13 AUGUST 2026

COSTAIN GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

Strong H1 performance; FY 26 expectations unchanged
On track to deliver step change in performance in FY 27 and beyond

Costain Group plc ("Costain", the "Group", or the "Company"), the UK infrastructure solutions specialist, announces its interim results for the six months ended 30 June 2026 ("H1 26").

Alex Vaughan, Chief Executive Officer, commented: *"I'm pleased to report another strong performance in the first half of 2026, putting us on track to deliver FY 26 revenue, operating profit and margin in line with the Board's expectations and a sixth consecutive year of profit growth. Our first half performance, with revenue growth and further growth in operating profit, and our robust balance sheet, has supported a significant year-on-year increase in shareholder returns.*

"Our forward work is maintained at the record £7.0bn FY 25 position, with new long-term customer partnerships and breakthroughs into key target segments such as the 'Great Grid Upgrade' and new reservoirs. Costain is now at a key inflection point where the strength of our growing, resilient end markets, strategic positioning with our customers and high-quality forward work position is set to deliver growth in H2 26 and a step change in our financial performance in FY 27 and beyond."

Continued strong performance reflecting the quality, resilience and balance of contract portfolio

- Revenue up 3.4% to £543.1m (H1 25: £525.4m), marking a key inflection point as we commence a step change in revenue followed by a sustained period of growth.
- Adjusted operating profit[1] up 3.0% to £17.3m (H1 25: £16.8m), adjusted operating margin[1] maintained at 3.2% (H1 25: 3.2%). Reported operating profit up 5.5% to £17.3m (H1 25: £16.4m), with no adjusting items in the period (H1 25: £0.4m).
- Adjusted EPS[1] up 3.6% to 5.7p (H1 25: 5.5p). Reported EPS up by 5.6% to 5.7p (H1 25: 5.4p).

Balance sheet strength and cash generation enabling significant increase in shareholder returns

- Net cash of £164.4m (H1 25: £144.9m, FY 25: £189.3m) after an £8.2m dividend payment (H1 25: £4.9m) and £7.6m deployed on the share buyback programme (38% of FY 26 programme).
- Interim dividend doubled to 2.0p (H1 25: 1.0p), reflecting the Group's new target dividend cover of 2.5x adjusted earnings (previously 3x adjusted earnings).

Sustained market momentum and record forward work position underpins growth prospects

- New customers won in key target segments in H1 26 (including electricity transmission, reservoirs, devolved authority rail), further enhancing portfolio quality and resilience.
- Forward work position maintained at record £7.0bn (FY 25: £7.0bn, H1 25: £5.6bn), up 67% over six years and providing visibility of 91% of both FY 26 and FY 27 consensus forecast revenues[*].
- Expect revenue growth in H2 26 compared with H1 26, driven by Water, as the industry transitions from design to construction phase in AMP8, the expansion of our work at Heathrow, and as our M60 Road project moves into its construction phase.

Financial summary

(£m unless otherwise stated)	H1 26	H1 25	Change
Revenue	**543.1**	525.4	3.4%
Adjusted operating profit[1]	**17.3**	16.8	3.0%
Adjusted operating margin	**3.2%**	3.2%	0bps
Adjusted profit before tax[1]	**19.2**	18.6	3.2%
Adjusted EPS[1]	**5.7p**	5.5p	3.6%
Adjusted free cash flow[1]	**(1.4)**	(3.0)	£1.6m
Reported operating profit	**17.3**	16.4	5.5%
Reported profit before tax	**19.2**	18.2	5.5%
Reported EPS	**5.7p**	5.4p	5.6%
Dividend per share	**2.0p**	1.0p	100.0%
Net cash balance[1]	**164.4**	144.9	£19.5m
Forward work position[2]	**£7.0bn**	£5.6bn	£1.4bn

1. See notes 1, 3 and 4 of the financial statements for adjusted metric details and definitions, and Financial Review for reconciliation to reported metrics.
2. Forward work is the total of order book and preferred bidder book which includes revenue from contracts which are partially or fully unsatisfied and probable revenue from frameworks included at allocated volume.

* Company-compiled consensus for FY 26, FY 27 and FY 28 expectations can be found at https://www.costain.com/investors/consensus/.

Enquiries

Investors and analysts Matt Jones, Costain	matt.jones@costain.com +44 (0) 7860 922341
Financial media – Headland Andy Rivett-Carnac Charlie Twigg	costain@headlandconsultancy.com +44 (0) 7968 997 365 +44 (0) 7946 494 568

Analyst & investor presentation

A live webcast of our results by Alex Vaughan (CEO) and Helen Willis (CFO) will be at 9:00am on 13 August 2026. Please register for the event at https://brrmedia.news/COSTHY26. This will be available for playback after the event at https://www.costain.com/.
There will also be a live Q&A session relating to our results via Investor Meet Company at 10:00am on 17 August 2026. Please visit https://www.investormeetcompany.com/costain-group-plc/register-investor to sign up to this meeting.

Use of alternative performance measures

Throughout this release we use 'adjusted' measures to provide users with a clearer picture of the underlying performance of the business. To aid understanding of the underlying and overall performance of the Group, certain amounts that the Board considers to be material or non-recurring in size or nature, or related to the accounting treatment of acquisitions, are adjusted because they are not long term in nature and will not reflect the long-term performance of the Group. This is in line with how management monitors and manages the business on a day-to-day basis. These adjustments are discussed in further detail in the Financial Review and in notes 1 to 4.

GROUP TRADING PERFORMANCE

Strong financial performance reflecting quality, resilience and balance of contract portfolio
We report both statutory results (reported) and results excluding adjusting items (adjusted).

Revenue increased by 3.4% to £543.1m in H1 26 (H1 25: £525.4m), marking an inflection point as we commence a step change in revenue in FY 27 followed by a sustained period of revenue growth beyond.

In Transportation, there was a modest revenue decrease of 3.2%, as expected. The expansion of our work at Heathrow drove growth in Integrated Transport revenue, while Rail revenue was stable as our work on the HS2 Euston tunnels progressed. This was offset by a reduction in Road revenue given the prior year period included the completion of several historic Regional Delivery Partnerships (RDP) framework projects. We expect Road revenue to return to growth in H2 26 and FY 27 as we progress from the design phase into the construction phase on the work won with local authorities and the M60 and M5 strategic road network projects.

In Natural Resources, revenue grew by 13.3%, with increases across all three sectors of Water, Energy, and Defence and Nuclear Energy. In particular, the water industry is now transitioning from the design phase to the construction phase in the AMP8 regulatory cycle and scaling up to deliver the planned doubling of investment in AMP8 compared with AMP7. We have a strong pipeline of work in this sector, underpinning our confidence in the expected uplift in revenue in H2 26 compared to H1 26.

Adjusted operating profit grew by 3.0% to £17.3m (H1 25: £16.8m), reflecting the increase in revenue and a maintained adjusted operating margin of 3.2% (H1 25: 3.2%). Reported operating profit increased by 5.5% to £17.3m (H1 25: £16.4m), with adjusting items of £nil (H1 25: £0.4m). Net finance income was consistent at £1.9m (H1 25: £1.8m).

Adjusted profit before tax increased 3.2% to £19.2m (H1 25: £18.6m). Adjusted basic earnings per share (EPS) increased 3.6% to 5.7p (H1 25: 5.5p), primarily reflecting the increase in adjusted operating profit and a reduced share count following the FY 25 and FY 26 share buyback programmes. Reported profit before tax was up 5.5% at £19.2m (H1 25: £18.2m) and reported basic EPS was up 5.6% at 5.7p (H1 25: 5.4p).

Balance sheet strength enabling increased shareholder returns
Our net cash position at the end of H1 26 was £20m higher than the previous period at £164.4m (H1 25: £144.9m, FY 25: £189.3m) after taking account of higher dividend payments of £8.2m (H1 25: £4.9m) and £7.6m spent on the £20m FY 26 share buyback programme in the period. Our period-end net cash position included cash held by joint operations of £69.6m (H1 25: £59.9m, FY 25: £67.7m). The Group's average month-end net cash balance in the period was £176.0m (H1 25: £149.4m, FY 25: £152.6m) and the Group's average week-end net cash balance in the period was £177.3m (H1 25: £152.9m, FY 25: £149.2m).

Cash flow from operations in H1 26 was £14.1m (H1 25: £13.0m outflow), reflecting increased adjusted operating profits and working capital timing. Adjusted free cash outflow in H1 26 was £1.4m (H1 25: £3.0m). Adjusted free cash flow will increase in H2 26, reflecting the typical second half weighting of adjusted operating profit. During H1 26 we paid 97% of invoices within 60 days (H1 25: 97%).

We expect our FY 26 year-end net cash position to be approximately £170m after the partial unwind of historic working capital benefits, a step up in the purchase of treasury shares linked to our employee share options and awards, and enhanced shareholder returns in the form of the £20m share buyback programme and significantly higher dividend payments.

Significant increase in dividend, target dividend cover reduced to 2.5x adjusted earnings
As announced on 26 January 2026, a new agreement was reached with the Trustee of the defined benefit pension scheme that removed the dividend parity arrangement that previously existed, taking away a significant constraint that had existed in respect of returns to shareholders. Recognising this, the Board undertook a review of its options regarding the dividend and on 10 March 2026 confirmed its intention to pay a final dividend for FY 25 in line with its target of dividend cover of 3x adjusted earnings. The Board regularly reviews its capital allocation policy and, following its latest review, the Group has adopted a new target dividend cover of 2.5x adjusted earnings (previously 3x adjusted earnings), to be paid approximately one-third in H1 and two-thirds in H2.

Consequently, the Board has declared an interim dividend of 2.0p per ordinary share, double that of the prior year (H1 25: 1.0p). The interim dividend will be paid on 23 October 2026, with a record date of 18 September 2026 and an ex-dividend date of 17 September 2026. Payment of the interim dividend will be both as a cash dividend and scrip dividend alternative. Shareholders wishing to join the scrip dividend scheme should return a completed mandate form to the Registrar, Equiniti, by 2 October 2026. The scrip reference price will be announced on 24 September 2026.

Maintained record £7bn forward work, visibility over 91% of FY 26 and FY 27 forecast revenue
Costain continues to secure further significant strategic programme awards and extensions to existing contracts and enjoys good visibility on future work. As at the end of H1 26, our forward work position, which is our combined order book and preferred bidder book, was maintained at a record £7.0bn (FY 25: £7.0bn; H1 25: £5.6bn), an increase of 67% over six years and representing almost seven times our FY 25 revenue. When combined with the revenue delivered in H1 26, it includes £1.1bn of revenue for FY 26 and £1.3bn of revenue for FY 27, equivalent to 91% of consensus forecast revenue in both years. Our order book stood at £3.5bn at period end (FY 25: £3.6bn; H1 25: £3.4bn) and the preferred bidder book stood at £3.5bn at period end (FY 25: £3.4bn; H1 25: £2.2bn).

As a result of our strategy, we have an increasingly diversified forward work position. Private and regulated customers now comprise 48% (FY 23: 30%) of the forward work, 23% (FY 23: 6%) is with devolved government customers, and 29% (FY 23: 64%) is with central government customers. The diversity of our forward work position continues to build, with additions in H1 26 coming from target growth segments such as electricity transmission (National Grid), reservoir programme management work (Thames Water and Anglian Water), devolved authority rail (TfL) and port infrastructure (Port of Dover). We continue to experience higher win rates than we have historically achieved which, combined with a strong pipeline of bidding opportunities across all sectors, gives us confidence that our high-quality contract portfolio will remain balanced and resilient going forward.

At the end of H1 26 the forward work position included no single-stage lump sum contracts and was predominantly long-term programmes of work with target cost contracts where the scope of work, design and budget are developed and agreed with the client. The preferred bidder book comprises contracts for which we have been selected on frameworks with an intended volume of work, but where a further works order is required prior to the works commencing. We note that some of our framework and consulting revenue is not recorded in either our order book or preferred bidder book, as it is undefined.

Rigorous and disciplined risk management underpinning strong forward work position

The stringent assessment and management of risk is central to the successful execution of our strategic plans. Our risk management processes and disciplines continue to ensure a robust operational and trading performance. This is achieved through rigorous risk management and commercial control throughout our operations in three key areas:

- a disciplined approach to contract selection, which includes robust commercial and legal reviews, proactive shaping of procurement approaches with our customers, and a rigorous multi-stage gating process;
- commercial and operational assurance, which includes project level controls, management oversight of forecasts, and cross-disciplinary contract review meetings; and
- working with strategic supply chain partners, with application of robust supply chain management processes.

STRATEGIC PROGRESS

Group strategy

Costain is a UK infrastructure solutions specialist, with a purpose of improving people's lives, and is implementing its growth and value creation strategy through:

- a clear focus on structurally growing markets where there is strategic long-term investment being made to meet critical national needs, to create a sustainable future for a more prosperous, resilient, and decarbonised UK;
- working with our targeted customers in long-term repeatable strategic partnerships, normally for five years or more; and
- enhancing our value by providing services and innovative engineering solutions to meet our customers' broad and changing needs.

The Group continues to make good progress executing its strategic priorities.

Growth in strong markets

We are well positioned in our chosen, structurally growing, UK infrastructure markets of Transport (Road, Rail and Integrated Transport, including aviation and ports), Water, Energy, and Defence, where there is strategic long-term investment being made to meet critical national needs. This is evidenced through the UK Government's 10-year Infrastructure Strategy and Infrastructure Pipeline, which provides greater clarity on £725bn of investment.

Regulated determinations in water, energy and aviation include significant increases in future investment in these sectors, and we are seeing much greater visibility of this increased investment materialising. For example, in April 2026 United Utilities, a significant customer with whom we have a capital delivery contract that extends to the end of AMP9, announced that it will increase its AMP8 capital investment programme by a further £2.5bn (c.30%) to £11.5bn, compared to an AMP7 capital investment programme of £3.8bn.

Predictable, best-in-class delivery
Safety is a key indicator of operational excellence and a core value for Costain. Our focus on safety has seen us reduce injuries to industry-leading levels. We measure our safety performance through our lost time injury rate (LTIR). We saw an improvement in our lost time injury rate (LTIR) to 0.08 in H1 26 from 0.19 in H1 25, benefiting from targeted actions implemented across the business. LTIR is calculated as the ratio of the total number of lost time incidents per every 100,000 hours worked.

It is critical that the services and programmes that we deliver for our customers are predictable and best-in-class as standard, and the consistent and continuous demonstration of this is a key factor in our ability to build long-term customer relationships and repeatedly extend programmes of work. We are continuously driving improvements in this area. Examples of this in H1 26 include:

- the use of modularisation techniques and production thinking to save cost, increase quality and deliver structures faster on our road projects for National Highways and TfL;
- the use of new tools and processes to reduce health and safety risks and improve efficiencies for HS2;
- the use of 3D printed concrete to drive efficiency, sustainability and safety benefits on our bp Teesside project; and
- leveraging our industrial cooling expertise to upgrade a wastewater filtration system for United Utilities ahead of schedule.

Growing, diversified and resilient customer mix, increasingly balanced contract portfolio
We choose to work with customers in strategic programmes, which are normally of a duration of five years or more. We build long-term, valued partnerships, with many of our customer relationships extending over 20 years as we repeatedly extend programmes of work. During H1 26, we continued to build an increasingly balanced contract portfolio, expanding our customer base and increasing our breadth of activities with existing customers.

New customer relationships in H1 2026 include the following:
Private and regulated customers:

- London Gatwick Airport: two capital projects frameworks and a separate contract to upgrade and expand the North Terminal international departure lounge;
- National Grid: a place on their Dynamic Market framework as part of the 'Great Grid Upgrade';
- Port of Dover Harbour Board: a place on a six-year utilities infrastructure framework;

Devolved government customer wins:

- Norfolk County Council: a contract to design and build the new road infrastructure for the West Winch Housing scheme, enabling critical housing growth near King's Lynn; and
- Procure Partnerships: a place on the North West Contractor Framework, delivering infrastructure projects across the north west of England.

Customer relationships extended during H1 26 include the following:
Private and regulated customers:

- Manchester Airports Group: five-year strategic advisory consultancy framework;
- Yorkshire Water: four-year technical assurance consultancy framework;
- Heathrow, United Utilities, Severn Trent Water, Thames Water, Southern Water and Northumbrian Water: expansion of our work on existing framework agreements;

Devolved government customers:

- TfL: place on a rail Infrastructure Improvements framework, leveraging our strong relationship with TfL and best-in-class delivery on our existing road framework with them;

Central government customers:

- National Highways: contract to design and build a new junction on the M5; and
- Government Commercial Agency: a place on the Construction Professional Services 2 consultancy framework.

After the period end, we were also awarded a three-year extension to our contract with United Utilities for the provision of maintenance services across their asset estate through to the end of AMP8.

Building a meaningful consultancy service

Our business is differentiated in seeking to meet our customers' broader business needs by providing services and innovative design and engineering solutions in addition to capital infrastructure construction and maintenance. Consultancy services grew to 18.2% of H1 26 Group revenues (H1 25: 16.5%), with new consultancy business won in the period with Manchester Airports Group and Government Commercial Agency. We also extended our technical assurance consultancy framework for Yorkshire Water and won further design commissions with Network Rail and on our AMP8 water framework agreements and strategic reservoir programme activities with Thames Water and Anglian Water.

The above strategic progress is supporting our goal to be admired as a valued partner by our customers and supply chain, as a trusted employer and community partner, and as a business that delivers increasing and sustainable shareholder returns.

OUTLOOK

The Group is well positioned in structurally growing and attractive markets, with a record forward work position of £7.0bn underpinning our strong medium-term growth prospects. We expect to remain highly cash generative and to deliver FY 26 revenue, adjusted operating profit and adjusted operating margin in line with the Board's expectations. This includes an increase in H2 26 revenue compared with H1 26, reflecting increased activity levels as customers' investment spending ramps up across several sectors, notably in Water, as the AMP8 regulatory cycle moves from design phase to construction phase, in Integrated Transport, as our work at Heathrow expands, and in Road, as the M60 strategic road project moves into construction phase. This is a solid platform for the step change in performance in FY 27 and beyond, with the sustained medium-term growth expected in revenue, profit and cash flow from operations supporting rising shareholder returns. Our medium-term ambition remains to deliver improving operating margins in excess of 5.0%.

DIVISIONAL REVIEW

TRANSPORTATION

£m	H1 26[1]	H1 25[1]	Change[1]
Road	*55.6*	*82.5*	*(32.6)%*
Rail	*182.2*	*184.7*	*(1.4)%*
Integrated transport	*68.2*	*48.9*	*39.5%*
Total revenue	**306.0**	**316.1**	(3.2)%
Divisional operating profit	7.7	7.3	5.5%
Divisional operating margin	2.5%	2.3%	20bps

1. On a reported and adjusted basis. See notes 1, 3 and 4 of the financial statements for adjusted metric details and definitions, and reconciliation to reported metrics.

- Revenue of £306.0m was down by 3.2%, with strong growth in Integrated Transport and stable revenue in Rail offset by lower revenue in Road, reflecting the previously announced completion of several RDP framework projects during FY25.
- Adjusted operating profit increased by 5.5% to £7.7m (H1 25: £7.3m) and adjusted operating margin increased by 20bps to 2.5% (H1 25: 2.3%), benefitting from higher volumes in Integrated Transport and lower volumes in Road, where the historic RDP road projects operated at below normal margin levels.
- Our forward work position as at 30 June 2026 provides visibility of £0.6bn of FY 26 revenue and £0.7bn of FY 27 revenue.

Road revenue declined by 32.6% to £55.6m, reflecting the completion of several historic RDP framework projects during FY 25, partially offset by good growth with strategic customer Transport for London (TfL).

Following the award of a place on a multi local authority framework with the Eastern Highways Alliance (EHA) in FY 25, covering the road network of 11 local authorities in the east of England, Costain was awarded another local authority project in H1 26 when it secured a project to design and build the new road infrastructure for the West Winch Housing scheme for Norfolk County Council, enabling critical housing growth near King's Lynn, Norfolk. We also secured a place on the North West Contractor Framework with Procure Partnerships, a new customer that will be delivering local transport infrastructure projects across the north west of England.

The local authority and devolved authority road sector is strategically important given its position as a key enabler to unlocking new infrastructure and housing schemes and going forward we expect it to become a more significant component of our road activity and play an important role in returning this sector to growth.

As a strategic partner for National Highways, we support their key investment programmes through the RDP major projects frameworks, the Specialist Professional and Technical Services (SPaTS) consultancy frameworks, which provide technical and engineering services through National Highways' RIS3 road investment programme for the period 2026 to 2031, and Area 14 highway maintenance contract. On RDP, we made good progress with the detailed design phase of the M60 Simister Island scheme, which has been confirmed as part of the Infrastructure Pipeline and is now transitioning to its construction phase. We are progressing the design of the M5 J22a junction in Somerset. With TfL we increased the volume of work, progressing projects at Gallows Corner and Brent Cross and completing critical works on the A40 Westway, and we continue to support TfL's CCTV service.

Rail revenue was stable at £182.2m. On HS2, having successfully completed the Northolt Tunnel in FY 25, work began in H1 26 on the tunnels between Old Oak Common and Euston, with both tunnel boring machines beginning their drives in the period. Above ground there continues to be significant work in delivering key infrastructure to support the new railway. Design and mobilisation work is also underway on our two HS2 rail systems contracts. As previously announced, the HS2 programme continues to be navigating a change in its programme delivery strategy, with an integrated programme being developed. We also continue to expand our portfolio of work for Network Rail and DfT through our professional services consulting framework contracts.

A notable win in the period was the award (as one of three contractors) on TfL's Infrastructure Improvements Framework, which carries a total value of approximately £700m. Costain will provide a range of services, including design, engineering, programme delivery and supply chain management, to deliver major complex transportation infrastructure across the capital, such as upgrade work at South Kensington tube station and works to enable TfL's step-free access programme. The award leverages our proven track record in delivering best-in-class infrastructure services for TfL and extends our relationship with them to over 25 years. As in Road, we expect the local authority and devolved authority Rail sector will become strategically more important in the coming years.

Integrated Transport revenue increased by 39.5% to £68.2m, reflecting the growing volumes at Heathrow where we are upgrading the Terminal 2 baggage handling facilities and systems and are involved in several other key projects, such as replacing the cladding on the main road tunnel.

Working for the three largest aviation customers in the UK, we continue to see strong medium-term growth potential in this sector, driven by regulatory commitments and major expansion plans.

At London Gatwick airport we are tendering the initial projects within the framework contracts won in early 2026, and we have also won work to refurbish and upgrade the North Terminal international departure lounge. We continue to support Manchester Airports Group via our strategic advisory consultancy framework at East Midlands, Manchester and London Stansted airports. During the period, we also won our first contract in the ports sector when we were selected by Dover Harbour Board to deliver critical utilities infrastructure upgrades.

The **outlook** for the Transportation division is positive, supported by:

- the UK Government's 10-year Infrastructure Strategy and Infrastructure Pipeline, which sets out plans to increase investment in Transport (excluding HS2) in the medium term, notably in local, regional and devolved transport (such as the Northern Powerhouse Rail, East West Rail schemes and local and regional road infrastructure); and
- regulatory commitments and major expansion plans that will increase investment in the aviation sector.

NATURAL RESOURCES

£m	H1 26[1]	H1 25[1]	Change[1]
Water	*136.9*	*118.9*	*15.1%*
Energy	*37.2*	*29.6*	*25.7%*
Defence and Nuclear Energy	*63.0*	*60.8*	*3.6%*
Total revenue	**237.1**	**209.3**	13.3%
Divisional operating profit	16.4	16.1	1.9%
Divisional operating margin	6.9%	7.7%	(80)bps

1. On a reported and adjusted basis. See notes 1, 3 and 4 of the financial statements for adjusted metric details and definitions, and reconciliation to reported metrics.

- Revenue increased by 13.3% to £237.1m (H1 25: £209.3m), with growth across all three sectors of Water, Energy and Defence and Nuclear Energy.
- Divisional adjusted operating profit increased to £16.4m (H1 25: £16.1m), and adjusted operating margin decreased by 80bps to 6.9% (H1 25: 7.7%), reflecting the non-repeat of the contract completions that benefitted the prior-year period as we transitioned from the AMP7 to AMP8 regulatory cycle in Water.
- Our forward work position as at 30 June 2026 provides visibility of £0.5bn of FY 26 revenue and £0.6bn of FY 27 revenue.

Water revenue grew by 15.1% to £136.9m, a strong performance given the water industry was in the design phase for the AMP8 regulatory cycle, preparing for the significant increase in investment that is expected to commence in H2 26 and continue for at least the next decade. We provide a broad range of services across the asset lifecycle to improve asset optimisation and operational resilience in this sector, leveraging our best-in-class expertise in engineering and construction delivery and project management as well as our deep understanding of the water sector that has been built over more than twenty years.

Our capabilities and expertise have enabled us to become a trusted partner to major water companies in England as they accelerate their capital investment spending plans to deliver c.£100bn of investment during the AMP8 regulatory cycle, double the c.£50bn investment in AMP7, as efficiently as possible. Our strong positions on the AMP8 capital investment programmes of United Utilities, Southern Water, Severn Trent Water, Thames Water and Northumbrian Water Group give us excellent visibility of work through to 2030. From the design work completed in H1 26 with these customers we are confident that there will be a significant increase in Water revenue in H2 26 and through AMP8.

These high levels of investment are expected to increase further into AMP9. We already have capital delivery contracts with United Utilities, Southern Water and Northumbrian Water which extend through this period.

We also work with Anglian Water as part of the Strategic Pipeline Alliance, improving resilience to drought and climate change by building a pipeline to transfer water from wetter to drier parts of the east of England via a contract that began in 2020 and which extends to 2030.

The breadth of our service offering extends to the provision of maintenance services and consultancy and advisory services. We have a managed service provider contract with United Utilities, which was recently extended for a further three years to the end of AMP8, where we deliver a wide range of replacement, refurbishment and asset upgrade services across the United Utilities estate. We have a professional services contract with Yorkshire Water that extends to 2030 where we provide technical assurance services. We also provide constructability advice to customers as they design new strategic reservoirs, supporting Thames Water and Anglian Water on such projects, and are positioned well for future reservoir programme investment, a key target segment, over the next decade.

Energy revenue increased by 25.7% to £37.2m. We provide our customers in this sector with a range of services including engineering design, managed services and programme management. We continue to support bp with the design and delivery of its leading industrial-scale carbon capture programme in the north east of England. We also provide consultancy services to Storengy UK and Wales and West Utilities as they develop their hydrogen strategies.

In gas and electricity network connectivity, we continue to manage the safety-critical gas mains replacement programme for Cadent in the east of England, achieving very high customer satisfaction scores. Ofgem has an £80bn investment programme planned for the RIIO-3 regulatory period from 2026 to 2031 to maintain critical gas networks and upgrade the UK's electricity grid. This is four times the level of investment made during RIIO-2, with the first £28bn tranche of this programme now approved.

Importantly, we won our first contract with National Grid as part of the 'Great Grid Upgrade' in H1. We continue to expect strong growth opportunities in this key segment as the UK embarks on its 'Great Grid Upgrade'.

Defence and Nuclear Energy revenue increased by 3.6% to £63.0m, driven by growth within our current delivery partnership roles for executive non-departmental public and government bodies and with Tier 1 companies. We continue to support both Babcock, as their delivery partner to perform extensive upgrades to the dock infrastructure at Devonport, and the Atomic Weapons Establishment, as their delivery partner to deliver major infrastructure projects.

Following our highly successful year in the nuclear energy sector in FY 25, when we secured long-term programmes of work with Sellafield and Urenco and a contract with Nuclear Restoration Services (NRS) for decommissioning work at a nuclear power station in North Wales, H1 26 was a period of design and mobilisation with these customers. We expect revenue from these contracts to increase through H2 26 and FY 27. We continue to deliver best in class consultancy services for EDF to support their fleet of nuclear power stations and we provide engineering, project delivery and quality control expertise to Sizewell C to support the construction of the new nuclear power station.

The **outlook** for the Natural Resources division is strong, supported by the regulatory commitments and increasing strategic investment across all three sectors:

- we have a leading position in the water sector where investment through the current and upcoming AMP regulatory cycles will rise significantly, supplemented by major investment in new reservoirs to ensure a reliable water supply for future generations;
- we are building our position in the energy sector to take advantage of the strong growth opportunities provided by the investment in the 'Great Grid Upgrade'; and
- geopolitical uncertainty is leading to increased investment in defence infrastructure and a renewed focus on civil nuclear energy to improve energy resilience.

FINANCIAL REVIEW

Divisional adjusted to reported reconciliation

	Transportation			Natural Resources			Group		
	H1 26	H1 25	Change	**H1 26**	H1 25	Change	**H1 26**	H1 25	Change
Revenue £m									
Reported	**306.0**	316.1	(3.2%)	**237.1**	209.3	13.3%	**543.1**	525.4	3.4%
Operating profit £m									
Adjusted	**7.7**	7.3	5.5%	**16.4**	16.1	1.9%	**17.3**	16.8	3.0%
Adjusting items	**-**	-	-	**-**	-	-	**-**	(0.4)	(100.0%)
Reported	**7.7**	7.3	5.5%	**16.4**	16.1	1.9%	**17.3**	16.4	5.5%

Adjusting items

Adjusting items in H1 26 amounted to £nil (H1 25: £0.4m). In H1 25 we incurred £0.2m of residual Transformation programme costs and £0.2m of restructuring costs.

Net financial income

Net finance income amounted to £1.9m (H1 25: £1.8m). The interest payable on loans and other similar charges was £0.9m (H1 25: £1.1m) and there was slightly lower interest income on bank deposits of £2.4m (H1 25: £2.6m). In addition, the net finance income includes the interest income on the net assets of the pension scheme of £1.6m (H1 25: £1.5m) and the interest expense on lease liabilities of £1.2m (H1 25: £1.2m) under IFRS 16.

Tax

The Group had a tax charge of £4.3m (H1 25: £4.0m) giving an effective tax rate of 22.4% (H1 25: 22.0%). The adjusted effective tax rate was 22.4% (H1 25: 21.6%). This is lower than the statutory tax rate due to permanent differences, including tax relief on the exercise of share-based payments. We expect the effective tax rate in FY 26 to remain below the statutory tax rate of 25%.

Cash flow

The Group generated an adjusted free cash outflow of £1.4m in H1 26 (H1 25: £3.0m), a lower outflow than the previous year largely due to the timing of period-end working capital partially offset by higher tax payments.

The Group had a net cash balance, excluding cash with restrictions, of £164.4m as of 30 June 2026 (FY 25: £189.3m; H1 25: £144.9m) comprising Costain cash balances of £94.8m (FY 25: £121.6m; H1 25: £85.0m), cash held by joint operations of £69.6m (FY 25: £67.7m; H1 25: £59.9m) and borrowings of £nil (FY 25: £nil; H1 25: £nil). During H1 26, the Group's average month-end net cash balance was £176.0m (FY 25: £152.6m; H1 25: £149.4m) and the Group's average week-end net cash balance was £177.3m (FY 25: £149.2m; H1 25: £152.9m). Utilisation of the total bonding facilities as of 30 June 2026 was £71.2m (FY 25: £72.4m; H1 25: £71.2m).

£m	H1 26	H1 25
Cash from / (used by) operations	14.1	(13.0)
Add back adjusting items	-	0.4
Add back / (less) cash flows on cash and cash equivalents – with restrictions*	(12.3)	9.7
Less taxation	(3.0)	-
Less capital expenditure	(0.2)	(0.1)
Adjusted free cash outflow	**(1.4)**	(3.0)

*Cash flows on cash and cash equivalents – with restrictions relate to movements in our construction project bank accounts which are used for project specific expenditure. See note 11.

£m	H1 26	H1 25	FY 25
Cash and cash equivalents at the beginning of the year (excluding cash with restrictions)	**189.3**	158.5	158.5
Adjusted free cash flow	**(1.4)**	(3.0)	63.1
Cash flows on adjusting items	**-**	(0.4)	(3.5)
Interest	**0.3**	0.5	1.3
Lease obligations	**(5.7)**	(4.8)	(10.8)
Share buyback	**(7.2)**	-	(10.0)
Ordinary dividends paid	**(8.2)**	(4.9)	(7.3)
Acquisition of treasury shares	**(2.7)**	(1.0)	(2.0)
Cash and cash equivalents at the end of the year (excluding cash with restrictions)	**164.4**	144.9	189.3
Borrowings	**-**	-	-
Net cash	**164.4**	144.9	189.3

Pensions

Cash contributions made to the Group's defined benefit pension scheme (Scheme) during H1 26 amounted to £nil (H1 25: £nil), reflecting the annual actuarial assessments of the Scheme funding position carried out as at 31 March 2024 and as at 31 March 2025, both of which concluded that the funding level (on a Technical Provisions basis) was more than 101%, in turn triggering a pause in cash contributions from 1 July 2024 to 30 June 2025, and then again from 1 July 2025 to 30 June 2026.

On 26 January 2026 we announced that an agreement had been reached with the Trustee of the Scheme on the 31 March 2025 triennial actuarial funding valuation and ongoing Scheme contributions. Following this, the dividend parity arrangement that previously existed has been removed, there is no requirement going forward for an annual assessment of the Scheme funding position and there will be no further cash contributions made by the Company into the Scheme under the new schedule of contributions, which is in place until January 2031. We will continue to review options for restructuring the Scheme with the Trustee.

The charge to operating profit in respect of the administration cost of the Scheme in H1 26 was £1.2m (H1 25: £0.1m). As at 30 June 2026, the Scheme was in surplus in accordance with IAS 19 at £62.9m (FY 25: £60.0m surplus; H1 25: £56.1m surplus). The movement in the IAS 19 valuation, being a slight increase in surplus from 31 December 2025 to 30 June 2026, was principally due to an increase in the discount rate, which resulted in a decrease in benefit obligations.

Capital allocation

The Group's capital allocation priorities are:

- ***Investing for growth*.** Costain will continue disciplined investment in key areas such as systems and digitalisation. We will also continue to prioritise investment in capabilities and expertise to support targeted growth opportunities.
- ***Dividend*.** The Board has set a revised target dividend cover of 2.5x adjusted earnings (previous target of 3x adjusted earnings) and therefore proposes an increase of 100% in the interim dividend for the six months ended 30 June 2026 to 2.0 pence per share (H1 25: 1.0p).
- ***Selective M&A*.** The Group retains optionality to pursue strategic investments in technology, skills and capabilities to enhance our ability to support customers.
- ***Returning surplus capital*.** After ensuring a strong balance sheet, identified surplus capital will be returned to shareholders through share buybacks or special dividends. The Group completed a £10m share buyback programme in both FY 24 and FY 25, and on 10 March 2026 it launched a £20m share buyback programme to be completed during FY 26. As at 12 August 2026, the Group had purchased a total of 6.1m shares for an aggregate consideration of £12.1m under the FY 26 share buyback programme.

DIRECTORS REPORT

Going concern

In determining the appropriate basis of preparation of the financial statements for the six months ended 30 June 2026, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the accounts. Having undertaken a rigorous assessment of the financial forecasts, including its liquidity and compliance with covenants, the Board considers that the Group has adequate resources to remain in operation for the foreseeable future and, therefore, have adopted the going concern basis for the preparation of the financial statements. Please see note 1 for more details.

Principal Risks and Uncertainties

The Directors consider that the principal risks facing the Group, including those that would threaten the successful and timely delivery of its strategic priorities, future performance, solvency and liquidity, remain substantially unchanged from those identified on pages 36 to 39 of the Group’s Annual Report for the year ended 31 December 2025 which can be found at www.costain.com.

There we define and describe the principal risks that are most relevant to the Group including controls and key mitigating actions assigned to them. In summary, the Group’s principal risks and uncertainties are as follows: 1) Safety, health, and environment 2) Securing work and responding to changes in customer spending plans 3) Managing our contracts and economic factors 4) Project set up, mobilisation and delivery 5) Procurement and supply chain performance 6) Attracting, developing and retaining talent 7) Financial resilience 8) Information security and 9) Climate change and sustainability.

The Board reviews the status of all principal and emerging risks with a notable potential impact at Group level throughout the year. Additionally, the Board carries out focused risk reviews. These reviews include an analysis of principal risks, together with the controls, monitoring and assurance processes established to mitigate those risks to manageable levels. Separately, the Audit and Risk Committee carries out a review of the risk assurance framework and the effectiveness of risk management and internal controls.

Statement of Directors' Responsibilities

The Directors confirm that these condensed consolidated half year financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

The current Directors of Costain Group PLC are listed in the Annual Report for the year ended 31 December 2025.

For and on behalf of the Board

Alex Vaughan
Chief Executive Officer
12 August 2026

Helen Willis
Chief Financial Officer

Cautionary statement

This report contains forward-looking statements. These have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. The Directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Shareholder information

There is a large amount of information about our business on our website, www.costain.com. This includes copies of recent investor presentations as well as London Stock Exchange announcements.

The LEI reference for Costain Group PLC is 213800PKIJBZ2EDTKC88.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

£m	Note	H1 26 unaudited	H1 25 unaudited
Revenue	4	**543.1**	525.4
Cost of sales		**(489.5)**	(473.5)
Gross profit		**53.6**	51.9
Administrative expenses		**(36.3)**	(35.5)
Operating profit		**17.3**	16.4
Profit from operations	4	**17.3**	16.4
Finance income	5	**4.0**	4.1
Finance expense	5	**(2.1)**	(2.3)
Net finance income		**1.9**	1.8
Profit before tax		**19.2**	18.2
Taxation	6	**(4.3)**	(4.0)
Profit for the period attributable to equity holders of the parent		**14.9**	14.2
Earnings per share			
Basic	7	**5.7p**	5.4p
Diluted	7	**5.6p**	5.3p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

For the six months ended 30 June 2026

£m	Note	**H1 26 unaudited**	**H1 25 unaudited**
Profit for the period		**14.9**	14.2
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit asset	12	**2.2**	(0.2)
Tax recognised on remeasurement of retirement benefit asset		**(0.6)**	0.1
Total items that will not be reclassified to profit or loss		**1.6**	(0.1)
Other comprehensive income/(expense) for the period		**1.6**	(0.1)
Total comprehensive income for the period		**16.5**	14.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

£m	Note	30 June 2026 unaudited	31 December 2025 audited
Assets			
Non-current assets			
Intangible assets	9	**50.7**	51.1
Property, plant and equipment	10	**40.8**	34.5
Retirement benefit asset	12	**62.9**	60.0
Trade and other receivables		**2.4**	2.3
Deferred tax		**-**	2.9
Total non-current assets		**156.8**	150.8
Current assets			
Trade and other receivables		**217.6**	191.5
Insurance recovery asset		**5.0**	4.3
Income tax		**1.0**	-
Cash and cash equivalents - with restrictions	11	**38.3**	26.0
Cash and cash equivalents	11	**164.4**	189.3
Total current assets		**426.3**	411.1
Total assets		**583.1**	561.9
Liabilities			
Non-current liabilities			
Other payables		**1.0**	1.1
Lease liabilities		**20.1**	16.5
Total non-current liabilities		**21.1**	17.6
Current liabilities			
Trade and other payables		**281.5**	267.4
Income tax		**-**	0.3
Lease liabilities		**12.4**	8.5
Provisions for other liabilities and charges		**9.6**	9.9
Deferred tax		**0.8**	-
Total current liabilities		**304.3**	286.1
Total liabilities		**325.4**	303.7
Net assets		**257.7**	258.2
Equity			
Share capital	13	**2.6**	2.7
Share premium		**17.2**	17.1
Translation reserve		**(0.4)**	(0.4)
Treasury shares		**(1.7)**	(1.1)
Capital redemption reserve		**136.6**	136.5
Retained earnings		**103.4**	103.4
Total equity		**257.7**	258.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

£m	Share capital	Share premium	Translation reserve	Treasury shares	Capital redemption reserve	Retained earnings	Total equity
At 1 January 2025 audited	2.7	16.5	0.6	(0.7)	136.5	80.1	235.7
Profit for the period	-	-	-	-	-	14.2	14.2
Other comprehensive expense	-	-	-	-	-	(0.1)	(0.1)
Shares awarded to satisfy employee share schemes	-	-	-	0.7	-	(0.7)	-
Acquisition of treasury shares	-	-	-	(1.0)	-	-	(1.0)
Share buyback	-	-	-	-	-	(1.8)	(1.8)
Equity-settled share-based payments	-	-	-	-	-	1.8	1.8
Tax recognised on share-based payments	-	-	-	-	-	(0.4)	(0.4)
Dividends paid	-	0.4	-	-	-	(5.3)	(4.9)
At 30 June 2025 unaudited	2.7	16.9	0.6	(1.0)	136.5	87.8	243.5
At 1 January 2026 audited	**2.7**	**17.1**	**(0.4)**	**(1.1)**	**136.5**	**103.4**	**258.2**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**14.9**	**14.9**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**1.6**	**1.6**
Shares awarded to satisfy employee share schemes	**-**	**-**	**-**	**2.1**	**-**	**(2.1)**	**-**
Acquisition of treasury shares	**-**	**-**	**-**	**(2.7)**	**-**	**-**	**(2.7)**
Share buyback	**(0.1)**	**-**	**-**	**-**	**0.1**	**(7.6)**	**(7.6)**
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**-**	**2.0**	**2.0**
Tax recognised on share-based payments	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Dividends paid	**-**	**0.1**	**-**	**-**	**-**	**(8.3)**	**(8.2)**
At 30 June 2026 unaudited	**2.6**	**17.2**	**(0.4)**	**(1.7)**	**136.6**	**103.4**	**257.7**

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2026

£m	Note	H1 26 unaudited	H1 25 unaudited
Cash flows generated from/(used by) operating activities			
Profit for the period		**14.9**	14.2
Adjustments for:			
Finance income	5	**(4.0)**	(4.1)
Finance expense	5	**2.1**	2.3
Taxation	6	**4.3**	4.0
Loss on disposals of property, plant and equipment		**-**	0.1
Depreciation of property, plant and equipment	10	**7.0**	5.3
Amortisation of intangible assets	9	**0.5**	0.6
Pension scheme administration costs		**0.9**	-
Share-based payments expense		**2.0**	1.8
Cash generated from operations before changes in working capital and provisions		**27.7**	24.2
Increase in trade and other receivables		**(26.9)**	(17.9)
Increase/(decrease) in trade and other payables		**13.6**	(16.8)
Decrease in provisions		**(0.3)**	(2.5)
Cash generated from/(used by) operations		**14.1**	(13.0)
Interest received		**2.4**	3.6
Interest paid		**(2.1)**	(3.1)
Taxation paid		**(3.0)**	-
Net cash generated from/(used by) operating activities		**11.4**	(12.5)
Cash flows generated from/(used by) investing activities			
Additions to owned property, plant and equipment and leasehold improvements		**(0.1)**	(0.1)
Additions to intangible assets		**(0.1)**	-
Net cash used by investing activities		**(0.2)**	(0.1)
Cash flows generated from/(used by) financing activities			
Ordinary dividends paid		**(8.2)**	(4.9)
Share buyback		**(7.2)**	-
Acquisition of treasury shares		**(2.7)**	(1.0)
Repayments of lease liabilities - principal		**(5.7)**	(4.8)
Net cash used by financing activities		**(23.8)**	(10.7)
Net increase/(decrease) in cash and cash equivalents - with restrictions		**12.3**	(9.7)
Net increase/(decrease) in cash and cash equivalents		**(24.9)**	(13.6)
Net increase/(decrease) in cash and cash equivalents (including cash with restrictions)		**(12.6)**	(23.3)
Cash and cash equivalents at beginning of the period (including cash with restrictions)	11	**215.3**	196.9
Cash and cash equivalents at end of the period (including cash with restrictions)	11	**202.7**	173.6
Cash and cash equivalents at beginning of the period (excluding cash with restrictions)		**189.3**	158.5
Net increase/(decrease) in cash and cash equivalents		**(24.9)**	(13.6)
Cash and cash equivalents at end of the period (excluding cash with restrictions)	11	**164.4**	144.9

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Costain Group PLC ("the Company") is a public limited company domiciled in England and incorporated in England and Wales. This condensed consolidated interim financial report for the half year reporting period ended 30 June 2026 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual audited financial statements within the Annual Report and Accounts for the year ended 31 December 2025, which has been prepared in accordance with the UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report for 2025 was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Going concern

The Group's principal business activity involves work on the UK's infrastructure, mostly delivering long-term contracts with a number of customers. To meet its day-to-day working capital requirements, it uses cash balances provided from shareholders' capital and retained earnings and its borrowing facilities.

In 2025, the Group successfully concluded negotiations with its bank and surety facility providers to refinance a new four-year agreement of its bank and bonding facilities to September 2029, comprising a £100m revolving credit facility (RCF) (previous RCF: £85m) and surety and bank bonding facilities totalling £295m (previous facilities: £270m). In May 2026, Costain exercised the one-year optional extension clause and this agreement was extended by a further year to September 2030. The RCF facility is currently undrawn.

These facilities have a leverage covenant of net debt/adjusted EBITDA ≤1.5 times, an interest covenant of adjusted EBITA/net interest payable of ≥4.0 times and a liquidity covenant whereby the aggregate of, without double counting, any cash and cash equivalent investments and the available commitment under the facility does not fall below £50m. These financial covenants are tested quarterly. As at 30 June 2026, the Group had a leverage covenant ratio of below zero (the Group had no net debt) and an interest covenant ratio of 11.8 times. As part of its contracting operations, the Group may be required to provide performance and other bonds. It satisfies these requirements by utilising its £30m bank bonding and £265m surety bonding facilities.

In determining the appropriate basis of preparation of the financial statements for the six months ended 30 June 2026, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements.

In assessing the going concern assumption, the Board reviewed the Group's base case plans for the period to 30 September 2027, being a period of more than 12 months from the date of approval of these financial statements. The Directors have assumed that the current RCF remains in place with the same covenant requirements through to its current expiry date, which is beyond the end of the period reviewed for Going Concern purposes. The base case assumes delivery of the Board approved strategic and financial plans. As part of the assessment, the Board also identified severe but plausible downsides affecting future profitability, working capital requirements and cash flow. The severe but plausible downsides include applying the aggregated impact of lower revenue (-30% on work to be secured), lower margins (-3% on work to be secured), higher working capital requirements and adverse contract settlements. Both the base case and severe but plausible forecasts show significant headroom and indicate that the Group and the Company will be able to operate within available banking facilities and covenants throughout this period.

Having undertaken a rigorous assessment of the financial forecasts, including its liquidity and compliance with covenants, the Board considers that the Group and the Company have adequate resources to remain in operation for the foreseeable future and, therefore, the Directors have adopted the going concern basis in the preparation of the financial statements.

Alternative performance measures

Income statement presentation - adjusting items

The Group discloses alternative performance measures, in addition to statutory disclosures, to provide investors with supplementary information which may be relevant to the Group's future performance. 'Adjusted profit' excludes 'adjusting items', which are significant items of income and expenditure that the Board considers are incremental to business operations and do not reflect the long-term performance of the Group. These adjusted measures are reconciled to statutory disclosures, with the tax impact given, in note 3, and disclosed in the segmental reporting in note 4. Presenting results on this basis is consistent with internal reporting to the Board. Alternative performance measures do not have standardised meanings and, therefore, they may not be comparable between companies.

The Directors exercise judgement in determining classification as an 'adjusting item' using quantitative and qualitative factors. Consideration is given, both individually and collectively, to the circumstances giving rise to the item, its materiality and whether it is expected to recur.

'Adjusted profit' may exclude income and expenditure related to acquisitions, discontinued operations, transformation costs, costs of a function or sector-wide restructuring programme, claims and litigation, and impairments, where the impairment is the result of an isolated, non-recurring event. 'Adjusted earnings per share' is calculated using 'adjusted profit'.

The Group also presents 'net cash/bank debt' and 'adjusted free cash flow' as alternative performance measures in the front of the Annual Report and Accounts. 'Net cash/bank debt' is defined as cash and cash equivalents less interest-bearing borrowings (excluding leases under IFRS 16 and net of unamortised arrangement fees) and excluding 'cash and cash equivalents - with restrictions'.

'Adjusted free cash flow' is defined as cash generated from operations, excluding cash flows relating to 'adjusting items' and pension deficit contributions, less taxation and capital expenditure and excluding cash flows related to 'cash and cash equivalents - with restrictions'.

The Directors consider that these measures provide useful information about the Group's liquidity position.

2. SIGNIFICANT AREAS OF JUDGEMENT AND ESTIMATION

The estimates and underlying assumptions used in the preparation of these financial statements 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.

The directors consider that the significant areas of judgement made by management that have a significant effect on the Group's performance as well as those estimates with a significant risk of material adjustment during the second half of the year are unchanged from those identified on page 120 of the Annual Report and Accounts for the year ended 31 December 2025.

As at 30 June 2026, the HS2 programme continues to be navigating a change in its programme delivery strategy with an integrated programme being developed and discussions are underway on a revised programme with the supply chain, including the Skanska-Costain-Strabag Joint Venture. Our 30 June 2026 financial result reflects the current contractual position.

3. RECONCILIATION OF REPORTED OPERATING PROFIT TO ADJUSTED OPERATING PROFIT

'Adjusted operating profit' and 'adjusted earnings per share' are presented as non-GAAP alternative performance measures. The Board considers the adjusted measures better reflect the underlying trading performance of the Group for the reasons described in note 1. The profit adjustments represent amounts included in the income statement.

There are no profit adjustments in the six months ended 30 June 2026.

In the six months ended 30 June 2025, the Group incurred £0.2m on residual transformation costs and £0.2m on restructuring costs.

Period ended 30 June 2025	**H1 26 Adjusted and Reported**	**H1 25 Adjusted**	**H1 25 Reported**
	£m	**£m**	**£m**
Operating profit	17.3	16.8	16.4
Net finance income	1.9	1.8	1.8
Profit before tax	**19.2**	**18.6**	**18.2**
Taxation	(4.3)	(4.1)	(4.0)
Profit for the period attributable to equity holders of the parent	**14.9**	**14.5**	**14.2**
Basic earnings per share	**5.7p**	**5.5p**	**5.4p**

4. OPERATING SEGMENTS

The Group has two business segments: Transportation and Natural Resources. These segments are strategic business units with separate management and have different customers or offer different services. Segmental information is provided to the Chief Executive who is the chief operating decision maker. The segments are discussed in the Strategic Report section of the 2025 Annual Report and Accounts.

The Group evaluates segment performance on the basis of profit or loss from operations before interest and taxation and before 'adjusting items'. The segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other items are allocated to the operating segments where appropriate but otherwise are viewed as Central costs.

Six months ended 30 June 2026	**Transportation**	**Natural Resources**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**
Segment revenue				
Revenue	**306.0**	**237.1**	**-**	**543.1**
Segment profit/(loss)				
Operating profit/(loss)	**7.7**	**16.4**	**(6.8)**	**17.3**
Profit/(loss) from operations	**7.7**	**16.4**	**(6.8)**	**17.3**
Net finance income				**1.9**
Profit before tax				**19.2**

Six months ended 30 June 2025	**Transportation**	**Natural Resources**	**Central costs**	**Total**
	£m	**£m**	**£m**	**£m**
Segment revenue				
Revenue	316.1	209.3	-	525.4
Segment profit/(loss)				
Operating profit/(loss) before adjusting items	7.3	16.1	(6.6)	16.8
Adjusting items:				
Transformation costs	-	-	(0.2)	(0.2)
Restructuring costs	-	-	(0.2)	(0.2)
Profit/(loss) from operations	7.3	16.1	(7.0)	16.4
Net finance income				1.8
Profit before tax				18.2

5. FINANCE INCOME/(EXPENSE)

£m	H1 26	H1 25
Interest income from bank deposits	**2.4**	2.6
Interest income on the net assets of the defined benefit pension scheme	**1.6**	1.5
Finance income	**4.0**	**4.1**
Interest payable on banking facilities and other similar charges*	**(0.9)**	(1.1)
Interest expense on lease liabilities	**(1.2)**	(1.2)
Finance expense	**(2.1)**	**(2.3)**
Net finance income	**1.9**	**1.8**

*Other similar charges includes arrangement and commitment fees payable.

6. TAXATION

£m	H1 26	H1 25
On profit for the period		
Current tax charge for the period	**(1.7)**	**(1.9)**
Deferred tax charge for the period	**(2.6)**	**(2.1)**
Tax charge in the consolidated income statement	**(4.3)**	**(4.0)**

£m	H1 26	H1 25
Tax reconciliation		
Profit before tax	**19.2**	18.2
Taxation at 25.0% (H1 25: 25.0%)	**(4.8)**	(4.6)
Amounts qualifying for tax relief and disallowed expenses	**0.5**	0.6
Tax charge in the consolidated income statement	**(4.3)**	(4.0)

7. EARNINGS PER SHARE

The calculation of earnings per share is based on profit of £14.9m (H1 25: £14.2m) and the number of shares set out below.

	H1 26 Number (millions)	H1 25 Number (millions)
Weighted average number of ordinary shares in issue for basic earnings per share calculation	**258.5**	265.4
Dilutive potential ordinary shares arising from employee share schemes	**5.0**	2.0
Weighted average number of ordinary shares in issue for diluted earnings per share calculation	**263.5**	267.4

8. DIVIDENDS

£8.3m dividends were paid or provided for in respect of the six months ended 30 June 2026 (H1 25: £5.3m).

9. INTANGIBLE ASSETS

	Goodwill £m	Customer relationships £m	Other acquired intangibles £m	Other intangibles £m	Total £m
Cost					
At 1 January 2025	54.1	15.4	9.7	14.4	93.6
Additions	-	-	-	1.0	1.0
At 31 December 2025	54.1	15.4	9.7	15.4	94.6
At 1 January 2026	**54.1**	**15.4**	**9.7**	**15.4**	**94.6**
Additions	**-**	**-**	**-**	**0.1**	**0.1**
At 30 June 2026	**54.1**	**15.4**	**9.7**	**15.5**	**94.7**
Accumulated amortisation and impairment					
At 1 January 2025	9.0	15.4	9.7	8.3	42.4
Charge in year	-	-	-	1.1	1.1
At 31 December 2025	9.0	15.4	9.7	9.4	43.5
At 1 January 2026	**9.0**	**15.4**	**9.7**	**9.4**	**43.5**
Charge in period	**-**	**-**	**-**	**0.5**	**0.5**
At 30 June 2026	**9.0**	**15.4**	**9.7**	**9.9**	**44.0**
Net book value					
At 30 June 2026	**45.1**	**-**	**-**	**5.6**	**50.7**
At 31 December 2025	45.1	-	-	6.0	51.1

Goodwill has been allocated to the applicable cash generating units of the Transportation segment (£15.5m (H1 25: £15.5m)) and the Natural Resources segment (£29.6m (H1 25: £29.6m)).

The Group reviews the value of goodwill and, in the absence of any identified impairment risks, tests are based on internal value in use calculations of the cash-generating unit (CGU). The key assumptions for these calculations are: operating margins, discount rates and growth rates.

At 30 June 2026, the Group carried out a review of potential goodwill impairment indicators or triggers in order to determine if a full impairment review is required. No triggers were identified. As such, a full impairment review of each CGU will be carried out as at 31 December 2026.

10. PROPERTY, PLANT AND EQUIPMENT

			Right-of-use assets			
	Leasehold improvements	Plant & Equipment	Vehicles	Land & Buildings	Plant & equipment	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 January 2025	8.2	8.0	22.8	15.9	5.6	60.5
Additions	0.3	1.1	6.6	0.1	4.5	12.6
Disposals	-	(0.1)	(4.0)	(2.1)	(4.9)	(11.1)
At 31 December 2025	8.5	9.0	25.4	13.9	5.2	62.0
At 1 January 2026	**8.5**	**9.0**	**25.4**	**13.9**	**5.2**	**62.0**
Additions	**-**	**0.1**	**4.1**	**-**	**9.4**	**13.6**
Disposals	**-**	**-**	**(4.0)**	**(0.3)**	**(0.3)**	**(4.6)**
At 30 June 2026	**8.5**	**9.1**	**25.5**	**13.6**	**14.3**	**71.0**
Accumulated depreciation and impairment						
At 1 January 2025	0.2	7.7	9.5	4.3	3.5	25.2
Charge in period	1.1	0.1	6.9	1.8	1.9	11.8
Disposals	-	(0.1)	(4.0)	(1.8)	(3.6)	(9.5)
At 31 December 2025	1.3	7.7	12.4	4.3	1.8	27.5
At 1 January 2026	**1.3**	**7.7**	**12.4**	**4.3**	**1.8**	**27.5**
Charge in period	**0.5**	**0.1**	**3.6**	**0.8**	**2.0**	**7.0**
Disposals	**-**	**-**	**(4.0)**	**(0.3)**	**-**	**(4.3)**
At 30 June 2026	**1.8**	**7.8**	**12.0**	**4.8**	**3.8**	**30.2**
Net book value						
At 30 June 2026	**6.7**	**1.3**	**13.5**	**8.8**	**10.5**	**40.8**
At 31 December 2025	7.2	1.3	13.0	9.6	3.4	34.5

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed below and include the Group’s share of cash held by joint operations of £69.6m (FY 25: £67.7m).

	30 June 2026	31 December 2025
	£m	£m
Cash and cash equivalents	**164.4**	189.3
Net cash	**164.4**	189.3

Cash and cash equivalents - with restrictions

‘Cash and cash equivalents - with restrictions' comprise amounts held in trust accounts on behalf of certain customers and designated for future payment to suppliers under contracts where Costain is acting as a principal.

	30 June 2026	31 December 2025
	£m	£m
Cash and cash equivalents - with restrictions	**38.3**	26.0
Cash and cash equivalents - with restrictions in the cash flow statement	**38.3**	26.0

12. PENSIONS

The Group operates a defined benefit pension scheme in the UK; contributions, if due, are paid by subsidiary undertakings. There are also two defined contribution pension schemes in place in the UK, to which contributions are made by both subsidiary undertakings and employees. The total pension charge in the income statement is defined benefit scheme net income of £0.4m, and defined contribution operating costs of £7.2m (H1 25: defined benefit scheme net income of £1.4m, and defined contribution operating costs of £6.8m).

Defined benefit scheme

The defined benefit scheme was closed to new members on 31 May 2005 and from 1 April 2006, future benefits were calculated on a Career Average Revalued Earnings basis. The scheme was closed to future accrual of benefits to members on 30 September 2009. A full actuarial valuation of the scheme was carried out as at 31 March 2025 and this was updated to 30 June 2026 by a qualified independent actuary. At 30 June 2026, there were 2,875 retirees and 2,296 deferred members (2025: 2,875 retirees and 2,296 deferred members).

The weighted average duration of the obligations is 12 years (2025: 12 years).

	At 30 June 2026 £m	At 31 December 2025 £m	At 31 December 2024 £m
Present value of defined benefit obligations	**(477.1)**	(491.0)	(497.5)
Fair value of scheme assets	**540.0**	551.0	552.4
Recognised asset for defined benefit obligations	**62.9**	60.0	54.9

Movements in present value of defined benefit obligations

	At 30 June 2026 £m	At 31 December 2025 £m
At 1 January	**491.0**	497.5
Interest cost	**13.0**	26.4
Remeasurements – demographic assumptions	**2.0**	(14.0)
Remeasurements – financial assumptions	**(12.6)**	(6.0)
Remeasurements – experience adjustments	**1.2**	20.3
Benefits paid	**(17.5)**	(33.2)
At end of period	**477.1**	491.0

Movements in fair value of scheme assets

	At 30 June 2026 £m	At 31 December 2025 £m
At 1 January	**551.0**	552.4
Interest income	**14.6**	29.4
Remeasurements – return on assets	**(7.2)**	2.4
Administrative expenses	**(0.9)**	-
Benefits paid	**(17.5)**	(33.2)
At end of period	**540.0**	551.0

Expense recognised in the income statement

	H1 26 £m	H1 25 £m
Administrative expenses paid by the Group	**(0.3)**	-
Administrative expenses paid by the pension scheme	**(0.9)**	(0.1)
Interest income on the net assets of the defined benefit pension scheme	**1.6**	1.5
	0.4	1.4

Fair value of scheme assets

	At 30 June 2026 £m	At 31 December 2025 £m
Global equities	**17.5**	90.8
Multi-asset growth funds	**17.4**	22.6
Multi-credit fund	**47.7**	80.6
LDI plus collateral	**444.5**	345.1
Cash	**12.9**	11.9
	540.0	551.0

Principal actuarial assumptions (expressed as weighted averages)

	At 30 June 2026 %	At 31 December 2025 %
Discount rate	**5.80**	5.45
Future pension increases	**2.85**	2.75
Inflation assumption	**2.95**	2.85

Weighted average life expectancies from age 65 as per mortality tables used to determine benefits at 30 June 2026 and 31 December 2025 are:

	At 30 June 2026		At 31 December 2025	
	Male (years)	Female (years)	Male (years)	Female (years)
Currently aged 65	**21.5**	**23.5**	**21.3**	**23.3**
Non-retirees currently aged 45	**22.3**	**24.3**	**22.1**	**24.1**

The discount rate, inflation and pension increase and mortality assumptions have a significant effect on the amounts reported. Changes in these assumptions would have the following effects on the defined benefit scheme:

	Pension liability £m	Pension cost £m
Increasing the discount rate by 0.25%, decreases pension liability and increases pension income/reduces pension cost by	**11.4**	**0.7**
Decreasing inflation by 0.25% (which reduces pensions increases), decreases pension liability and increases pension income/reduces pension cost by	**8.3**	**0.5**
Increasing life expectancy by one year, increases pension liability and reduces pension income/increases pension cost by	**20.1**	**1.2**

As highlighted in the table above, the defined benefit scheme exposes the Group to actuarial risks such as longevity, interest rate, inflation and investment risks. The LDI portfolio is designed to respond to changes in gilt yields in a similar way to a fixed proportion of the liabilities. With the LDI portfolio, if gilt yields fall, the value of the investments will rise to help partially match the increase in the trustee valuation of the liabilities arising from a fall in the gilt yield-based discount rate. Similarly, if gilt yields rise, the value of the matching asset portfolio will fall, as will the valuation of the liabilities because of an increase in the discount rate. The leverage within the LDI portfolio means the equivalent of 95% of the value of the assets is sensitive to changes in interest rates and inflation and this mitigates the equivalent movement in the liabilities of the scheme as a whole.

In accordance with the pension regulations, a triennial actuarial review of the Costain defined benefit pension scheme was carried out as at 31 March 2025. In January 2026, the funding valuation and ongoing Scheme contributions were agreed with the Scheme Trustee. Following this, the dividend parity arrangement that previously existed has been removed, there is no requirement going forward for an annual assessment of the Scheme funding position and there will be no further cash contributions made by the Company into the Scheme under the new schedule of contributions which is in place until January 2031.

The next triennial actuarial review will be carried out as at 31 March 2028.

Any surplus of deficit contributions to the Costain Pension Scheme would be recoverable by way of a refund, as the Group has the unconditional right to any surplus once all the obligations of the Scheme have been settled. Accordingly, the Group does not expect to have to make provision for these additional contributions arising from this agreement in future financial statements.

The DWP has, through the Pension Schemes Bill, introduced a mechanism to allow trustees to address any issues arising from the Virgin Media and the NTL Pension Trustee judgement. This legislation will allow trustees of affected schemes to retrospectively obtain written actuarial confirmation that any historic benefits changes that may have been made meet the necessary standards. The Trustee of the Costain Pension Scheme will review if any action needs to be taken.

Defined contribution schemes

Two defined contribution pensions schemes are operated. The total expense relating to these plans was £7.2m (H1 25: £6.8m).

13. SHARE CAPITAL

	H1 26		FY 25	
	Number (millions)	**Nominal value £m**	**Number (millions)**	**Nominal value £m**
Issued share capital				
Shares in issue at beginning of period - ordinary shares of one pence each, fully paid	**266.7**	**2.7**	268.8	2.7
Issued in year (see below)	**3.0**	**-**	4.3	-
Share buyback	**(3.6)**	**(0.1)**	(6.4)	-
Shares in issue at end of year - ordinary shares of one pence each, fully paid	**266.1**	**2.6**	266.7	2.7

The Company's issued share capital comprised 266,129,025 ordinary shares of one pence each as at 30 June 2026 (FY 25: 266,714,895 ordinary shares). All shares rank pari passu regarding entitlement to capital and dividends.

The 2023 LTIP vested in the period and 3,000,000 shares were issued in April 2026 to satisfy this vesting. A total of 41,140 shares were issued under the Scrip Dividend Scheme during 2026.

In March 2026, Costain announced an on-market share buyback programme. The programme will be completed in H2 26 and, as at 30 June 2026, it had resulted in the purchase of 3,627,010 ordinary shares which have been cancelled.

14. EVENTS AFTER THE REPORTING DATE

Dividend

As reported above, an interim dividend of 2.0p per share has been declared for the six months ended 30 June 2026.