While we do not formally evaluate the Board of the Company, the directors and employees are subject to an annual appraisal process which includes the setting of objectives and identification of individual training and development needs.

Audit, risk and internal control

The Group Board's audit committee is responsible for appointing and overseeing the relationship with the Group's external auditor. As part of the internal review process of the external auditor, the Company's finance team feeds back on various matters to the Group audit committee to facilitate its assessment of the external auditor's effectiveness.

The Group Board is responsible for setting the Group's risk appetite. To support the Group's risk review process, the Company carries out a twice-yearly detailed review of risk, recording significant matters in our risk register. Each risk is evaluated, both before and after the effect of mitigation, on its likelihood of occurrence and severity of impact on our strategy. The Group head of audit and assurance reviews the Company's risk register as part of the process of compiling the Group risk register. Further information on our principal risks can be found in our strategic report on page 7.

Remuneration

The Company's remuneration practices are in line with the remuneration policy established by the Group Board's remuneration committee to ensure a coherent and fair approach is taken across the Group. Our primary objectives are to set remuneration that is competitive in the marketplace which helps motivate and retain the calibre of employees required to deliver the Company's and Group strategy. Details of staff costs including directors' remuneration and information regarding the Company's pension commitments are provided in the notes to these accounts on pages 40 to 51.

For further information on the Group's corporate governance arrangements, see the governance section of the Group's 2025 annual report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities, are described in the strategic report on pages 2 to 13.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

concern period, which the directors have defined as the date of approval of the 31 December 2025 financial statements through to 31 March 2027.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held cash of £590.5m, including £20.3m (2024: £23.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £59.3m (together net cash of £531.2m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2024: £180m), of which £15m matures in June 2028 and £165m matures in October 2028.

The Company's future workload is healthy with a secured order book of £2,904m, of which £1,515m relates to the 12 months ending 31 December 2026. The Company had a strong financial position at the year end with net current assets of £73.0m (2024: £72.9m), including cash of £139.4m (2024: £64.6m) as at 31 December 2025. Included within cash is £20.1m (2024: £23.0m) which is the Company's share of cash held within jointly controlled operations. Included in the amounts falling due within one year, the amounts owed by Group undertakings of £345.8m (2024: £375.0m) is payable on demand and is expected to be settled within a period of 12 months. The Company have received a letter from the Group undertaking confirming that it will be repaid if recalled. Moreover, the directors have reviewed the counterparty's liquidity and satisfied that they have sufficient cashflows to pay the money back when recalled.

The directors have reviewed the Company's forecasts and projections for the going concern period to 31 March 2027, including applying a sensitivity analysis to assess the Company's resilience to the potential financial impact on the Company of any plausible losses of revenue or operating profit, which could arise from one of the principal risks to the business occurring. This showed that the Company would still have sufficient cash flows throughout the period to 31 March 2027.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support, through a letter of support for the going concern period to 31 March 2027, to assist the Company in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence to the end of the going concern period, which is 31 March 2027. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The financial risk management policies of the Company are disclosed in the strategic report.

Directors

The directors who served during the year are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2025.

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its

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directors and officers and the directors and officers of its associated companies. The Group has also indemnified certain directors of its Group companies, to the extent permitted by law, against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year (2024: nil).

Dividends

An interim dividend of £65.2m (2024: £60.0m) was paid during the year. The directors do not recommend the payment of a final dividend (2024: £nil).

Post balance sheet events

On 28 February 2026, the United States and Israel launched major military strikes across Iran, resulting in heightened regional instability. At this time, the Company has not observed any impact on its operations and continues to monitor potential supply-chain risks. These events are considered non-adjusting subsequent events, as their duration and ultimate impact remain uncertain.

Political contributions

The Company made no political contributions during the year (2024: none).

Employment policies

The Company insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted based on their merits, abilities and potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Engagement with employees and other stakeholders

Details on engagement with employees and other stakeholders can be found in the strategic report on pages 9 to 11.

Environmental performance

The Group was the third construction company globally to submit its carbon targets for validation by the Science Based Targets initiative (SBTi) in 2017 and, in 2023, we revalidated our commitments to align to a more ambitious 1.5°C reduction scenario. Subsequently, we retained our target to reduce our Scope 1 and 2 and emissions by 60% for 2030, and a stretch target to deliver a 90% reduction by 2045. We also set a Scope 3 reduction commitment targeting a 42% reduction by 2030 and a 90% reduction by 2045 against a 2020 baseline to meet net zero.

As of 2025, the Group remains on track to achieve its medium-term climate ambitions¹. Since 2019, we have achieved a 55% reduction in our Scope 1 and 2 emissions. In 2025, the Group expanded its voluntary environmental data disclosure, including further external validation of Scope 3 data across our divisions². Work to rebaseline our Scope 3 emissions in line with updated methodologies also took place, resulting in a 1% increase year-on-year. In 2026 we will undertake further work to target and

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accelerate our Scope 3 reduction efforts.

Beyond our direct operations, we empower customers, teams and partners to reduce and avoid emissions associated with projects. Since 2021, CarboniCa, an RICS-approved carbon intelligence tool, has been used on over 840 projects. The industry-leading software undertakes a Whole Life Carbon Assessment (WLCA) of a project to highlight its most carbon-intensive elements and recommend lower-carbon alternatives. By deploying this early in the design phase, CarboniCa continues to generate significant emissions savings for our business and customers.

Through these efforts, the Group retained its 'AAA' MSCI rating for the fifth consecutive year and achieved an 'A-' for CDP Climate. Furthermore, we were named as a 2025 European Climate Leader by the Financial Times and a 'Low Carbon Leader' by Sustainalytics for our climate transition strategy. A summary of our 2025 environmental highlights include:

- A 55% reduction in Scope 1 and Scope 2 emissions since 2019
- A 1% increase in Scope 3 emissions year-on-year
- 99% of the Group's car fleet are hybrid and electric vehicles
- > 840 projects have implemented CarboniCa since 2020

1. The Group's medium-term science-based targets refer to a 60% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions by 2030, with long-term targets aiming for a 90% reduction across all carbon emissions (Scope 1, 2 and 3) by 2045.
2. The Group's 20,000 owned Peatland Carbon Units (PCU's) will be used to offset its residual emissions as part of its net zero targets.

Further detail of the Group's environmental performance, including reporting in line with the requirements of the Task Force on Climate-related Financial Disclosure (TCFD) and Streamline Energy and Carbon Reporting (SECR) regulation, can be found in the Group's 2025 annual report.

The Company continued to make meaningful progress during the year in delivering against its environmental strategy and long-term net zero ambitions.

Construction

In 2025, Construction made significant progress in improving environmental performance across its operations. The year commenced with the publication of clear KPI definitions for 'Improving the Environment', establishing a consistent and transparent framework for measuring performance. Waste reduction remained a key focus, supported by a full audit of primary waste brokers to assess capability and compliance, as well as trials of cut-to-order plasterboard aimed at reducing material waste and informing future practice. This contributed to waste reducing from 1.52 tonnes to 1.20 tonnes per £100k of revenue across all our projects.

Carbon reduction continued to be central to our environmental strategy. Supported by a network of carbon champions across the business, emissions intensity (Scopes 1 and 2) improved from 212 kgCO₂e to 157 kgCO₂e per £100k revenue. We also introduced real-time environmental dashboards, enabling project teams to monitor KPIs and proactively address data quality issues.

We continued to demonstrate industry leadership through the Carbon Reduction Code, which we helped adapt for subcontractors and subsequently rolled out across our supply chain using our Supply Chain Carbon Maturity Framework, providing SMEs with a cost-free route to decarbonisation. In collaboration with our supply chain, our 10 Tonne Carbon Challenge achieved record results, delivering cumulative carbon savings of more than 62,671 tCO₂e since 2021. Project participation in the challenge remained steady at circa 55% (2024: circa 57%). Scope 3 emissions were validated using CarboniCa

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data, maintaining our position at the forefront of advanced carbon reporting.

CarboniCa remained a major area of focus, with the proportion of projects achieving a quality-assured assessment increasing from 35% in 2024 to 39% in 2025. The tool received third-party validation against the latest RICS standards and by the year end, redevelopment work had progressed significantly under a joint venture with Once For All, ensuring its continued evolution as a market-leading solution. The education version of CarboniCa was also launched to support embodied-carbon literacy across the supply chain and future generations.

During the year, we initiated Post Occupancy Evaluation (POE) trials on six projects to capture and analyse energy performance data, supported by our technology partner EPX. These trials will strengthen our ability to deliver operational efficiency for clients. By the year end, 23% of our projects had a basic POE in place, up from 15% in 2024.

In product procurement, we have strengthened our ethical approach through the implementation of a solar panel policy restricting high-risk products linked to modern slavery. We have also engaged at various levels with the UK timber industry and internal stakeholders to support and de-risk delivery of the government's Timber Industrial Strategy.

More broadly, we advanced our nature-related performance by establishing baseline water-consumption data across sites, supporting the development of new reduction targets for 2026. Multiple biodiversity enhancement projects progressed during the year through our Project Carbon Award programme and local social value initiatives. The proportion of projects supported by a biodiversity net gain assessment increased to 28%, up from 19% in 2024.

Infrastructure

In 2025, Infrastructure further strengthened its commitment to reducing the environmental impacts of its projects and operational activities. This work was guided by an 'Improving the Environment' strategy, which focuses on five core areas: capability development; sustainable procurement; environmental improvement and net gain; incident management; and the Integrated Management System, covering waste, water, ecology, and biodiversity.

We successfully maintained our ISO certification following BSI audits and continued to apply our environmental management plan, supporting project teams in proactively identifying, assessing and mitigating environmental risks.

During the year, the Environmental Leadership Forum was refreshed, and the remit of the Safety and Health Leadership Team was expanded to formally include environment responsibilities, now operating as SHELT. This forum is accountable for the delivery of environmental strategy across Infrastructure and has introduced quarterly recognition awards and dedicated leadership engagement days to support performance improvement and positive cultural change.

Progress was also made against the 'Fuel Free Sites' standard, with teams adopting a range of solutions to reduce and ultimately eliminate the use of fossil fuels. In addition to solar and wind alternatives, hydrogen emerged as a significant opportunity. The Nuclear and Rail teams advanced the deployment of hydrogen-powered mobile plant, recognising its potential to support substantial carbon reduction as the technology continues to evolve.

Innovative approaches continued across projects, notably on the Welsh Water Framework, where the

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Trebanos Wastewater Treatment Works team became the first in the UK to trial the Soil Steam Unit from Norway. The unit eradicates Japanese knotweed using steam rather than chemicals, resulting in a saving of £0.5m.

We also marked World Environment Day in support of the UN's 'Beat Plastic Pollution' campaign, with teams organising local clean-ups, litter-picking activities, quizzes and awareness-raising sessions across the network.

Infrastructure continued to measure and report usage of electricity, gas and water usage alongside waste generation and diversion from landfill. Looking ahead, our environmental metrics will focus on leading indicators for positive interventions, leadership engagement and 'Improving the Environment' case studies, while the environmental incident frequency rate will remain a key lagging indicator for ongoing monitoring.

Infrastructure, emissions intensity (Scope 1 and scope 2) has slightly deteriorated in the year from 368 kgCO₂e to 395 kgCO₂e per £100k of revenue, but this entirely due to the decrease in revenue for Infrastructure. The absolute figure for these emissions has reduced from 3,809 tCO₂e in 2024 to 3212 tCO₂e this year.

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed reappointment of Ernst & Young LLP as auditors.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under company law the 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 Company and of the profit or loss of the

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and corporate governance statement that comply with that law and those regulations.

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

Approved for and on behalf of the Board



M Atkinson
Finance Director
12 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD FOR THE YEAR ENDED 31 DECEMBER 2025

Opinion

We have audited the financial statements of Morgan Sindall Construction & Infrastructure Limited for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 25, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial statement close process, we confirmed our understanding of management's going concern assessment process.
- We performed an assessment on the Company's stand-alone going concern assessment as outlined in the below procedures.
- We assessed the reasonableness of the cash flow forecast by analysing management's historical forecasting accuracy and evaluating the key assumptions used in the forecast.
- We considered the methodology used to prepare the forecast. We also tested the clerical accuracy and logical integrity of the model used to prepare the Company's going concern assessment.
- We performed further sensitivity analysis and assessed management's reverse stress testing in order to identify what scenarios (for example, the extent cash flows would need to deteriorate) could lead to the Company utilising all liquidity during the going concern period, and whether these scenarios were plausible.
- The Company is part of a cash pooling arrangement. We have obtained the confirmation of the balance in the bank account as well as testing the actual cash balance presented in the financial statements.
- We have obtained a copy of the letter of support the Company received from Morgan Sindall Group PLC confirming that it will provide financial support as needed for the period from the date the financial statements are authorised for issue until 31 March 2027. We have also assessed the ability

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD FOR THE YEAR ENDED 31 DECEMBER 2025

of the parent to provide such support, if needed, with the aid of our colleagues in the primary audit team. We performed an independent stress test to understand what it would take to breach available liquidity and evaluate cash resources. We considered plausible downside risk scenarios of the group's cash flow forecast and their impact on forecast liquidity, specifically whether the downside risks were reasonably possible. We corroborated all of our testing with the primary audit team.

- We obtained management's group approved forecast cash flows which covers a period to 31 March 2027. We reviewed the forecasts and management's two modelled downside scenarios.
- In order to assess whether management's going concern assessment period was appropriate, we inquired of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and compared their response to their forward order book and market forecasts (e.g., in respect of inflation risk).
- We considered whether the going concern disclosures included in the financial statements were appropriate and in conformity with applicable reporting standards.

The results from management's sensitivity analysis and reverse stress testing indicates that in order to breach the Company's liquidity, over the going concern period, the Company's operating profit would need to significantly deteriorate, which is significantly worse than any of the plausible downside scenarios.

The parent entity has confirmed it is willing and able to provide financial support, if required, to enable the entity to meet its liabilities as they fall due for the going concern period.

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 company's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD FOR THE YEAR ENDED 31 DECEMBER 2025

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD FOR THE YEAR ENDED 31 DECEMBER 2025

resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101, the Companies Act 2006, The Companies (Miscellaneous Reporting) Regulations 2018), the Building Safety Act and the relevant tax compliance regulations in the UK.
- We understood how Morgan Sindall Construction & Infrastructure Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Board and the Group's Audit Committee.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitor those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures are set out below and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
 - We performed risk assessment of the contract population and selected a sample of higher-risk contracts (based on value and/or complexity) and obtained an understanding of the contract terms, key operational or commercial issues, judgements impacting the contract position and contract revenue and margin recognised. Factors we considered when determining higher-risk contracts to select includes the size of the contract, contracts with significant unagreed income amounts, low margin and loss-making contracts or contracts with a significant deterioration in margin, and stage of completion;
 - Discussed contract risks with both the Construction and Infrastructure divisional, management, internal audit and heads of legal.
 - Performed walkthroughs of the significant classes of revenue transactions recognised over time and assessed the design effectiveness of key controls;
 - Performed site visits at a selection of higher-risk contracts in order to corroborate the contract positions in person through review of the operations and discussions with contract personnel on-site to form an independent view on the judgements taken;
 - Detailed review of the signed contract agreements to understand the commercial terms and review any legal correspondence or expert advice that has been obtained to support any contract positions recorded;
 - Assessed the appropriateness of supporting evidence and the requirements of IFRS 15 and the Group's accounting policies (e.g. where contracts include additional entitlements for variations and claims, both for and against the Group);
 - Assessed the appropriateness of the accruals at year end and ensure these have been incurred and not materially overstated/understated;
 - Challenged the level of unagreed income or contract assets and the adequacy of the evidence (e.g. future certifications and cash receipts) to assess their recognition and recoverability;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD FOR THE YEAR ENDED 31 DECEMBER 2025

- Reviewed contract asset balances and challenged management on the recovery of aged balances at the year end, which have not been provided for, including consideration of counterparty risk;
 - Assessed the reasonableness of calculations of estimated costs to complete, which included understanding the risks/outstanding works on the contract, the impact of any delays or other delivery issues, impact of inflation and the related provisions for cost escalations that have been recognised;
 - Assessed the appropriateness of cost allocations across contracts, including evaluation of whether there has been any manipulation of costs between profit-making and loss-making contracts;
 - Challenged the rationale for material provisions held at a contract/division level and concluded if these are appropriate;
 - Challenged the level of onerous contract provisions recognised for loss-making contracts as well as any cost contingencies on the remaining contracts at year end;
 - Assessed the correlation between revenue, contract assets and cash balances using data analytical tools or through other substantive test of detail procedures; and
 - Reviewed material unusual journal entries recorded to assess whether these have been properly authorised, are appropriately substantiated and are for a valid business purpose.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing with a focus on journals indicating unusual transactions based on our understanding of the business, involvement of internal forensic specialists, enquiries of management, and focussed testing as defined above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Financial Statements with the requirements of the relevant accounting standards and applicable UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Katie Dallimore-Fox

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Katie Dallimore-Fox (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading, United Kingdom
12 March 2026

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £000	2024 £000
Revenue	1	1,934,034	1,931,680
Cost of sales		(1,739,285)	(1,756,740)
Gross profit		194,749	174,940
Analysed as:			
Adjusted gross profit		196,397	174,855
Exceptional building safety items	2	(1,648)	85
Amortisation of intangible assets		(49)	-
Administrative expenses		(132,294)	(117,785)
Impairment loss on non-financial assets	9	(3,329)	-
Operating profit	3	59,077	57,155
Analysed as:			
Adjusted operating profit		60,774	57,070
Exceptional building safety items	2	(1,648)	85
Amortisation of intangible assets	8	(49)	-
Dividend income		5,000	5,000
Interest receivable	6	15,984	11,838
Interest payable	6	(451)	(540)
Profit before tax		79,610	73,453
Analysed as:			
Adjusted profit before tax		81,307	73,368
Exceptional building safety items	2	(1,648)	85
Amortisation of intangible assets	8	(49)	-
Tax	7	(15,690)	(17,519)
Profit for the financial year attributable to the owners of the Company	20	63,920	55,934
Items that may be reclassified subsequently to profit or loss:			
Losses arising during the year on cash flow hedges		(5)	(82)
Reclassification from cashflow hedges to the income statement		-	4
Other comprehensive loss		(5)	(78)
Total comprehensive income for the year attributable to owners of the Company		63,915	55,856

Continuing operations


The results for the current and previous financial years derive from continuing operations.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

BALANCE SHEET AS AT 31 DECEMBER 2025

	Notes	2025 £000	2024 £000
Non-current assets			
Intangible assets	8	120,827	120,502
Property, plant and equipment	9	17,973	14,991
Investments in subsidiaries	10	111,371	111,371
		250,171	246,864
Current assets			
Asset held for sale	11	1,000	-
Contract assets	12	77,697	79,139
Trade and other receivables	13	503,022	505,571
Current tax asset		6,277	4,121
Cash and cash equivalents	14	139,396	64,558
		727,392	653,389
Total assets		977,563	900,253
Current liabilities			
Contract liabilities	12	(79,696)	(76,983)
Trade and other payables	15	(536,806)	(458,565)
Lease liabilities	23	(1,779)	(2,304)
Provisions	16	(36,160)	(42,685)
		(654,441)	(580,537)
Net current assets		72,951	72,852
Non-current liabilities			
Lease liabilities	23	(7,323)	(4,026)
Provisions	16	(1,537)	(1,226)
Deferred tax liabilities	17	(8,063)	(15,482)
		(16,923)	(20,734)
Total liabilities		(671,364)	(601,271)
Net assets		306,199	298,982
Capital and reserves			
Share capital	18	220,900	220,900
Share premium account	19	11,372	11,372
Other reserves		(87)	(82)
Retained earnings	20	74,014	66,792
Total shareholder's funds		306,199	298,982

The financial statements of Morgan Sindall Construction & Infrastructure Ltd (Company number 04273754) were approved by the Board and authorised for issue on 12 March 2026. They were signed on its behalf by:



..... M Atkinson, Finance Director
12 March 2026

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital (Note 18) £000	Share premium account (Note 19) £000	Other reserves £000	Retained earnings (Note 20) £000	Total £000
At 1 January 2024	220,900	11,372	(4)	70,858	303,126
Total comprehensive income	-	-	(78)	55,934	55,856
Dividends paid	-	-	-	(60,000)	(60,000)
At 1 January 2025	220,900	11,372	(82)	66,792	298,982
Total comprehensive income	-	-	(5)	63,920	63,915
Dividends paid	-	-	-	(65,162)	(65,162)
Tax relating to share-based payments	-	-	-	8,464	8,464
At 31 December 2025	220,900	11,372	(87)	74,014	306,199

Other reserves relates to losses arising during the year on cash flow hedges.

Further details in respect of the dividends paid are disclosed in note 20.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

General information

Morgan Sindall Construction & Infrastructure Ltd ('the Company') is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 13. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and with the requirements of the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at morgansindall.com.

The financial statements have been prepared under the historical cost convention except where otherwise indicated.

These financial statements are presented in pounds sterling which is the Company's functional currency. All financial information, unless otherwise stated, has been rounded to the nearest £1,000.

The immediate parent undertaking of the Company is Morgan Sindall Holdings Limited, which is registered in England and Wales.

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are publicly available from morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the preparation of consolidated financial statements because it is included in the Group accounts of Morgan Sindall Group plc. These financial statements are separate financial statements and present information about the Company as an individual undertaking and not of the Group.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Adoption of new and revised standards

(i) New and revised accounting standards adopted by the Company

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'

(ii) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early

At the date of the financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 18 'Presentation and Disclosures in Financial Statements'

The Company is currently assessing the impact of the standards but do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities, are set out in the strategic report on pages 2 to 13.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2025 financial statements through to 31 March 2027.

The Company participates in the Group's in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held cash of £590.5m, including £20.3m (2024: £23.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £59.3m (together net cash of £531.2m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2024: £180m), of which £15m matures in June 2028 and £165m matures in October 2028.

The Company's future workload is healthy with a secured order book of £2,904m, of which £1,515m relates to the 12 months ending 31 December 2026. The Company had a strong financial position at the year end with net current assets of £73.0m (2024: £72.9m), including cash of £139.4m (2024: £64.6m) as at 31 December 2025. Included within cash is £20.1m (2024: £23.0m) which is the Company's share of cash held within jointly controlled operations. Included in the amounts falling due within one year, the amounts owed by Group undertakings of £345.8m (2024: £375.0m) is payable on

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

demand and is expected to be settled within a period of 12 months. The Company have received a letter from the Group undertaking confirming that it will be repaid if recalled. Moreover, the directors have reviewed the counterparty's liquidity and satisfied that they have sufficient cashflows to pay the money back when recalled.

The directors have reviewed the Company's forecasts and projections for the going concern period to 31 March 2027, including applying a sensitivity analysis to assess the Company's resilience to the potential financial impact on the Company of any plausible losses of revenue or operating profit, which could arise from one of the principal risks to the business occurring. This showed that the Company would still have sufficient cash flows throughout the period to 31 March 2027.

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support, through a letter of support for the going concern period to 31 March 2027, to assist the Company in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence to the end of the going concern period, which is 31 March 2027. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Joint arrangements

The Company operates unincorporated joint arrangements, which is a contractual arrangement whereby the Company undertakes economic activity that is subject to control with third parties. These fall under the category of joint operations as defined by IFRS 11. In accordance with IFRS 11, the Company accounts for its own share of turnover, profits, assets, liabilities and cashflows measured in accordance to the terms of the agreements.

Intangible fixed assets – goodwill

Goodwill arises on business combinations and represents the excess of the cost of an acquisition over the Company's share of the identifiable net assets acquired at the acquisition date. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and equity interests issued by the Company in exchange for control of the acquiree. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in administrative expenses as incurred. All identifiable assets and liabilities acquired and contingent liabilities assumed are initially measured at their fair values at the acquisition date.

Where the cost is less than the Company's share of the identifiable net assets, the difference is recognised in the statement of comprehensive income and as a gain from a bargain purchase.

Goodwill arising on acquisitions before the date of transition to FRS101 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill is tested for impairment annually.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Intangible fixed assets – software

Intangible fixed assets that are acquired separately, such as software, are recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives for the Company's finite life intangible assets are five years.

Property, plant and equipment

Freehold and leasehold property, plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets, less estimated residual value, over their estimated useful lives as follows:

Freehold buildings	50 years
Plant, equipment, fixtures and fittings	between three and ten years
Right of use assets	over the period of the lease

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Residual value is calculated on prices prevailing at the date of acquisition.

Investments in subsidiaries

Investments held as non-current assets are stated at cost less provision for impairment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale or its remeasurement to fair value less costs to sell is presented as part of a single line item.

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT and is recognised as follows:

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Construction and infrastructure services contracts

All of the Company's revenue is derived from construction and infrastructure services contracts. These services are provided to customers across a wide variety of sectors and the size and duration of the contracts and frameworks can vary significantly from a few weeks to more than 10 years.

All contracts are considered to contain only one performance obligation for the purposes of recognising revenue. Whilst the scope of works may include a number of different components, in the context of construction and infrastructure services activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically satisfied over time. For fixed price construction contracts progress is measured through a valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed such as changes in scope. For cost-reimbursable infrastructure services contracts progress is measured based on the costs incurred to date as a proportion of the estimated total cost and an assessment of the final contract price payable.

Variations are not included in the estimated total contract price until the customer has agreed in principle the revised scope of work.

Where the scope has been agreed but the corresponding change in price has not yet been agreed, only the amount that is considered highly probable not to reverse in the future is included in the estimated total contract price.

Where delays to the programme of works are anticipated and liquidated damages would be contractually due, the estimated total contract price is reduced accordingly. This is only mitigated by expected extensions of time or commercial resolution being achieved where it is highly probable that this will not lead to a significant reversal in the future.

For cost reimbursable contracts, expected pain share is recognised in the estimated total contract price immediately whilst anticipated gain share and performance bonuses are only recognised at the point that they are agreed by the customer.

In order to recognise the profit over time it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration of or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defects liability period.

Once the outcome of a construction contract can be estimated reliably, margin is recognised in the statement of comprehensive income in line with the stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in statement of comprehensive income.

Contract balances

Contract assets

Contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Contract Liabilities

Contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. Contract liabilities are recognised as revenue when performance obligation to the customer has been satisfied.

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e., they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered.

Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered, in which case they are capitalised to the extent they will be recovered in future periods.

Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are immediately expensed.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company's accounting policy on property, plant and equipment. The amount charged to the statement of comprehensive income comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Pensions

The Company contributes to various defined pension schemes and to other employees' personal pension arrangements, which are of a defined contribution type. For all schemes the amount charged to the statement of comprehensive income is equal to the contributions payable in respect of the year. Differences between contributions payable in respect of the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profits, or differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

Dividends

Dividends to the Company shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

All recognised financial assets and financial liabilities are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets and financial liabilities.

The Company recognises lifetime expected credit losses to trade receivables and contract assets. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivative financial instruments are stated in the balance sheet at fair value. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where financial instruments are designated as cash flow hedges and are deemed to be effective, gains and losses on measurement relating to the effective portion are recognised in equity and gains and losses on the ineffective portion are recognised in the statement of comprehensive income.

Grants

Grants received are credited to the statement of comprehensive income during the life of the project to which they relate or, for grants received from the Construction Industry Training Board, as training is provided to employees. Differences between the amount recognised in the statement of comprehensive income and the amount received are shown as either deferred income or accrued income in the balance sheet.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are recognised for events covered by the Company's captive or self-insurance arrangements, legal claims and restructuring.

When the Company expects some or all of a provision to be reimbursed, for example, under an

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insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the reimbursement has met the virtually certain recognition criteria.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption as part of the Company's normal identifiable operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities in line with the Company's normal course of business and for which the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and estimates in applying the Company's accounting policies

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- **Revenue and profit recognition for long term contracts (judgement and estimate)**

In order to determine the revenue and profit recognition in respect of the Company's construction and infrastructure service contracts, the Company has to estimate the total costs to deliver the contract as well as the final contract value. The Company has to allocate total expected costs between the amount incurred on the contract to the end of the reporting period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of judgement and estimation.

The final contract value may include assessments of the recovery of variations which have yet to be agreed with the customer, as well as additional compensation claim amounts. The amount of variations and claims are often not fully agreed with the customer due to timing and requirements of the normal contractual process. Therefore, assessments are based on judgement and estimates of the potential cost impact of the compensation claims, and the revenue recognised is constrained to amounts where the Group believes it is highly probable that a significant reversal will not occur. The estimation of costs to complete is based on all available relevant information and may include judgements and estimates of any potential defect liabilities or liquidated damages

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for unagreed scope or timing variations. Costs incurred in advance of the contract or contract fulfilment costs that are directly attributable to the contract may also be included as part of the total costs to complete the contract. Judgement is required to consider when any pre-contract costs or contract fulfilment costs are directly attributable to a specific contract and the recognition of the related costs over the life of the contract.

The reference to estimates above is not intended to comply with the requirements of paragraph 125 of IAS 1 'Presentation of Financial Statements' as it is not expected there is a significant risk of a material adjustment to the carrying amount of assets and liabilities within the next financial year. The above is presented as additional disclosure in order to give more detail on the process for revenue and profit recognition for long term contracts.

- **Building safety provisions (estimate)**

Management have reviewed legal and constructive obligations with regard to remedial work to rectify legacy building safety issues. Where obligations exist, these have been evaluated for the likely cost to address, including repayments of the Building Safety Fund, and an appropriate provision has been created.

The ongoing legislative and regulatory changes in respect of legacy building safety issues create uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation, recoveries from other parties (which would only be recognised when virtually certain to be received) and the time to be considered. This implies inherent uncertainty as to the precise future obligations of the Company in respect of building fire safety issues.

Management has recognised a provision based on its best estimate of the future obligations. However, should the costs of remediation increase by 5%, due to factors such as higher than expected inflation, the impact on the remediation costs would be £1.2m.

Please see note 16 for further detail.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Analysis of revenue and profit before taxation

All revenue and profit before taxation relates to the Company's principal activity carried out in the UK. All revenue was derived from construction and infrastructure services contracts.

	2025 £000	2024 £000
Revenue from Construction contracts	1,159,191	1,044,092
Revenue from Infrastructure contracts	774,843	887,588
Total revenue	1,934,034	1,931,680

All revenue is recognised on performance obligations satisfied over time. There was no revenue recognised on performance obligations satisfied at a point in time (2024: £nil).

2. Exceptional items

	2025 £000	2024 £000
Additions on building safety provisions	4,798	3,737
Insurance and recoveries recognised in receivables	(3,150)	(3,822)
Total exceptional building safety charge/(credit) within cost of sales	1,648	(85)

In the current year, legal and constructive obligations related to the Building Safety Act and associated fire safety regulations have been assessed based on further information. The overall building safety items is a net charge of £1.6m (2024: net gain £0.1m) and is shown separately as an exceptional item consistent with prior year treatment.

3. Operating profit

	2025 £000	2024 £000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
-owned assets	2,262	2,716
-right of use assets	2,596	2,577
Amortisation of intangible fixed assets	49	-
Impairment of fixed assets	3,329	-
Loss on sale of tangible fixed assets	1	2
Gain on termination of right of use assets	-	(1)
Fees payable to the Company's auditor for the audit of the Company's annual accounts	500	480

Impairment of fixed assets of £3.3m (2024: £nil) was recognised during the year following the decision to relocate the Company's head office. Non-audit fees payable by the Company during the year were £nil (2024: £nil). The allocation of amortisation is as follows: Construction £20,000 (2024: £nil) and Infrastructure £29,000 (2024: £nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

4. Staff costs

	2025	2024
	£000	£000
Wages and salaries	302,692	281,777
Social security costs	39,912	33,603
Redundancy costs	3,015	2,660
Pension costs	13,953	12,651
	359,572	330,691

	No.	No.
The average number of employees (including executive directors) during the year was:	3,683	3,579

5. Directors' remuneration

	2025	2024
	£000	£000
Directors' remuneration		
Emoluments	3,017	2,851
Long term incentive schemes	1,924	1,051
Company contributions to money purchase pension scheme	31	32
	4,972	3,934

Remuneration of the highest paid director

Emoluments	947	910
Long term incentive schemes	977	534

	No.	No.
The number of directors who:		
- are members of money purchase pension schemes	4	3
- exercised options over shares in the ultimate parent	3	3
- received shares under long term incentive schemes in the ultimate parent	2	2

Two current directors of the Company received no emoluments (2024: nil) in their capacity as directors of this Company. These individuals are remunerated by another company in the Group and the apportionment of the remuneration in respect of qualifying services as directors of this Company is inconsequential

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6. Net interest receivable/(payable)

	2025	2024
	£000	£000
Bank interest receivable	4,049	2,178
Other interest receivable	11,935	9,660
Interest receivable	15,984	11,838
Bank interest payable	-	(180)
Interest payable on lease liabilities	(451)	(360)
Interest payable	(451)	(540)

Other interest receivable includes interest on amounts owed by Group undertakings.

7. Tax

	2025	2024
	£000	£000
UK corporation tax charge on profit for the year	18,515	17,198
Adjustment in respect of previous years	(2,942)	(61)
Total current tax	15,573	17,137
Change in tax rate used to calculate deferred tax balances	314	(32)
Adjustment in respect of previous years	(197)	414
Total deferred tax (note 16)	117	382
Total tax expense	15,690	17,519

Corporation tax is calculated at 25% (2024: 25%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2025	2024
	£000	£000
Profit before tax	79,610	73,453
Tax on profit at corporation tax rate	19,903	18,363
<i>Factors affecting the charge for the year:</i>		
Adjustment in respect of previous years	(3,139)	353
Expenses not deductible for tax purposes	127	93
Other	49	(40)
Dividend income for which no tax liability is due	(1,250)	(1,250)
Total tax expense	15,690	17,519

The UK statutory Corporation Tax rate was 25% (2024: 25%). Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwinding of each asset or liability. Accordingly deferred tax balances as at 31 December 2025 have been calculated at 25% (2024: 25%).

Pillar Two legislation has been enacted in the United Kingdom, where the Company operates. The Company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. Based on the assessment performed, the Pillar Two effective tax rate is above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Company does not expect a potential exposure to Pillar Two top-up taxes and has accrued no liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

8. Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
As at 1 January 2025	120,502	-	120,502
Additions	-	374	374
As at 31 December 2025	120,502	374	120,876
Amortisation			
As at 1 January 2025	-	-	-
Charge for the year	-	(49)	(49)
As at 31 December 2025	-	(49)	(49)
Net book value			
As at 31 December 2025	120,502	325	120,827
As at 31 December 2024	120,502	-	120,502

Goodwill represents the value of people, track record and expertise acquired within acquisitions that are not capable of being individually identified and separately recognised. Goodwill is allocated to the cash generating units that are expected to benefit from the business combination. The allocation is as follows: *Construction £68.7m (2024: £68.7m) and Infrastructure £51.8m (2024: £51.8m).*

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In testing goodwill and other intangible assets for impairment, the recoverable amount of each cash-generating unit has been estimated from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the forecast revenue and margin and discount rates. Forecast revenue and margin are based on past performance, secured workload and workload likely to be achievable in the short to medium term, given trends in the relevant market sector as well as macroeconomic factors.

Cash flow forecasts have been determined by using Board approved budgets for the next three years. Cash flows beyond three years have been extrapolated into perpetuity using an estimated nominal growth rate of 3.0% (2024: 3.4%). The nominal growth rate decreased from the prior year due to the increase in inflation forecasts from the prior year. This growth rate does not exceed the long-term average for the relevant markets.

Discount rates are pre-tax and reflect the current market assessment of the time value of money and the risks specific to the Company. The risk-adjusted nominal rate used for the goodwill balance is 13.8% (2024: 12.3%).

The increased discount rates in 2025 are due to a higher risk-free rate and an increased market risk premium for the UK.

In carrying out this exercise, no impairment of goodwill or other intangible assets has been identified. No reasonably foreseeable change in the assumptions used within the value-in-use calculations would cause an impairment in any of the segments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9. Property, plant and equipment

	Freehold property and land £000	Plant, equipment, fixtures and fittings £000	Right-of- use assets - Leasehold property £000	Total £000
Cost				
As at 1 January 2025	4,258	15,325	12,695	32,278
Additions	-	7,114	5,056	12,170
Disposals	-	(1,784)	(1,519)	(3,303)
Transfer asset held for sale	(4,258)	-	-	(4,258)
As at 31 December 2025	-	20,655	16,232	36,887
Accumulated depreciation and impairment				
As at 1 January 2025	(67)	(10,560)	(6,660)	(17,287)
Charge for the year	(19)	(2,243)	(2,596)	(4,858)
Impairment	(3,172)	(157)	-	(3,329)
Disposals	-	1,783	1,519	3,302
Transfer asset held for sale	3,258	-	-	3,258
As at 31 December 2025	-	(11,177)	(7,737)	(18,914)
Net book value				
As at 31 December 2025	-	9,478	8,495	17,973
As at 31 December 2024	4,191	4,765	6,035	14,991

The Company holds some property, plant and equipment that is fully depreciated. The cost and accumulated depreciation amounts of this fully written down plant, property and equipment is £7.0m (2024: £6.0m). Right-of-use assets – Leasehold property additions in the year includes £3.6m for the Company's new head office.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10. Investments in subsidiaries

	Subsidiaries £000
Cost and net book value	
At 1 January 2025	111,371
At 31 December 2025	111,371

The details of the Company's subsidiaries are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company unless otherwise indicated.

Name of company	Direct or indirect holding	Principal activity	Group's interest in allotted capital
Bluestone Limited	Direct	Dormant	100%
Morgan Sindall All Together Cumbria CIC ¹	Direct	Labour services	100%
MS (MEST) Limited	Direct	Non-trading	100%
Morgan Utilities Limited	Indirect	Dormant	100%
Newman Insurance Company Limited ²	Indirect	Insurance	100%
Morgan Sindall Engineering Solutions Limited	Direct	Design services	100%

Key:

¹ Community Interest Company (Company limited by guarantee)

² Registered and operating in Guernsey, registered office address C/o Willis Management (Guernsey) Limited, Suite 1 North, First Floor, Albert House, South Esplanade, St Peter Port, Guernsey GY1 1AJ.

11. Non-current asset held for sale

During the year ended 31 December 2025, the Company vacated its Rugby Head Office following a strategic relocation. The property is no longer in operational use and is actively marketed for sale. Details of asset and the written down value of the freehold property and land are disclosed in note 9.

In line with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the asset has been reclassified as held for sale based on:

- Immediate availability for sale,
- Management commitment to disposal,
- Active buyer search and marketing,
- Reasonable pricing relative to fair value and
- Expected sale completion within 12 months.

The asset has been remeasured at the lower of the carrying amount and fair value less costs to sell. No depreciation has been charged post classification.

	2025 £000	2024 £000
Property, plant & equipment	1,000	-
	1,000	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

12. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	2025 £000	2024 £000
Contract assets	77,697	79,139
Contract liabilities	(79,696)	(76,983)

The contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts certificates are issued by the customer on a monthly basis.

The Company has taken advantage of the practical expedient in paragraph 94 of IFRS 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2025 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and the contract liabilities during the period are as follows:

	2025 £000		2024 £000	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
As at 1 January	79,139	(76,983)	58,832	(54,883)
Revenue recognised				
- performance obligations satisfied in the period	1,857,051	76,983	1,876,797	54,883
Cash received for performance obligations not yet satisfied	-	(79,696)	-	(76,983)
Amounts transferred to trade receivables	(1,858,493)	-	(1,856,490)	-
As at 31 December	77,697	(79,696)	79,139	(76,983)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the balance sheet date:

	2026 £m	2027 £m	2028+ £m	Total £m
As at 31 December 2025	1,515	679	710	2,904

Of these amounts, £2.4m relates to performance obligations to be satisfied for in-progress contracts at the year end.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

13. Trade and other receivables

	2025 £000	2024 £000
Amounts falling due within one year		
Trade receivables	96,671	63,356
Amounts owed by Group undertakings	345,840	375,378
Prepayments and accrued income	2,085	1,775
Insurance receivables	16,996	21,156
Other receivables	13,177	14,083
	474,769	475,748
Amounts falling due after more than one year		
Trade receivables	28,253	29,823
	503,022	505,571

Amounts owed by Group undertakings are payable on demand, are not interest bearing and are expected to be settled within 12 months from the balance sheet date.

Retentions held by customers for contract work at 31 December 2025 were £59.3m (2024: £57.4m) and are included within trade receivables. These will be collected in the normal operating cycle of the Company. The Company manages the collection of retentions through its post completion project *monitoring procedures and ongoing contract with customers* to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly.

The Company holds third-party insurances that may mitigate the contract and legal liabilities described in note 16 – Provisions for liabilities and note 22 – Contingent liabilities. Insurance receivables are recognised when reimbursement from insurers is virtually certain.

14. Cash and bank balances

	2025 £000	2024 £000
Cash and cash equivalents	139,396	64,558
	139,396	64,558

Included within cash and bank balances is £20.1m (2024: £23.0m) which is the Company's share of cash held within jointly controlled operations.

15. Trade and other payables

	2025 £000	2024 £000
Amounts falling due within one year		
Trade payables	59,075	63,152
Amounts owed to Group undertakings	10,928	9,072
Other tax and social security	65,505	59,255
Other payables	4,161	3,736
Accruals and deferred income	397,137	323,350
	536,806	458,565

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Trade payables include £33.5m (2024: £32.7m) of retentions payable to sub-contractors, a proportion of which £15.0m (2024: £12.2m) are expected to be settled after a period of more than 12 months. However, considering they fall due within the normal operating cycle of the Company, they have been considered and presented as a current liability.

Amounts owed by Group undertakings of £10.9m (2024: £9.1m), of which £6.8m (2024: £6.8m) is expected to be settled after a period of more than 12 months, are payable on demand and are not interest bearing.

16. Provisions for liabilities

	Building Safety £000	Contract & legal £000	Property £000	Total £000
At 1 January 2025	22,028	20,657	1,226	43,911
Created	4,798	9,964	311	15,073
Utilised	(3,273)	(5,095)	-	(8,368)
Released	-	(12,919)	-	(12,919)
Balance at 31 December 2025	23,553	12,607	1,537	37,697
Current	23,553	12,607	-	36,160
Non-current	-	-	1,537	1,537
Balance at 31 December 2025	23,553	12,607	1,537	37,697

Building safety provisions

Management have reviewed legal and constructive obligations with regard to remedial work to rectify legacy building safety issues. Where obligations exist, these have been evaluated for the likely cost to address, including repayments of the Building Safety Fund. As a result of this review process provisions are recognised, as reported in the table above, excluding those recognised in joint ventures.

See note 2 for further detail.

The Company also holds third-party insurances that may mitigate the liabilities. Third-party insurance reimbursement in respect of these provisions has been recognised as a separate asset, but only when the reimbursement is virtually certain. See notes 2 and 13 for details of mitigating insurance receivables recognised at the period end.

Note 22 includes details of contingent liabilities related to building safety.

Contract and legal provisions

Contract and legal provisions include liabilities, loss provisions, defect and warranty provisions on contracts that have reached completion.

The Company also holds third-party insurances that may mitigate the liabilities. Third-party insurance reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. See note 13 for details of mitigating insurance assets recognised at the period end.

Note 22 includes details of contingent liabilities related to claims.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Property

Provisions for property include directors' assessment of office repairs required on self-repairing leases. These are expected to be utilised within five years.

17. Deferred tax liability

	Accelerated capital allowances	Goodwill	Short term timing differences	Share- based payments	Total
	£000	£000	£000	£000	£000
At 1 January 2025	(1,908)	18,498	(1,490)	-	15,100
Income statement charge (note 7)	(154)	520	16	-	382
Balance at 31 December 2024	(2,062)	19,018	(1,474)	-	15,482
Income statement charge (note 7)	744	1,264	(683)	(1,208)	117
Credit to equity	-	-	-	(7,536)	(7,536)
Balance at 31 December 2025	(1,318)	20,282	(2,157)	(8,744)	8,063

Certain deferred tax assets and liabilities, as shown above, have been offset as the Company has a legally enforceable right to do so.

18. Share capital

	2025 £000	2024 £000
Issued and fully paid		
220,899,981 ordinary shares of £1 each	220,900	220,900

The Company has one class of ordinary share which carries no rights to fixed income.

19. Share premium account

	2025 £000	2024 £000
Share premium on shares	11,372	11,372

20. Retained earnings

	2025 £000	2024 £000
Balance as at 1 January	66,792	70,858
Profit for the year	63,920	55,934
Dividends	(65,162)	(60,000)
Tax relating to share-based payments	8,464	-
Balance as at 31 December	74,014	66,792

During the year, the Company paid dividends of £65.2m (equivalent to 29.5p per ordinary share) (2024: £60.0m, equivalent to 27.2p per share ordinary share) to its immediate parent company Morgan Sindall Holdings Limited. A deferred tax asset relating to parent-issued share-based payment arrangement has been recognised in the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

21. Pension commitments

The Company contributes to various defined contribution pension schemes for employees. The total cost charged to the statement of comprehensive income of £14.0m (2024: £12.6m) represents contributions payable to the schemes by the Company. The pension creditor at 31 December 2025 was £2.5m (2024: £2.3m).

22. Contingent liabilities

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

Contingent liabilities may also arise in respect of subcontractor and other third-party claims made against the Group, in the normal course of trading. These claims can include those relating to health and safety incidents, cladding/legacy fire safety matters, and defects. A provision for such claims is only recognised to the extent that the directors believe that the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements. Recoveries under insurance arrangements are recognised as insurance receivables when they are considered virtually certain.

Building safety

At 31 December 2025, the Company held provisions in respect of liabilities arising from the Building Safety Act and other associated fire regulations totalling £23.6m (2024: £22.0m).

The ongoing legislative and regulatory changes in respect of legacy building safety issues create uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation, recoveries from other parties and the time to be considered. It is possible that as remediation work proceeds, additional remedial works are required that may not have been identified from the reviews and physical inspections undertaken to date. The scope of buildings and remediation works to be considered may also change as legislation and regulations continue to evolve.

Uncertainties also exist in respect of the timing and extent of expected recoveries from other third parties involved in developments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Lease liabilities

The Company leases assets including property and software. The average lease term is six years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2025 are set out below:

	2025		2024	
	Leasehold buildings	Total	Leasehold buildings	Total
	£000	£000	£000	£000
Maturity analysis				
Within one year	2,145	2,145	2,552	2,552
Within two to five years	5,263	5,263	3,694	3,694
After more than five years	3,968	3,968	892	892
Total undiscounted cashflows	11,376	11,376	7,138	7,138
Deduct impact of discounting	(2,274)	(2,274)	(808)	(808)
As at 31 December	9,102	9,102	6,330	6,330

	2025		2024	
	Leasehold buildings	Total	Leasehold buildings	Total
	£000	£000	£000	£000
As at 1 January	6,330	6,330	6,366	6,366
Additions	5,055	5,055	2,557	2,557
Terminations	-	-	(15)	(15)
Repayments	(2,734)	(2,734)	(2,938)	(2,938)
Interest expenses	451	451	360	360
As at 31 December	9,102	9,102	6,330	6,330

Leasehold buildings additions in the year includes £3.6m for the Company's new head office.

24. Related party transactions

In the ordinary course of business, the Company has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 13 and 15 of these financial statements.

25. Subsequent events

On 28 February 2026, the United States and Israel launched major military strikes across Iran, resulting in heightened regional instability. At this time, the Company has not observed any impact on its operations and continues to monitor potential supply-chain risks. These events are considered non-adjusting subsequent events, as their duration and ultimate impact remain uncertain.