



20 AUGUST 2025

**COSTAIN GROUP PLC**  
**("Costain", the "Group", or the "Company")**  
**RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025 ("H1 25")**

**Increased operating profit, margin and forward work underpins confidence in FY 25 expectations**

- **Revenue of £525.4m (H1 24: £639.3m)**, with growth in Natural Resources offset by a reduction in Transportation from expected Road project completions and a rephased schedule from HS2.
- **Quality of contracts and strong execution drives 3.1% increase in adjusted operating profit<sup>1</sup> to £16.8m** (H1 24: £16.3m) and a 70bps rise in adjusted operating margin<sup>1</sup> to 3.2% (H1 24: 2.5%).
- **Confident in delivery of adjusted operating margin run-rate target of 4.5% during FY 25.**
- **Reported operating profit increase of 18% to £16.4m** (H1 24: £13.9m), reflecting a reduction in adjusting items following the completion of the Transformation programme.
- **Adjusted EPS of 5.5p** (H1 24: 5.6p), with adjusted operating profit increase offset by lower net finance income. Reported EPS of 5.4p (H1 24: 5.0p).
- **Increased high quality forward work<sup>2</sup> position of £5.6bn** (FY 24: £5.4bn, H1 24: £4.3bn), more than four times FY 24 revenue, and bidding activity levels remain high.
- **Strong balance sheet, with net cash of £144.9m** (FY 24: £158.5m, H1 24: £166.0m), year-end net cash expected to be around £170m.
- **Enhanced shareholder returns, with significant increase in interim dividend to 1.0p** (H1 24: 0.4p) reflecting normalisation of H1:H2 dividend split and a further £10m share buyback programme launched in H1 25.
- **Improved quality of earnings, business resilience and market momentum drive confidence in delivery of FY 25 and medium-term expectations.**

**Financial summary**

<b>(£m unless otherwise stated)</b>	<b>H1 25</b>	<b>H1 24</b>	<b>Change</b>
Revenue	<b>525.4</b>	639.3	(17.8)%
Adjusted operating profit <sup>1</sup>	<b>16.8</b>	16.3	3.1%
Adjusted operating margin <sup>1</sup>	<b>3.2%</b>	2.5%	70bps
Adjusted profit before tax <sup>1</sup>	<b>18.6</b>	19.4	(4.1)%
Adjusted EPS <sup>1</sup>	<b>5.5p</b>	5.6p	(1.7)%
Reported operating profit	<b>16.4</b>	13.9	18.0%
Reported profit before tax	<b>18.2</b>	17.0	7.1%
Reported EPS	<b>5.4p</b>	5.0p	8.0%
Dividend per share	<b>1.0p</b>	0.4p	150.0%
Net cash balance	<b>144.9</b>	166.0	£(21.1)m
Forward work position <sup>2</sup>	<b>£5.6bn</b>	£4.3bn	£1.3bn

1. See notes 1 to 4 of the financial statements for adjusted metric details and definitions, and 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 Water and other frameworks included at allocated volume.

#### Alex Vaughan, Chief Executive Officer, commented:

“We have delivered another strong performance in the first half of 2025. Growth in adjusted operating profit and margin reflects the improving quality of our contract portfolio, and we remain confident that we will deliver our adjusted operating margin run-rate target of 4.5% during FY 25, building on the significant growth in adjusted operating profit achieved since FY 21. Our strong net cash position, progression in our dividend and share buyback programme are creating substantial value for shareholders.

“We continue to win new work and add new customers in growth markets that provide essential infrastructure, expanding our forward work position to £5.6bn, more than four times FY 24 revenue. We have already secured 90% of our forecast revenue for the year and our bidding activity levels remain high.

“The Government’s new Infrastructure Strategy and Infrastructure Pipeline, together with recent regulatory determinations in water, energy and aviation, provide clarity and confidence in the significant growth opportunities in our target markets. We are delivering our strategic priorities, investing in the business to support these attractive growth opportunities and are increasingly confident in the Group’s growth prospects.”

#### Outlook

Following the greater clarity provided by the Government’s commitments in its recent 10-year Infrastructure Strategy and Infrastructure Pipeline, together with the significant increase in committed regulatory investment in key sectors of water, energy and aviation, there is real momentum in our chosen markets of Transport, Water, Energy, and Defence and Nuclear Energy. Whilst we remain mindful of the near term macro-economic and geopolitical environment and the potential consequences of government spend phasing decisions, the improvements in market outlook and the Group’s positioning and resilience underpin our confidence in delivering on our expectations for further progress in FY 25 and FY 26, with a step change in performance expected in FY 27 and beyond.

#### Enquiries

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### **Analyst & investor presentation**

A live webcast of our results by Alex Vaughan (CEO) and Helen Willis (CFO) will be at 9am on 20 August 2025. Please go to <https://stream.brrmedia.co.uk/broadcast/685559e3dd34f9001360ddd1> to register for the event. This will be available for playback after the event on our website at <https://www.costain.com/investors/results-reports-presentations/>.

We will also host a live presentation relating to results via Investor Meet Company at 10am on 21 August 2025. Investors can sign up to Investor Meet Company for free and register to meet Costain Group PLC via: <https://www.investormeetcompany.com/costain-group-plc/register-investor>.

### **Use of alternative performance measures**

Throughout this release we use a number of '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 notes 1 to 4.

### **Person responsible**

This announcement contains inside information. The person responsible for this announcement at Costain is Helen Willis, Chief Financial Officer.

## GROUP TRADING PERFORMANCE

### Continued strong financial performance

We report both statutory results ('reported') and results excluding adjusting items ('adjusted').

Revenue was £525.4m in H1 25 (H1 24: £639.3m), a 17.8% reduction on the prior period. In Natural Resources, there was increased revenue in Energy and Defence and Nuclear Energy, with stable revenue in Water. In Transportation, there were revenue reductions in Road, due to the expected completion of projects, and in Rail, due to the development of a new integrated programme schedule for HS2 which is rephasing elements of our contracted activities in the short term into future years. There continues to be growth in Integrated Transport revenue, where we are benefitting from the expansion of our framework agreements with Heathrow.

Adjusted operating profit grew by 3.1% to £16.8m (H1 24: £16.3m) and the adjusted operating margin increased to 3.2% (H1 24: 2.5%), with increased volumes and improved contract performance in Natural Resources partially offset by lower volumes and margin in Transportation and increased investment in targeted growth opportunities. Reported operating profit increased from £13.9m in H1 24 to £16.4m in H1 25. Lower adjusting items of £0.4m (H1 24: £2.4m) reflected £0.2m residual costs in respect of our Transformation programme, which completed in 2024, and £0.2m of restructuring costs.

Net finance income was £1.8m (H1 24: £3.1m), reflecting lower interest income from lower bank deposits and interest rates, and higher bank charges on the accelerated amortisation of charges relating to our prior refinancing. Adjusted profit before tax decreased 4.1% to £18.6m (H1 24: £19.4m). Adjusted basic earnings per share (EPS) decreased 1.7% to 5.5p (H1 24: 5.6p), with an increase in adjusted operating profit and a reduced share count following the share buyback programmes offset by lower net finance income. Reported profit before tax was up 7.1% at £18.2m (H1 24: £17.0m), while reported basic earnings per share (EPS) was up 8.0% at 5.4p (H1 24: 5.0p).

### Cashflow and liquidity

Cashflow from operations in H1 25 was a £13.0m outflow (H1 24: £21.4m inflow), resulting from increased adjusted operating profit offset by the timing of certain cash receipts around the period end and the unwind of working capital. Free cash flow in H1 25 was an outflow of £3.0m (H1 24: £14.2m inflow).

Our net cash position at the end of H1 25 was £144.9m (FY 24: £158.5m, H1 24: £166.0m). We expect our year end net cash position to be around £170m, in line with our prior expectations after taking account of the £10m share buyback programme announced on 16 June 2025, which has now completed, and higher dividend payments.

During H1 25 we paid 97% of invoices within 60 days (H1 24: 97%). In January 2025 Costain was re-confirmed as one of the fastest-paying lead contractors in construction on an average days-to-pay basis following the submissions to the Government's Duty to Report on Payment Practices and Performance.

### Dividend

In line with the Group's dividend policy, which targets dividend cover of three times adjusted earnings, and the previously-stated intention to normalise the H1:H2 dividend split in FY 25 back to a 33%:67% ratio, the Board has declared an interim dividend of 1.0p per ordinary share for the six

months ended 30 June 2025, representing a significant increase on the FY 24 interim dividend per share of 0.4p.

The interim dividend will be paid on 17 October 2025 to shareholders on the register at the close of business on 12 September 2025. 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 26 September 2025. The scrip reference price will be announced on 18 September 2025.

### **Forward work position**

Costain continues to enjoy good visibility on future work. Our forward work position, which is our combined order book and preferred bidder book, stood at £5.6bn at period end (FY 24: £5.4bn; H1 24: £4.3bn), representing more than four times our FY 24 annual revenue. This forward work position is built on long-term programmes that enable us to deliver a high consistency, continuity and quality of work for our customers. As at the end of H1 25, it included no single stage lump sum contracts and was predominated by target cost contracts where the scope of work, design and cost are developed and agreed with the client.

Our order book stood at £3.4bn at period end (FY 24: £2.5bn; H1 24: £1.8bn). The preferred bidder book stood at £2.2bn at period end (FY 24: £2.9bn; H1 24: £2.5bn). The preferred bidder book comprises contracts for which we have been selected on frameworks 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. This work is expected to represent an increasing proportion of our future revenue.

As at the end of H1 25, we have more than £490m of secured Group revenue for H2 25, meaning 90% of our forecast revenue for the year is secured.

### **Risk management**

The accurate assessment and management of risk and uncertainty is central to the successful execution of our strategic plans and our risk management processes on contracts continues 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.
- Strategic supply chain partners, with application of robust supply chain management processes.

Our strategy provides for assured delivery, lower risk contracts, together with a broader business mix, and our ambition remains to deliver improving long-term operating margins.

## STRATEGIC PROGRESS

The Group provides solutions which transform the performance of the UK's infrastructure ecosystem, creating a sustainable future for a more prosperous, resilient and decarbonised UK. We are strategically well positioned in our four key UK markets, where there is commitment to the long-term investment in infrastructure: Transport, Water, Energy, and Defence and Nuclear Energy. We build and grow strategic relationships with Tier 1 customers, forging long-term partnerships, which support us in delivering our growth ambitions, help us build an increasingly resilient customer portfolio and further extend our service offering across the asset lifecycle. We continually identify and deliver improvements to our approach to enhance productivity and drive predictable best in class delivery, building on the work we have already delivered through our Transformation programme. The Group made good progress during H1 25 in building a high-quality, resilient business by executing on its strategic priorities.

### Growth in strong markets

We have increasing confidence that we are strategically well positioned in our chosen long-term attractive growth markets of Transport, Water, Energy, and Defence and Nuclear Energy, based on:

- The Government's recent ten-year Infrastructure Strategy and Infrastructure Pipeline, providing greater clarity on £725 billion of investment; and
- Regulated determinations in water, energy and aviation that have resulted in significant increases in future investment in these sectors.

### Predictable, best in class delivery

Safety is a key indicator of operational excellence and a core value for Costain. We aim to eliminate harm across our business and 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) which for H1 25 remained low at 0.19 (H1 24: 0.09). Costain's LTIR is calculated as the ratio of the total number of lost time incidents per every 100,000 hours worked.

We continue to improve the quality of infrastructure through the projects we deliver for our customers to a high standard. Examples of predictable, best in class project delivery in H1 25 include:

- We opened the M1 National Emergency Area Retrofit North programme ahead of schedule, and opened our projects on the M6, A30 and A1 on time;
- We had a very positive close to AMP7, with our teams achieving 100% compliance with our customers' regulatory date commitments across over 100 projects;
- We successfully completed the twin-bore Northolt Tunnel from West Ruislip to Old Oak Common for HS2 safely and on schedule;
- We safely managed the complex demolition of the Allerdene bridge on the A1 Birtley to Coal House project with no disruption to the busy East Coast Main Line;
- Our Cadent team consistently achieved very high customer satisfaction scores and have now supplied gas services to 27,000 homes and replaced 335 kilometres of gas mains network;
- We delivered to the highest safety and environmental standards the 15 Dock project to Babcock, comprising extensive upgrades to dock infrastructure to enable Royal Navy submarines to undergo critical maintenance before returning to sea; and

- Our M6 project team received the Gold award by the Considerate Constructor Scheme for meeting the highest construction standards and making a positive impact on the local community and environment.

#### *Growing, resilient customer mix*

Within our chosen markets we work with a growing number of Tier 1 customers who choose to work with their partners on strategic five-to-ten-year programmes of work. The strategic nature of these contracts allows us to build strong, long-lasting, and valued relationships, broaden our service value and allows us to maintain consistency and continuity of workflows over the business plan period. This helps ensure a good quality of work and service, and an optimal risk profile. During H1 25, we continued to build and expand our broad customer base and increase the breadth of activities with both new and existing customers, with examples including:

- Urenco: a programme delivery partner framework to deliver new and upgraded infrastructure at its Cheshire site - Costain's first contract with Urenco as it expands capacity as a key enabler for the UK's decarbonised energy system;
- Urenco: an additional design services FEED for Europe's first commercial scale high-assay low-enriched uranium facility;
- Sizewell C: a ten-year framework to provide engineering, project delivery and quality control expertise to support the construction of the new nuclear power station, expected to be one of the biggest net zero projects in the UK;
- Anglian Water: further work won as part of the Strategic Pipeline Alliance to deliver an additional 260 kilometres of strategic pipeline in the east of England over the next five years; and
- Babcock, Heathrow and TfL: expansion of our work on existing framework agreements to progress refurbishment of their critical infrastructure.

#### *Building a meaningful consultancy service*

Our business is differentiated in seeking to meet our customers' broader business needs - not just their capital infrastructure needs but also acting as a consulting infrastructure partner, providing critical asset maintenance, extending the life and optimising the performance of existing assets, advising on long term asset planning and overseeing development programmes.

Consultancy services contributed 16.5% of H1 25 Group revenues. In addition to the Urenco and Sizewell C awards noted above, during H1 25 we won consultancy business with:

- Department for Energy Security & Net Zero, to provide technical and strategic consultancy services on the Department's Energy and Net Zero Professional Services Framework;
- National Highways, where we secured a place on the Specialist Professional and Technical Services Framework 3 (SPaTs3) through the RIS3 road investment cycle;
- Department for Transport, to provide technical and commercial advice to develop a range of rail infrastructure enhancement projects in the Western, Wales and Wessex regions;
- Storengy UK, to deliver two FEED contracts to support the development of their underground hydrogen storage facility in Cheshire; and
- Further design commissions as part of our AMP8 water framework agreements and Network Rail professional services framework agreement.

## DIVISIONAL REVIEW

### TRANSPORTATION

£m	H1 25	H1 24	Change
<i>Road</i>	82.5	176.4	(53.2)%
<i>Rail</i>	184.7	240.6	(23.2)%
<i>Integrated transport</i>	48.9	27.3	79.1%
Total revenue	<b>316.1</b>	<b>444.3</b>	(28.9) %
Divisional operating profit	7.3	13.8	(47.1)%
Divisional operating margin	2.3%	3.1%	(0.8)pt

1. All figures are on both a reported and adjusted basis. See notes 1 to 4 of the financial statements for adjusted metric details and definitions, and reconciliation to reported metrics.
2. Road and Rail in H1 24 includes revenue previously included in Integrated Transport, reported within Road and Rail from the start of 2025.

- Revenue of £316.1m was down 28.9 %, reflecting lower volumes in Road due to the scheduled completion of some contracts, and in Rail due to the development of a new integrated programme schedule for HS2 which is rephasing elements of our contracted activities in the short term into future years. These decreases were partially offset by increased revenue in Integrated Transport due to our expanding work with Heathrow.
- Divisional operating margin decreased by 0.8pt to 2.3%, due to the above-mentioned lower volumes in Road and Rail together with increased investment to support targeted growth opportunities.
- Revenue secured for H2 25 is £275.3m as at 30 June 2025.

Reflecting our transition towards a more broadly balanced portfolio, our revenue in H1 25 was generated from our complex project delivery schemes for HS2 and National Highways as well as from our work with newer customers such as Heathrow and TfL and further activities in local government.

We are encouraged by the Government's ten-year Infrastructure Strategy and Infrastructure Pipeline, which sets out plans to increase investment in Transport (excluding HS2) in the medium term, notably in local and devolved transport, together with the regulatory commitments to increase investment in the aviation sector.

**Road** revenue declined by 53.2% in H1 25, as expected, driven by a reduction in National Highways schemes revenue as certain projects complete or near completion, partially offset by growth with TfL. As a strategic partner for National Highways, we support their key investment programmes through the Regional Delivery Partnerships (RDP) major projects frameworks, the Smart Motorways Programme (SMP) Alliance, the Specialist Professional and Technical Services (SPaTs) consultancy frameworks, and Area 14 highway maintenance contract.

On RDP, in Cornwall we opened to traffic the widened A30 dual carriageway between Carland and Boxheater, and our work to upgrade the A1 around Newcastle continues to progress well. We are



progressing the detailed design phase of the M60 Simister Island scheme, which has been confirmed as being part of the Infrastructure Pipeline, and we won a place on the SPaTs3 framework to provide technical and engineering services through National Highways' RIS3 road investment programme for the period 2026 to 2031.

Within the SMP Alliance, we completed the delivery of the M6 Junction 21a-26 smart motorway upgrade on time, and our work to support the National Emergency Area Retrofit (NEAR) programme on the M1 through the design and delivery of 41 additional emergency areas for smart motorways opened ahead of schedule.

With TfL we increased the volume of work, progressing contracts at Gallows Corner, Brent Cross and A40 Westway, and we continue to support TfL's CCTV service.

**Rail** revenue decreased by 23.2% in H1 25, principally because of the previously mentioned rephasing by the client of some of our work on the HS2 programme. During the period the last three of the four tunnel boring machines (TBMs) in the Northolt Tunnel successfully completed their drives safely and on schedule, a major milestone for the HS2 project as it completed the twin-bore tunnel between West Ruislip and Old Oak Common. The HS2 programme continues to be navigating a change in its programme delivery strategy with an integrated programme being developed.

We continue to expand our portfolio of work for Network Rail and DfT through our professional services consulting framework contracts with them.

**Integrated Transport** revenue increased by 79.1% in H1 25, mainly reflecting the growing volumes at Heathrow, where we support both their H7 Terminal Asset Renewal Partner (ARP) and Major Project Partner (MPP) frameworks. On the MPP framework, we are making good progress upgrading the Terminal 2 baggage handling facilities and systems, and on the ARP framework we are involved on several key projects, such as replacing the cladding on the main road tunnel in and out of the airport and refurbishing the landside host area inside Terminal 2. We also continue to support other aviation customers at East Midlands, Manchester and Stansted airports.

## NATURAL RESOURCES

£m	H1 25	H1 24	Change
<i>Water</i>	<i>118.9</i>	<i>119.8</i>	<i>(0.8%)</i>
<i>Energy</i>	<i>29.6</i>	<i>21.7</i>	<i>36.4%</i>
<i>Defence and Nuclear Energy</i>	<i>60.8</i>	<i>53.5</i>	<i>13.6%</i>
Total revenue	<b>209.3</b>	<b>195.0</b>	7.3%
Divisional operating profit	16.1	8.4	91.7%
Divisional operating margin	7.7%	4.3%	3.4pt

1. All figures are on both a reported and adjusted basis. See notes 1 to 4 of the financial statements for adjusted metric details and definitions, and reconciliation to reported metrics.

- Revenue increased by 7.3% to £209.3m, reflecting growth in Energy and Defence and Nuclear Energy.
- Divisional operating profit increased to £16.1m (H1 24: £8.4m), and divisional operating margin increased by 3.4pts to 7.7%, benefitting from higher volumes, improved contract performance and successful contract finalisations as we transition from AMP7 to AMP8 in Water.
- Revenue secured for H2 25 is £218.4m as at 30 June 2025.

**Water** revenue decreased by 0.8% in H1 25 as the water industry transitioned from the AMP7 to AMP8 regulatory cycle. We provide a broad range of services to improve asset and operational resilience across the Water sector, together with decarbonisation capabilities. The breadth of our service offering to this sector continues to grow with work including wastewater to gas, water quality assurance and water treatment, as well as design, maintenance, capital delivery and strategic resource options, such as the constructability advice we are providing to Thames Water as part of the design of their new strategic reservoir in Oxfordshire.

We had a very positive close to AMP7, achieving 100% of our regulatory date commitments on behalf of our customers across over 100 projects, with Severn Trent Water naming us as their top supplier across the whole of AMP7. Our focus has now moved to the successful mobilisation of the AMP8 capital delivery programmes for both existing AMP7 customers (Anglian Water, Severn Trent Water, Southern Water and Thames Water) as well as our new AMP8 alliances with United Utilities and Northumbrian Water. We also have a managed service provider contract with United Utilities and a professional services contract with Yorkshire Water. Following our successful contract awards in FY 24 we have good visibility across 2025-2030 and continue to expect a doubling of investment in AMP8 compared to AMP7, to over £100bn. This high level of investment is expected to continue into AMP9, which runs from 2030-2035, as do our contracts with United Utilities, Northumbrian Water and Southern Water.

Water resilience is a critical area of focus for the industry, and in June 2025 we announced a five-year extension to our Strategic Pipeline Alliance contract with Anglian Water to improve resilience to drought and climate change by transferring water from wetter regions to drier parts of the east of England. During the period our work for Tideway, where in a joint venture we are responsible for building the eastern section of London's new 'super sewer', was commissioned and became operational, bringing significantly greater environmental resilience to London.

**Energy** revenue increased by 36.4% in H1 25. We provide our customers in this sector with a range of services including engineering design, managed services and programme management, solving our customers' complex energy challenges through excellence in engineering and delivery. Our strategic focus areas are energy transition (hydrogen and carbon capture), energy resilience (brownfield modifications for enhanced longevity and performance, energy storage and carbon reduction) and energy connectivity (gas and electricity networks).

In energy transition, following the contract award in late 2024 we commenced delivery of bp's landmark carbon capture and storage project on Teesside. Building on our work with bp to design the East Coast Cluster hydrogen network, we were awarded two FEED contracts with a new customer, Storengy UK, for its pioneering underground hydrogen storage project in Cheshire. We also continue to provide studies to Wales and West Utilities to assist them as they develop their hydrogen vision. We see strong future growth in supporting the decarbonisation of the UK's energy system through large-scale energy switching engineering projects, including hydrogen generation and transportation.

In energy 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. Now four years into our eight-year contract, we have fitted new gas mains and services to 27,000 homes and replaced 335 kilometres of gas mains network across the region. Ofgem has a £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, thus ensuring greater resilience for the UK against volatile global energy markets. This is four times the level of investment made during RIIO-2, with the first £24bn tranche of this programme already having been approved, and we continue to expect strong growth opportunities across the energy transmission and connectivity market as the UK embarks on its 'Great Grid Upgrade'.

**Defence and Nuclear Energy** supports several public and private sector organisations in a variety of customer-side, delivery partnership roles across the UK Defence Nuclear Enterprise. Revenue increased by 13.6% in H1 25, driven by growth within our current delivery partnership roles for executive non-departmental public and Government bodies, and with Tier 1 companies. During the period we completed extensive upgrades to the dock infrastructure at Devonport on behalf of Babcock, to enable Royal Navy submarines to undergo critical maintenance before returning to sea.

We made significant progress in nuclear energy in the period, winning business with both new and existing customers as this sector becomes an increasingly important enabler of the UK's decarbonised energy system. We won a ten-year framework with Sizewell C to provide engineering, project delivery and quality control expertise to support the construction of the new nuclear power station. Importantly, we also added Urenco as a new customer, first securing a programme delivery partner framework to deliver new and upgraded infrastructure at its Cheshire site and then following this with an additional design services FEED for Europe's first commercial scale high-assay low-enriched uranium facility. This facility will provide the fuel for the recently announced small modular reactor (SMR) and advanced modular reactor (AMR) units for Rolls Royce as part of Great British Nuclear's drive to deliver cheaper, cleaner and more secure energy.

We continue to see further growth opportunities in Defence and Nuclear Energy, are well positioned across the Defence Nuclear Enterprise, and our ambition is to be the delivery partner of choice for the Ministry of Defence and its prime contractors for its future strategic infrastructure needs.

## FINANCIAL REVIEW

### Divisional adjusted to reported reconciliation

	Transportation			Natural Resources			Group		
	H1 25	H1 24	Change	H1 25	H1 24	Change	H1 25	H1 24	Change
<b>Revenue £m</b>									
Reported	316.1	444.3	(28.9%)	209.3	195.0	7.3%	525.4	639.3	(17.8%)
<b>Operating profit £m</b>									
Adjusted	7.3	13.8	(47.1%)	16.1	8.4	91.7%	16.8	16.3	3.1%
Adjusting items	-	-		-	-		(0.4)	(2.4)	
Reported	7.3	13.8	(47.1%)	16.1	8.4	91.7%	16.4	13.9	18.0%

### Adjusting items

We incurred £0.2m (H1 24: £2.4m) on residual transformation costs and £0.2m restructuring costs.

### Net finance income

Net finance income amounted to £1.8m (H1 24: £3.1m). Interest income from bank deposits amounted to £2.6m (H1 24: £3.5m), reflecting lower interest income from lower bank deposits and interest rates. The charges on banking facilities and other similar charges were £1.1m (H1 24: £0.7m), reflecting the accelerated amortisation of charges relating to our prior refinancing. In addition, the net financial income for H1 25 includes the interest income on the net assets of the pension scheme of £1.5m (H1 24: £1.3m) and the interest expense on lease liabilities of £1.2m (H1 24: £1.0m) under IFRS16.

### Tax

The Group has a tax charge of £4.0m (H1 24: £3.5m) giving an effective tax rate of 22.0% (H1 24: 20.8%). The adjusted effective tax rate was 21.6% (H1 24: 21.3%). We expect the effective tax rate in FY 25 to remain marginally below the blended statutory tax rate of 25%.

### Cashflow

The Group generated an adjusted £3.0m free cash outflow in H1 25 (H1 24: £14.2m inflow), lower than in the same period last year largely due to the timing of certain cash receipts around the period end and the unwind of working capital, partially offset by lower cash flows on adjusting items.

The Group had a net cash balance of £144.9m as of 30 June 2025 (FY 24: £158.5m; H1 24: £166.0m) comprising Costain cash balances of £85.0m (FY 24: £95.8m; H1 24: £96.2m), cash held by joint operations of £59.9m (FY 24: £62.7m; H1 24: £69.8m) and borrowings of £nil (FY 24: £nil; H1 24: £nil). During H1 25, the Group's average month-end net cash balance was £149.4m (FY 24: £169.8m; H1 24: £173.9m) and the Group's average week-end net cash balance was £152.9m (FY 24: £164.3m; H1 24: £168.2m). Utilisation of the total bonding facilities as of 30 June 2025 was £71.2m (FY 24: £65.3m, H1 24: £65.3m).

£m	H1 25	H1 24
Cash from operations	(13.0)	21.4
Add back adjusting items	0.4	3.3
Add back pension deficit contributions	-	1.7
Add back / (less) cash flows on cash and cash equivalents – with restrictions	9.7	(6.2)
Less taxation	-	(1.9)
Less capital expenditure	(0.1)	(4.1)
<b>Free cash flow</b>	<b>(3.0)</b>	<b>14.2</b>

£m	H1 25	H1 24	FY 24
Cash and cash equivalents at the beginning of year	158.5	164.4	164.4
Net cash flow	(13.6)	1.6	(5.9)
Cash and cash equivalents at the end of year	144.9	166.0	158.8
Borrowings	-	-	-
<b>Net cash</b>	<b>144.9</b>	<b>166.0</b>	<b>158.5</b>

### Bank and bonding facilities

On 28 May 2025, the Group announced that it had 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, with an option to extend by a further year. The Group's new facilities agreement replaces the previous three-year facilities agreement to September 2026, as announced on 26 July 2023, and comprises an £100m revolving credit facility (previous revolving credit facility: £85m) and surety and bank bonding facilities totalling £295m (previous facilities: £270m).

### Pensions

Cash contributions made to the scheme during H1 25 amounted to £nil (H1 24: £1.7m), reflecting the actuarial assessment of the scheme funding position that was carried out as at 31 March 2024, 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. The most recent actuarial assessment of the scheme funding position, as at 31 March 2025, also concluded that the funding level was more than 101%, and so there will also be no cash contributions into the scheme from 1 July 2025 to 30 June 2026.

The charge to operating profit in respect of the administration cost of the UK Pension Scheme in H1 25 was £0.1m (H1 24: £0.1m). As at 30 June 2025, the Group's pension scheme was in surplus in accordance with IAS 19 at £56.1m (FY 24: £54.9m surplus; H1 24: £55.1m surplus). The movement in

the IAS 19 valuation, being a slight increase in surplus from 31 December 2024 to 30 June 2025, was due to a change in discount rate assumptions resulting in a decrease in benefit obligations.

### Capital allocation

Costain continues to perform well against its strategic targets and expects to deliver long-term sustainable value for its stakeholders. The Group's capital allocation priorities are:

- **Investing for growth.** Costain will continue disciplined investment in key areas such as systems and digitalisation that will accelerate its business transformation and expects to invest around £10m across FY 25 and FY 26 in this area. It will also continue to prioritise investment in capabilities and expertise to support targeted growth opportunities.
- **Dividend.** The Board recognises the importance of dividends for shareholders and has been increasing the dividend payout since its resumption in 2023. Dividend payments take into account the cash flow generated in the period, and the impact of the current “dividend parity” arrangement relating to the defined benefit pension scheme. The Board has a target dividend cover of three times adjusted earnings, which provides headroom for further dividend growth to achieve the target cover level as and when the current dividend parity arrangement is no longer in place.

In line with the Board’s dividend policy and the previously stated intention to normalise the H1:H2 dividend split in FY 25 back to a 33%:67% ratio, an interim dividend of 1.0p per share has been declared for the six months ended 30 June 2025, a significant increase compared to the prior period interim dividend of 0.4p per share.

- **Selective M&A.** The Board 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 and cash position, identified surplus capital will be returned to shareholders through share buybacks or special dividends. On 16 June 2025 the Group launched a £10m share buyback programme which completed on 15 August 2025. This follows a £10m share buyback programme that was announced and completed in H2 24.

## DIRECTORS REPORT

### Going concern

In determining the appropriate basis of preparation of the financial statements for the six months ended 30 June 2025, the directors are required to consider whether the Group 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 52 to 55 of the Group's Annual Report for the year ended 31 December 2024 which can be found at [www.costain.com](http://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, or environmental incidents 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 9) Climate change and sustainability and 10) Delivering the benefits of our Transformation programme.

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.

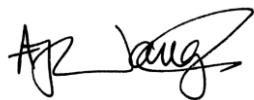
### Statement of Directors' Responsibilities

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 2024.

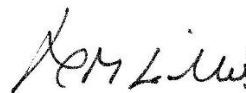
For and on behalf of the Board



**Alex Vaughan**

Chief Executive Officer

19 August 2025



**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](http://www.costain.com). This includes copies of recent investor presentations as well as London Stock Exchange announcements.



## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

£m	Note	H1 25 unaudited	H1 24 unaudited
<b>Revenue</b>	4	<b>525.4</b>	639.3
Cost of Sales		<b>(473.5)</b>	(594.7)
<b>Gross profit</b>		<b>51.9</b>	44.6
Administrative expenses		<b>(35.5)</b>	(30.7)
<b>Operating profit</b>		<b>16.4</b>	13.9
<b>Profit from operations</b>	4	<b>16.4</b>	13.9
Finance income	5	<b>4.1</b>	4.8
Finance expense	5	<b>(2.3)</b>	(1.7)
Net finance income		<b>1.8</b>	3.1
<b>Profit before tax</b>		<b>18.2</b>	17.0
Taxation	6	<b>(4.0)</b>	(3.5)
<b>Profit for the period attributable to equity holders of the parent</b>		<b>14.2</b>	13.5
<b>Earnings per share</b>			
Basic	7	<b>5.4p</b>	5.0p
Diluted	7	<b>5.3p</b>	4.9p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

£m	H1 25 unaudited	H1 24 unaudited
<b>Profit for the period</b>	<b>14.2</b>	13.5
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurement of retirement benefit asset	(0.2)	(1.3)
Tax recognised on remeasurement of retirement benefit asset	0.1	0.1
<b>Total items that will not be reclassified to profit or loss</b>	<b>(0.1)</b>	(1.2)
<b>Other comprehensive expense for the period</b>	<b>(0.1)</b>	(1.2)
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	<b>14.1</b>	12.3

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

£m	Note	30 June 2025 unaudited	31 December 2024 audited
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	50.6	51.2
Property, plant and equipment	10	32.3	35.3
Equity accounted investments		0.4	0.4
Retirement benefit asset	12	56.1	54.9
Trade and other receivables		2.4	4.3
Deferred tax		6.1	8.6
<b>Total non-current assets</b>		<b>147.9</b>	<b>154.7</b>
<b>Current assets</b>			
Trade and other receivables		208.6	185.3
Insurance recovery asset		5.2	8.8
Income tax		-	1.5
Cash and cash equivalents – with restrictions	11	28.7	38.4
Cash and cash equivalents	11	144.9	158.5
<b>Total current assets</b>		<b>387.4</b>	<b>392.5</b>
<b>Total assets</b>		<b>535.3</b>	<b>547.2</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade payables		1.3	1.8
Lease liabilities		15.8	12.8
<b>Total non-current liabilities</b>		<b>17.1</b>	<b>14.6</b>
<b>Current liabilities</b>			
Trade and other payables		256.5	271.0
Income tax		0.4	-
Lease liabilities		7.5	13.0
Provisions for other liabilities and charges		10.3	12.9
<b>Total current liabilities</b>		<b>274.7</b>	<b>296.9</b>
<b>Total liabilities</b>		<b>291.8</b>	<b>311.5</b>
<b>Net assets</b>		<b>243.5</b>	<b>235.7</b>
<b>Equity</b>			
Share capital	13	2.7	2.7
Share premium		16.9	16.5
Translation reserve		0.6	0.6
Capital redemption reserve	13	136.5	136.5
Treasury shares		(1.0)	(0.7)
Retained earnings		87.8	80.1
<b>Total equity</b>		<b>243.5</b>	<b>235.7</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

£m	Share capital	Share premium	Translation reserve	Capital redemption reserve	Treasury shares	Retained earnings	Total equity
At 1 January 2024 audited	138.3	16.4	0.6	-	(1.9)	66.0	219.4
Profit for the period	-	-	-	-	-	13.5	13.5
Other comprehensive expense	-	-	-	-	-	(1.2)	(1.2)
Issue of shares under employee share schemes	0.9	-	-	-	(0.6)	(0.2)	0.1
Shares purchased to satisfy employee share schemes	-	-	-	-	0.8	(0.8)	-
Equity-settled share-based payments	-	-	-	-	-	1.1	1.1
Acquisition of treasury shares	-	-	-	-	(0.5)	-	(0.5)
Nominal value reduction (see note 13)	(136.4)	-	-	136.4	1.2	(1.2)	-
Dividends paid	-	0.1	-	-	-	(2.2)	(2.1)
At 30 June 2024 unaudited	2.8	16.5	0.6	136.4	(1.0)	75.0	230.3
At 1 January 2025 audited	2.7	16.5	0.6	136.5	(0.7)	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	136.5	(1.0)	87.8	243.5

## CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025

£m	Note	H1 25 unaudited	H1 24 unaudited (as restated)*
<b>Cash flows from/(used by) operating activities</b>			
<b>Profit for the year</b>		<b>14.2</b>	13.5
Adjustments for:			
Finance income	5	(4.1)	(4.8)
Finance expense	5	2.3	1.7
Taxation	6	4.0	3.5
Loss on disposal of property, plant and equipment		0.1	0.5
Depreciation of property, plant and equipment	10	5.3	5.8
Amortisation of intangible assets	9	0.6	0.1
Share-based payments expense		1.8	1.1
<b>Cash from operations before changes in working capital and provisions</b>		<b>24.2</b>	21.4
Increase in trade and other receivables		(17.9)	(14.4)
(Decrease)/increase in trade and other payables		(16.8)	17.2
Movement in other provisions and employee benefits		(2.5)	(2.8)
<b>Cash (used by)/from operations</b>		<b>(13.0)</b>	21.4
Interest received		3.6	2.5
Interest paid		(3.1)	(1.5)
Taxation paid		-	(1.9)
<b>Net cash (used by)/from operating activities</b>		<b>(12.5)</b>	20.5
<b>Cash flows from/(used by) investing activities</b>			
Additions to property, plant and equipment		(0.1)	(1.8)
Additions to intangible assets		-	(2.3)
<b>Net cash used by investing activities</b>		<b>(0.1)</b>	(4.1)
<b>Cash flows from/(used by) financing activities</b>			
Ordinary dividends paid		(4.9)	(2.1)
Issue of ordinary share capital		-	0.1
Acquisition of treasury shares		(1.0)	(0.5)
Repayments of lease liabilities		(4.8)	(6.1)
<b>Net cash used by financing activities</b>		<b>(10.7)</b>	(8.6)
<b>Net decrease in cash and cash equivalents - with restrictions</b>		<b>(9.7)</b>	6.2
<b>Net decrease in cash and cash equivalents</b>		<b>(13.6)</b>	1.6
Net (decrease)/increase in cash and cash equivalents (including cash with restrictions)		(23.3)	7.8
Cash and cash equivalents at beginning of the period (including cash with restrictions)	11	196.9	188.8
<b>Cash and cash equivalents at end of the period (including cash with restrictions)</b>	11	<b>173.6</b>	196.6

\*See note 14 for more information on restatement.

## 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 2025 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 2024, 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 2024 was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group has applied the following standards and amendments for the first time for the period commencing 1 January 2025:

- Lack of exchangeability – Amendments to IAS 21.

The amendment listed above did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

## 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.

On 28 May 2025, the Group announced that it had 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, with an option to extend by a further year. The Group's new facilities agreement replaces the previous three-year facilities agreement to September 2026, as announced on 26 July 2023, and comprises an £100m revolving credit facility (RCF) (previous RCF: £85m) and surety and bank bonding facilities totalling £295m (previous facilities: £270m). The RCF is currently undrawn.

These facilities have a leverage covenant of net debt/adjusted EBITDA  $\leq 1.5$  times, an interest covenant of adjusted EBITA/net interest payable covenant of  $\geq 4.0$  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 £50.0m. These financial covenants are tested quarterly. As at 30 June 2025, the Group had a leverage covenant ratio of below zero (the Group had no net debt) and an interest covenant ratio of 9.5 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 company bonding facilities.

In determining the appropriate basis of preparation of the financial statements for the six months ended 30 June 2025, the directors are required to consider whether the Group 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 2026, being the first covenant deadline more than 12 months after the approval of the 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, lower margins, 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 will be able to operate within its 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 has 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 – Alternative performance measures***

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. 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. '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 pages 152 to 155 of the Annual Report for the year ended 31 December 2024.

As at 30 June 2025, the HS2 programme continues to be navigating a change in its programme delivery strategy with an integrated programme being developed and work is underway on a revised programme with the supply chain, including the Skanska-Costain-Strabag Joint Venture. Our 30 June 2025 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. The Group incurred £0.2m on residual transformation costs (H1 24: £2.4m on Transformation) and £0.2m on restructuring costs.

Six months ended 30 June 2025			
	Adjusted	Adjusting items	Total
	£m	£m	£m
<b>Revenue</b>	<b>525.4</b>	-	<b>525.4</b>
Cost of sales	(473.5)	-	(473.5)
Gross profit	51.9	-	51.9
<i>Administrative expenses before other items</i>	<i>(35.1)</i>	-	<i>(35.1)</i>
<i>Residual transformation costs</i>	-	<i>(0.2)</i>	<i>(0.2)</i>
<i>Restructuring costs</i>		<i>(0.2)</i>	<i>(0.2)</i>
Administrative expenses	(35.1)	(0.4)	(35.5)
<b>Operating profit</b>	<b>16.8</b>	<b>(0.4)</b>	<b>16.4</b>
<b>Profit from operations</b>	<b>16.8</b>	<b>(0.4)</b>	<b>16.4</b>
Net finance income	1.8	-	1.8
<b>Profit before tax</b>	<b>18.6</b>	<b>(0.4)</b>	<b>18.2</b>
Taxation	(4.1)	0.1	(4.0)
<b>Profit/(loss for the period)</b>	<b>14.5</b>	<b>(0.3)</b>	<b>14.2</b>
Basic earnings per share	5.5p		5.4p

Six months ended 30 June 2024			
	Adjusted	Adjusting items	Total
	£m	£m	£m
<b>Revenue</b>	639.3	-	639.3
Cost of sales	(594.7)	-	(594.7)
Gross profit	44.6	-	44.6
<i>Administrative expenses before other items</i>	<i>(28.3)</i>	-	<i>(28.3)</i>
<i>Transformation costs</i>	-	<i>(2.4)</i>	<i>(2.4)</i>
Administrative expenses	(28.3)	(2.4)	(30.7)
<b>Operating profit</b>	16.3	(2.4)	13.9
<b>Profit/(loss) from operations</b>	16.3	(2.4)	13.9
Net finance income	3.1	-	3.1
<b>Profit before tax</b>	19.4	(2.4)	17.0
Taxation	(4.1)	0.6	(3.5)
<b>Profit for the period</b>	15.3	(1.8)	13.5
Basic earnings per share	5.6p		5.0p

#### 4. OPERATING SEGMENTS

The Group has two business segments: Natural Resources and Transportation. 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 these financial statements.

The Group evaluates segment performance on the basis of profit or loss from operations before interest and tax expense 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 2025				
	Transportation £m	Natural Resources £m	Central costs £m	Total £m
<b>Segment revenue</b>				
Total revenue	316.1	209.3	-	525.4
<b>Segment profit/(loss)</b>				
Adjusted operating profit/(loss)	7.3	16.1	(6.6)	16.8
<b>Profit/(loss) from operations before adjusting items</b>	7.3	16.1	(6.6)	16.8
Adjusting items:				
Restructuring and residual transformation costs	-	-	(0.4)	(0.4)
<b>Profit/(loss) from operations</b>	7.3	16.1	(7.0)	16.4
Net finance income				1.8
<b>Profit before tax</b>				18.2

Six months ended 30 June 2024				
	Transportation £m	Natural Resources £m	Central costs £m	Total £m
<b>Segment revenue</b>				
Total revenue	444.3	195.0	-	639.3
<b>Segment profit/(loss)</b>				
Adjusted operating profit/(loss)	13.8	8.4	(5.9)	16.3
<b>Profit/(loss) from operations before adjusting items</b>	13.8	8.4	(5.9)	16.3
Adjusting items:				
Transformation costs	-	-	(2.4)	(2.4)
<b>Profit/(loss) from operations</b>	13.8	8.4	(8.3)	13.9
Net finance income				3.1
<b>Profit before tax</b>				17.0

## 5. NET FINANCE INCOME/(EXPENSE)

£m	H1 25	H1 24
Interest income from bank deposits	2.6	3.5
Interest income on the net assets of the defined benefit pension scheme	1.5	1.3
Finance income	4.1	4.8
Interest payable on banking facilities and other similar charges*	(1.1)	(0.7)
Interest expense on lease liabilities	(1.2)	(1.0)
Finance expense	(2.3)	(1.7)
Net finance income	1.8	3.1

\*Other similar charges include arrangement and commitment fees payable.

## 6. TAXATION

£m	H1 25	H1 24
<b>On profit for the period</b>		
Current tax charge for the period	(1.9)	(0.9)
Deferred tax charge for the period	(2.1)	(2.6)
<b>Tax charge in the consolidated income statement</b>	<b>(4.0)</b>	<b>(3.5)</b>

£m	H1 25	H1 24
<b>Tax reconciliation</b>		
Profit before tax	18.2	17.0
Taxation at 25.0% (H1 24: 25.0%)	(4.6)	(4.2)
Adjustments in respect of prior years	-	0.7
Permanent timing differences	0.6	-
<b>Tax charge in the consolidated income statement</b>	<b>(4.0)</b>	<b>(3.5)</b>

## 7. EARNINGS PER SHARE

The calculation of earnings per share is based on profit of £14.2m (H1 24: £13.5m) and the number of shares set out below.

	H1 25 Number (millions)	H1 24 Number (millions)
Weighted average number of ordinary shares in issue for basic earnings per share calculation	265.4	273.2
Dilutive potential ordinary shares arising from employee share schemes	2.0	2.9
Weighted average number of ordinary shares in issue for diluted earnings per share calculation	267.4	276.1

## 8. DIVIDENDS

£5.3m dividends were paid or provided for in respect of the six months ended 30 June 2025 (H1 24: £2.2m).

## 9. INTANGIBLE ASSETS

	Goodwill £m	Customer relationships £m	Other acquired intangibles £m	Other intangibles £m	Total £m
<b>Cost</b>					
At 1 January 2024	54.1	15.4	9.7	16.2	95.4
Additions	-	-	-	5.8	5.8
Disposals	-	-	-	(7.6)	(7.6)
At 31 December 2024	54.1	15.4	9.7	14.4	93.6
At 1 January 2025	<b>54.1</b>	<b>15.4</b>	<b>9.7</b>	<b>14.4</b>	<b>93.6</b>
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 30 June 2025</b>	<b>54.1</b>	<b>15.4</b>	<b>9.7</b>	<b>14.4</b>	<b>93.6</b>
<b>Accumulated amortisation/ impairment</b>					
At 1 January 2024	9.0	15.4	9.7	15.6	49.7
Charge in year	-	-	-	0.3	0.3
Disposals	-	-	-	(7.6)	(7.6)
At 31 December 2024	9.0	15.4	9.7	8.3	42.4
At 1 January 2025	<b>9.0</b>	<b>15.4</b>	<b>9.7</b>	<b>8.3</b>	<b>42.4</b>
Charge in period	-	-	-	<b>0.6</b>	<b>0.6</b>
<b>At 30 June 2025</b>	<b>9.0</b>	<b>15.4</b>	<b>9.7</b>	<b>8.9</b>	<b>43.0</b>
<b>Net book value</b>					
<b>At 30 June 2025</b>	<b>45.1</b>	-	-	<b>5.5</b>	<b>50.6</b>
At 31 December 2024	45.1	-	-	6.1	51.2

Goodwill has been allocated to the applicable cash generating units of the Transportation segment (£15.5m (H1 24: £15.5m)) and the Natural Resources segment (£29.6m (H1 24: £29.6m)).

The Group reviews the value of goodwill and in the absence of any identified triggering events, 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 2025, 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 2025.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Plant & equipment	Leasehold improvements	Right-of-use assets		Total
	£m	£m	Land & buildings	Vehicles, plant & equipment	£m
<b>At 31 December 2024</b>					
Cost	8.0	8.2	15.9	28.4	60.5
Accumulated depreciation and impairment	(7.7)	(0.2)	(4.3)	(13.0)	(25.2)
Net book value	0.3	8.0	11.6	15.4	35.3
<b>At 30 June 2025</b>					
<b>Cost</b>					
At 1 January 2025	8.0	8.2	15.9	28.4	60.5
Additions	-	0.1	0.1	3.4	3.6
Disposals	-	-	(1.5)	(5.9)	(7.4)
<b>At 30 June 2025</b>	<b>8.0</b>	<b>8.3</b>	<b>14.5</b>	<b>25.9</b>	<b>56.7</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2025	7.7	0.2	4.3	13.0	25.2
Charge in period	0.1	0.5	0.9	3.8	5.3
Disposals	-	-	(1.1)	(5.0)	(6.1)
<b>At 30 June 2025</b>	<b>7.8</b>	<b>0.7</b>	<b>4.1</b>	<b>11.8</b>	<b>24.4</b>
<b>Net book value</b>					
<b>At 30 June 2025</b>	<b>0.2</b>	<b>7.6</b>	<b>10.4</b>	<b>14.1</b>	<b>32.3</b>

## 11. CASH AND CASH EQUIVALENTS

‘Cash and cash equivalents’ include the Group’s share of cash held by joint operations of £59.9m (FY 24: £62.7m).

‘Cash and cash equivalents – with restrictions’ represent amounts held in trust bank accounts on behalf of certain customers (project bank accounts (PBAs)) and designated for future payment to suppliers – see note 14 for further information.

	30 June 2025	31 December 2024
	£m	£m
Cash and cash equivalents – with restrictions	28.7	38.4
Cash and cash equivalents	144.9	158.5
<b>Cash and cash equivalents (including cash with restrictions)</b>	<b>173.6</b>	<b>196.9</b>

## 12. PENSIONS

The Group operates a defined benefit pension scheme in the UK; contributions are paid by subsidiary undertakings. There are also two defined contribution pension schemes in place in the UK and contributions are made both by subsidiary undertakings and employees. The total pension charge in the income statement is defined benefit scheme net income of £1.4m, and defined contribution scheme operating costs of £6.8m (H1 24: defined benefit scheme net income of £0.4m, and defined contribution scheme operating costs of £6.1m).

### 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 2022 and this was updated to 30 June 2025 by a qualified independent actuary. At 30 June 2025, there were 2,886 retirees and 2,601 deferred members (2024: 2,886 retirees and 2,601 deferred members). The weighted average duration of the obligations is 11.0 years (2024: 11.0 years).

	At 30 June 2025	At 31 December 2024	At 31 December 2023
	£m	£m	£m
Present value of defined benefit obligations	(486.5)	(497.5)	(542.6)
Fair value of scheme assets	542.6	552.4	596.1
<b>Recognised asset for defined benefit obligations</b>	<b>56.1</b>	<b>54.9</b>	<b>53.5</b>

### Movements in present value of defined benefit obligations

	At 30 June 2025	At 31 December 2024
	£m	£m
At 1 January	497.5	542.6
Interest cost	13.3	25.0
Remeasurements – demographic assumptions	(2.5)	0.5
Remeasurements – financial assumptions	(6.8)	(41.0)
Remeasurements – experience adjustments	1.5	3.7
Benefits paid	(16.5)	(33.3)
<b>At end of period</b>	<b>486.5</b>	<b>497.5</b>

## Movements in fair value of scheme assets

	At 30 June 2025	At 31 December 2024
	£m	£m
At 1 January	552.4	596.1
Interest income	14.8	27.6
Remeasurements – return on assets	(8.0)	(39.9)
Contributions by employer	-	2.0
Administrative expenses	(0.1)	(0.1)
Benefits paid	(16.5)	(33.3)
<b>At end of period</b>	<b>542.6</b>	<b>552.4</b>

## Expense recognised in the income statement

	H1 25	H1 24
	£m	£m
Administrative expenses paid by the pension scheme	(0.1)	(0.1)
Administrative expenses paid directly by the Group	-	(0.8)
Interest income on the net assets of the defined benefit pension scheme	1.5	1.3
	<b>1.4</b>	<b>0.4</b>

## Fair value of scheme assets

	At 30 June 2025	At 31 December 2024
	£m	£m
Global equities	89.2	90.0
Multi-asset growth funds	21.1	20.7
Multi-credit fund	83.7	83.8
LDI plus collateral	338.6	339.7
Cash	10.0	18.2
	<b>542.6</b>	<b>552.4</b>

## Principal actuarial assumption (expressed as weighted averages)

	At 30 June 2025	At 31 December 2024
	%	%
Discount rate	5.50	5.50
Future pension increases	2.80	2.95
Inflation assumption	2.90	3.10



Weighted average life expectancies from age 65 as per mortality tables used to determine benefits at 30 June 2025 and 31 December 2024 are:

	At 30 June 2025		At 31 December 2024	
	Male (years)	Female (years)	Male (years)	Female (years)
Currently aged 65	21.8	23.7	21.9	23.8
Non-retirees currently aged 45	22.4	24.7	22.9	25.1

In accordance with the pension regulations, a triennial actuarial review of the Costain defined benefit pension scheme was carried out as at 31 March 2022. In June 2023, the valuation and updated deficit recovery plan were agreed with the Scheme Trustee resulting in cash contributions of £3.3m for each year commencing 1 July 2023 (increasing annually with inflation) until the deficit is cleared, and an additional contribution so that the total deficit contributions match the total dividend amount paid by the Company each year. As part of the agreement, the Scheme funding position is assessed each 31 March and, if the funding level (on a Technical Provisions basis) is more than 101%, contributions will stop for the following 1 July to 30 June. If the funding level falls below 101% at the following 31 March, contributions will resume for the next year starting 1 July to 30 June at the agreed new level.

An actuarial assessment of the Scheme funding position was carried out on 31 March 2025 and, as the funding level (on a Technical Provisions basis) was more than 101%, contributions will stop from 1 July 2025 to 30 June 2026.

In addition to contributions being stopped for a year, as the funding level is above 101%, “dividend parity” has been suspended for the period 1 July 2025 to 30 June 2026. Under the dividend parity arrangement, an additional matching contribution (the excess of the total dividend above the Scheme contribution) is paid to the Costain Pension Scheme when the total of the interim and final dividends (or other return of capital such as a buyback) is greater than the contributions paid into the Scheme in the previous Scheme financial year, which runs from 1 April to 31 March.

The next triennial review of the Scheme with the Trustee, based on the triennial actuarial valuation as at 31 March 2025, is underway and will be completed before the end of June 2026.

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 additional contributions arising from this agreement in future financial statements.

### **Defined contribution schemes**

Two defined contribution pensions are operated. The total expense relating to these plans was £6.8m (H1 24: £6.1m).

### 13. SHARE CAPITAL

	H1 25		H1 24	
	Number (millions)	Nominal value £m	Number (millions)	Nominal value £m
<b>Issued share capital</b>				
Shares in issue at beginning of period - ordinary shares of 1p each (H1 24: 50p each), fully paid	<b>268.8</b>	<b>2.7</b>	276.7	138.3
Issued in year	<b>4.2</b>	-	1.8	0.9
Reduction in nominal value (transfer to capital redemption reserve)	<b>(0.1)</b>	-	-	(136.4)
Shares in issue at end of period - ordinary shares of 1p each, fully paid	<b>272.9</b>	<b>2.7</b>	278.5	2.8

The 2022 LTIP vested in the half-year and 3,800,000 shares were issued in April 2025.

A total of 432,388 shares were issued under the Scrip Dividend Scheme during H1 2025.

In June 2025, Costain announced an on-market share buyback programme. The programme will be completed in H2 2025 and, as at 30 June 2025, it had resulted in the purchase of 102,159 ordinary shares in aggregate for cancellation.

The Company's issued share capital comprised 272,896,316 ordinary shares of £0.01 each as at 30 June 2025. All shares rank pari passu regarding entitlement to capital and dividends.

### 14. PRIOR PERIOD RESTATEMENT

The following restatement has been previously reported in the 2024 Annual Report and Accounts. The effect on the H1 2024 financials is given below.

#### Cash and cash equivalents - with restrictions

For the year ended 31 December 2024, the Group changed the presentation of amounts held in trust bank accounts on behalf of certain customers and designated for future payment to suppliers. These were previously recognised in the Group's balance sheet as a trade receivable from the customer depicting that the cash is held in trust for the customer and does not represent the Group's cash. The Group has re-presented these accounts as 'cash and cash equivalents - with restrictions' and restated the comparative at 30 June 2024. There is no impact on the profit and loss account. The statement of cash flows has been restated to include these amounts and the in-period movements thereon including a restatement to the movements in receivables. The opening cash balance as at 1 January 2024 has also been restated in the statement of cash flows. The comparative statement of financial position is reported at 31 December 2024 but the restatement at 30 June 2024, which has been used to calculate the restatement of the statement of cash flows, is a decrease to trade and other receivables and an increase in cash and cash equivalents - with restrictions of £30.6m.

The effect of the restatement on the H1 2024 statement of financial position is shown in the table below.

	As reported H1 2024 £m	As restated H1 2024 £m
Cash and cash equivalents - with restrictions at 1 January	-	24.4
Cash and cash equivalents - with restrictions at 30 June	-	30.6
Trade and other receivables	168.7	199.3

## 15. EVENTS AFTER THE REPORTING DATE

### Dividend

As reported above, an interim dividend of 1.0p per share has been declared for the six months ended 30 June 2025.

# **Independent review report to Costain Group PLC**

## **Report on the condensed consolidated interim financial statements**

### **Our conclusion**

We have reviewed Costain Group PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Results for the six months ended 30 June 2025 ("H1 25") of Costain Group PLC for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, 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.

The interim financial statements comprise:

- the Consolidated Statement of Financial Position as at 30 June 2025;
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Results for the six months ended 30 June 2025 ("H1 25") of Costain Group PLC 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.

### **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Results for the six months ended 30 June 2025 ("H1 25") and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

### **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

## **Responsibilities for the interim financial statements and the review**

### **Our responsibilities and those of the directors**

The Results for the six months ended 30 June 2025 ("H1 25"), including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Results for the six months ended 30 June 2025 ("H1 25") in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Results for the six months ended 30 June 2025 ("H1 25"), including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Results for the six months ended 30 June 2025 ("H1 25") based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
19 August 2025