

# Delivering value

Hill & Smith PLC | Annual Report 2025



# Group financial highlights

## Underlying

Revenue

**£868.8m +2%**

(2024: £855.1m)

Underlying operating profit

**£151.3m +5%**

(2024: £143.5m)

Underlying operating margin

**17.4% +60bps**

(2024: 16.8%)

Underlying profit before tax

**£142.5m +7%**

(2024: £132.6m)

Underlying earnings per share

**132.2p +8%**

(2024: 122.6p)

## Statutory

Revenue

**£868.8m +2%**

(2024: £855.1m)

Operating profit

**£120.1m +4%**

(2024: £115.4m)

Operating margin

**13.8% +30bps**

(2024: 13.5%)

Profit before tax

**£111.3m +7%**

(2024: £104.5m)

Basic earnings per share

**102.7p + 8%**

(2024: 95.0p)

All underlying measures exclude certain non-underlying items, which are as detailed in note 5 to the financial statements and described in the Financial Review. References to an underlying profit measure throughout this Report are made on this basis. Non-underlying items are presented separately in the Consolidated Income Statement where, in the Directors' judgement, the quantum, nature or volatility of such items gives further information to provide a proper understanding of the underlying performance of the business. Underlying measures are deemed alternative performance measures ('APMs') under the European Securities and Markets Authority guidelines and a reconciliation to the closest IFRS equivalent measure is detailed in note 4 to the financial statements. They are presented on a consistent basis over time to assist in comparison of performance.

Where we refer to organic constant currency ('OCC') movements, these exclude the impact of currency translation effects and acquisitions, disposals and closures of subsidiary businesses. In respect of acquisitions, the amounts referred to represent the amounts for the period in the current year that the business was not held in the prior year. In respect of disposals and closures of subsidiary businesses, the amounts referred to represent the amounts for the period in the prior year that the business was not held in the current year. Constant currency amounts are prepared using exchange rates which prevailed in the current year.

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## Governance

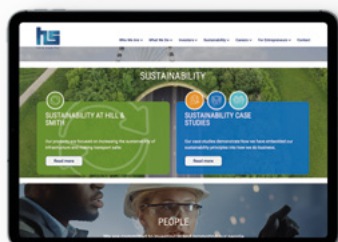
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[www.hsgroup.com](http://www.hsgroup.com)

# Hill & Smith investment case

## Delivering long-term stakeholder value

### Structural growth

underpinned by the need for infrastructure investment in our core markets

### High and improving returns profile

delivering superior value for shareholders

### Market leadership

with a strong track record in attractive niches with high barriers to entry

### Disciplined capital allocation

with a strong balance sheet and excellent cash generation enabling the Group to take advantage of organic and inorganic growth opportunities

### Entrepreneurial culture

supported by an agile, autonomous operating model

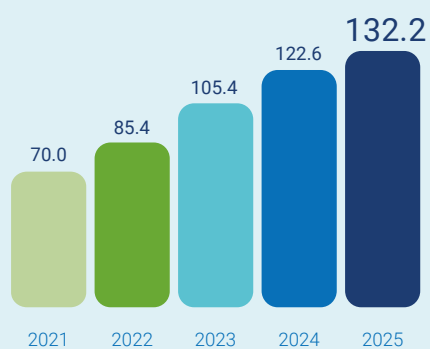
### Sustainability

at the core of our business model

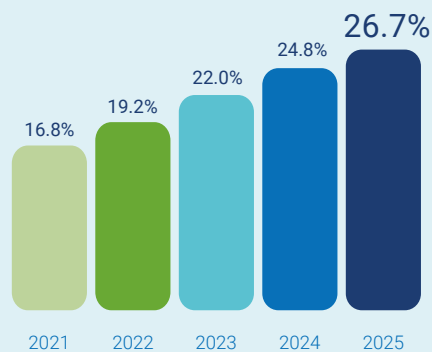


Hill & Smith has a long track record of delivering superior value and returns for shareholders.

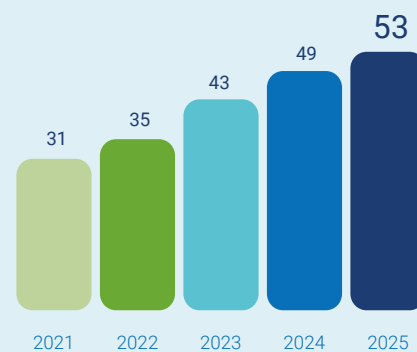
Underlying EPS (pence)



Return on invested capital



Dividend per share (pence)





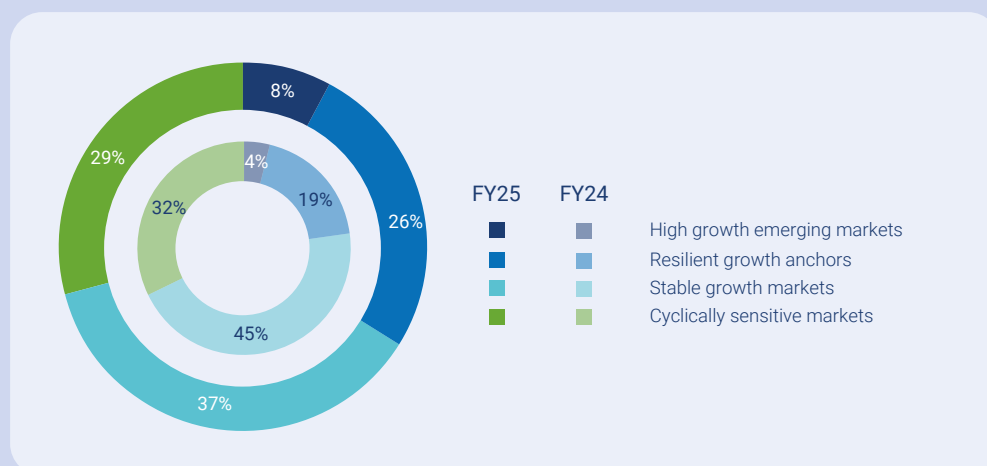
34%

Proportion of Group revenues generated from high growth emerging markets and resilient growth anchors

# Priority end-market focus

We are focused on end markets which serve vital infrastructure and the built environment, with long-term growth drivers, benefiting from tailwinds given the growing need for upgrade and renewal to maintain a vibrant economy.

## End-market revenues



We categorise our end markets into four groups:

- High-growth emerging markets: including data centres, renewables and gigafactories
- Resilient growth anchors: including electrical transmission & distribution and water infrastructure
- Stable growth markets: including transport products, transport infrastructure and public construction
- Cyclically sensitive markets: including industrial, residential and commercial construction

We prioritise our exposure to high-growth emerging markets and resilient growth anchors, and in 2025 saw an increase in the proportion of Group revenues generated from those markets to 34% (2024: 23%), with electrical transmission & distribution and data centres being the most significant drivers.

Global data centre construction is growing rapidly, particularly in the US, driven by the demand to support developments in artificial intelligence and cloud computing. Our US galvanizing

business provides materials coating services to customers involved in the construction of new data centres, while our engineered supports and composite businesses provide products utilised in the construction process. In the UK, our high-security perimeter fencing and access flooring businesses provide solutions for data centres globally.

Investment in the US electrical grid is driven by the need to upgrade ageing infrastructure, supported by both federal and state investment, and increasing demands on the electric grid resulting from infrastructure developments. V&S Utilities, our business supplying substation products and components for grid infrastructure connectivity, continues to benefit from this very positive demand backdrop, and our US composites and galvanizing businesses also face into this market.

Our focus on these end markets sets the ambition for our operating companies and increasingly informs our capital allocation priorities, resource planning and portfolio management.

# Disciplined capital allocation

Our balance sheet strength and cash-generative business model provide flexibility in the effective deployment of capital to support our growth ambitions.

## 1. Organic growth

- Investment in capital projects, talent and innovation
- Focus on higher-growth, higher-return end markets

## 2. Inorganic growth

- Structured approach based on operating company and financial framework
- Target to invest £50m-£70m per year

## 3. Dividend growth

- Provide a growing dividend to shareholders

## 4. Return surplus capital

- Return surplus capital to shareholders if leverage is expected to fall below 0.5 times for a sustained period

Our first priority is disciplined investment in organic growth, where we focus on opportunities in our higher-growth, higher-return end markets. Examples include capacity expansion in operations facing into rapid growth sectors, product innovation to continue to support our customers' needs, and automation that increases the efficiency of our manufacturing processes. We intend to invest organic growth capital of around £35m in our US transmission & distribution and galvanizing operations over the next two years, increasing capacity within their existing network of facilities.

Secondly, we remain focused on enhancing our growth businesses through acquisitions. We follow a structured approach based on clear criteria, utilising our operating company and financial frameworks to prioritise targets. We plan to invest, on average, around £50m to £70m each year on acquisitions. The acquisitions of Freeberg Industrial Fabrication and Hentech Fabrication that we agreed in March 2026 provide excellent exposure to a number of high growth priority end markets.

We are committed to creating value for our shareholders, which includes providing a growing dividend. Our 2025 proposed full year dividend of 53.0p per share represents growth of 8% on 2024.

Lastly, we will return surplus capital to shareholders when our leverage is expected to remain low for a sustained period. In August 2025, having assessed our capital requirements to fund organic investment, execute on acquisitions and provide dividend growth, we concluded that we had the capacity to make capital returns and remain comfortably within our target leverage range. We therefore commenced a £100m share buyback programme to be delivered over c.18 months, of which c.£20m was deployed by the end of 2025.

At 31 December 2025, our covenant leverage was 0.1 times and headroom against our committed borrowing facilities was £346.5m, continuing to provide significant investment flexibility and capacity to support our growth objectives.

**£100m**  
Share buyback over c.18 months



# Investing for organic growth

Our capital allocation policy prioritises organic investment, focusing our deployment of capital on our higher-growth, higher-return businesses.



New fabrication building at The Paterson Group, Waggaman, Louisiana

The Paterson Group, our US engineered supports business based in Waggaman, Louisiana, faces into a broad range of structural growth markets including energy, clean water, data centres and semiconductor plants. In 2024, we began the construction of a new fabrication building at the Waggaman site to address the strong demand outlook, enhancing our ability to deliver increasingly large and complex projects. The facility was completed and became operational in November 2025 at a total cost of £7.5m. Having achieved the Group's organic growth targets in 2025, The Paterson Group carries a strong order book into 2026 and we remain confident of further good progress in the coming years.

With current facilities in our US power transmission & distribution and galvanizing businesses operating at higher levels of utilisation, we are investing a total of £35m over the next two years to grow within their existing networks. The expansion of capacity will enable our operations to continue to meet anticipated demand growth whilst maintaining market-leading customer lead times and high service levels, underpinning growth in our US platform businesses from 2027 into the medium term.



**£35m**

organic growth capital allocated to  
US capacity expansion over the next  
two years

# Chair's introduction



“The results reflect an excellent performance in our larger, higher-margin US businesses, where we continue to see the benefits from high levels of infrastructure investment.”

Alan Giddins  
Chair

## Performance highlights

This has been another strong performance from Hill & Smith. The Group delivered revenue of £868.8m (2024: £855.1m) and underlying operating profit of £151.3m (2024: £143.5m) representing organic constant currency revenue and operating profit growth of 3% and 6% respectively. Underlying operating margins were up at 17.4% (2024: 16.8%) and ROIC increased to 26.7% (2024: 24.8%).

As explained in further detail in Rutger's CEO review, the results reflect an excellent performance in our larger, higher-margin US businesses where we continue to see the benefits from high levels of infrastructure investment. By contrast, the UK market backdrop remains extremely challenging and it is hard to see this changing in the short term.

### Strategy and M&A

The first action which Rutger undertook upon joining the Board was to revisit the Group's strategy. This was presented to the Board in January 2025 and was a central part of the Board's discussions in June when we reviewed the Group's updated five-year plan. Consistent with ensuring that the Group's resources are focused on our higher-growth end markets, the Board has also approved a number of significant capex investments for delivery over the next two years.

M&A is a core lever in the delivery of our strategy, giving us the opportunity to both acquire complementary businesses and enter new end markets. We have remained disciplined in our deal evaluation, and strengthened our resources focusing on deal sourcing.

In March 2026, we reached agreement to acquire Freeberg Industrial Fabrication ('Freeberg') for a headline consideration of \$36m for 80% of the equity, subject to US regulatory approvals. Further consideration is payable for the remaining 20% of equity dependent on future profitability, up to a maximum of \$50m. Freeberg, a leading US designer and manufacturer of custom enclosures and other engineered solutions, is closely aligned with our operating company framework and will increase the Group's exposure to some of our higher growth priority end markets. We also completed the bolt-on acquisition of Hentech Fabrication ('Hentech'), an Irish manufacturer of engineered steel solutions primarily for European data centre markets, for a consideration of €7.3m. We are pleased to be acquiring two highly complementary businesses that will help accelerate our growth, and continue to actively progress a pipeline of further attractive M&A opportunities.

Further detail on the Group's strategy is set out on page 20.

### Board changes

Hannah Nichols left the Group in April 2025 to take up the position of CFO at Coats PLC. Hannah joined Hill & Smith in September 2019, and during the course of her tenure she led a process of material improvement in our financial reporting, controls and IT environment. I would also like to thank Hannah for the considerable support she gave me when I took on the Executive Chair role.

Chris McLeish joined the Group as CFO in October 2025. The Nomination Committee ran an extensive search process using external headhunters. Chris was the stand-out candidate from that process and I have been hugely impressed by his ability to get up to speed on the business and start to have a positive impact both in the boardroom and across the Group. I would like to thank Mark Else, our Group Financial Controller, for taking on the interim CFO role ahead of Chris joining.

Leigh-Ann Russell, having re-located to the US, stepped down as a Non-executive Director in March 2025. Gillian Tomlinson joined the Board shortly thereafter. Gillian is currently Chief Data & Digital Officer at Weir Group PLC, a FTSE 100 company. She has worked across a range of international businesses and brings a highly complementary skillset as the Group looks at how to increasingly address the use of technology across our businesses and the ever-changing risk of cyber security.

As announced, I will be stepping down as Chair at the May 2026 AGM having been on the Board since 2017. The Nomination Committee led a search process for a new Chair. In November 2025, we announced that Nick Anderson would be joining as a Non-executive Director in March 2026 and then take over from me in May 2026. Nick was previously CEO of Spirax Sarco, and is a Non-executive Director at BAE Systems and Weir Group. While not involved in the formal recruitment process, I have had the opportunity to spend time with Nick over the last few months and believe he is extremely well suited, culturally and in terms of experience, to guide Hill & Smith through the next stage of its growth.

One topic which I have discussed with Nick is the need to look at diversity on the Board following Hannah's departure and Chris's appointment as CFO. The balance of the Board is now 25% female and 75% male. Nick is fully aligned with this and will be prioritising it during his first few months as Chair.

## Chair's introduction *continued*

### Health and safety

Looking after the safety of everyone who works at Hill & Smith is the Board's key priority, and is discussed in detail at every Board meeting. We have in our CEO, CFO and Group Presidents, individuals who are absolutely committed to continually evolving our health and safety culture and improving our processes.

We have again seen a reduction in our Lost Time Incident Rates by 9%, following a reduction of 23% in 2024. While we are travelling in the right direction, there remains more to do as we aspire to eradicate all serious injuries from our business.

**"When visiting Whitlow Electric, we received very positive feedback on the health and safety changes which we had implemented post-acquisition."**

### Sustainability

We have continued to focus on reducing our greenhouse gas emissions during 2025, with a 19% reduction in scope 1 and 2 emissions delivered compared to the previous year. Various initiatives have been rolled out across the Group, most notably the use of HVO ('Hydrotreated Vegetable Oil') in place of diesel at several of our sites and a range of waste heat capture and recovery measures, particularly at our galvanizing facilities. In addition, our transition to renewable energy contracts has continued, with 91% of our electricity in 2025 from renewable sources.

### Employees

Our employees are the heartbeat of our business. We employ over 4,500 people within our operations, split roughly 37% in the UK, 46% in the US and 17% in India.

In September 2025, we undertook our annual employee engagement survey. This is a key tool for providing feedback at the operating company level, while also providing important insight for the Board. Each operating company, working with the Group Presidents, has now produced a key set of actions which have been shared with employees.

During the year, we held employee forums at Whitlow Electric (US), The Paterson Group (US), Birtley (UK) and Lionweld Kennedy (UK). Typically this involved ten to 12 employees from a cross section of roles and tenure, but excluding senior management. I attended each of these meetings, together with other Non-executive Directors. I was particularly pleased that at our meeting at Whitlow Electric, which we acquired in September 2024, we received very positive feedback on the health and safety changes which we had implemented post-acquisition.

### Dividends and AGM

The Board recognises that dividends play an important role for many investors. The Board is proposing a final dividend of 35.0p (2024: 32.5p), which, if approved, would result in a full year dividend of 53.0p (2024: 49.0p), an increase of 8%.

The Annual General Meeting of the Company will be held at 11.00am on 21 May 2026 at The Cranmore Park Conference Event and Exhibition Centre, Cranmore Avenue, Shirley, West Midlands, B90 4LF. I would encourage shareholders to attend, either in person or virtually, and use the opportunity to raise any questions they have with the Board.

### Looking ahead

Hill & Smith is a very different business from the one I joined in 2017. It is far more weighted towards the US, the majority of its profits come from businesses with scale and market leadership, and it has an organisational and management structure far better geared to delivering against an ambitious business plan. What has not changed, however, is the huge commitment and the strong entrepreneurial culture and mindset that exists within our operating companies. Getting to know the people who work in our businesses has without doubt been the highlight of my time on the Board, and in particular during the two years that I took on the role of Executive Chair.

On behalf of the Board, I would like to thank all our employees for their contribution to the ongoing success of the Group.

**Alan Giddins**

Chair

10 March 2026

## Introducing our new Chair



**Nick Anderson**  
Chair designate

**In November 2025, we announced the appointment of Nick Anderson as Chair designate.**

Nick joins the Board as a Non-executive Director in March 2026, and will take over as Chair at the conclusion of the Company's 2026 AGM. Nick brings a strong background as a leader in international engineering and manufacturing operations.

We gathered Nick's thoughts on joining the Board.

### What attracted you to Hill & Smith?

Hill & Smith is a great business with a strong track record of creating lasting value for its shareholders, which makes it naturally an exciting business to join. Its 200-year history and the Group's evolution over time make it truly unique. I believe there are significant opportunities for the Group within its core infrastructure markets, and I am excited to work with the Board and the management team to take advantage of them.

### What will you bring to the role?

I am passionate about achieving results. I want Hill & Smith to continue its long track record of excellent performance and growth while developing as a cohesive Group. I have significant experience leading an international and decentralised group, which requires the maintenance of entrepreneurialism within a framework of effective controls, which I will bring to bear to support continued development.

### Do you believe in the strategy and operating model of the business?

Absolutely! The current strategy and operating model have made the Group what it is today and placed it in a fantastic position to benefit from end-market growth and operational excellence. Our decentralised structure enables a more dynamic approach, one that is agile in responding to market forces and customer needs. This can help us create and maintain competitive advantage. I am looking forward to continuing the development of the Group through both organic and inorganic growth.

### As Chair, what tone would you like to encourage?

I want the Hill & Smith Group to be a great place to work; one where everyone feels included and able to contribute. Hill & Smith has an impressive history, one that every member of staff can be proud of. I want to preserve this and demonstrate how an international business can be run, ethically, for the benefit of its stakeholders and also deliver outstanding shareholder value.

# Chief Executive Officer's review



“I would like to pay tribute to the skill and commitment of our leadership teams who, along with colleagues across the Group, have enabled us to achieve another year of robust progress.”

Rutger Helbing  
Chief Executive Officer

## 2025 review

I am pleased to report that the Group has delivered a strong performance, underpinned by the excellent performance of our US businesses. I would like to pay tribute to the skill and commitment of our leadership teams who, along with colleagues across the Group, have enabled us to achieve another year of robust progress.

Our US operations now account for 79% of Group underlying operating profit and continue to benefit from strong demand for our infrastructure products and solutions, serving a range of attractive structural growth markets that are being driven by ongoing investment to upgrade and onshore vital infrastructure and support technology change. As expected, our UK businesses experienced a more challenging market backdrop with weaker demand, particularly in the second half of the year, delivering a result which was below the comparative year.

Group revenue for the full year was up 3% on an organic constant currency ('OCC') basis, with growth accelerating to 4% during the second half of the year. We achieved strong year-on-year OCC revenue growth in our higher margin US Engineered Solutions (+6%) and Galvanizing Services (+10%) businesses, with growth in both accelerating during the second half of the year. Underlying operating profit was up 8% on a constant currency basis, with OCC growth of 6%. Underlying operating margin for the year increased by 60bps to 17.4%, reflecting an improved portfolio mix, with further margin expansion in our US Engineered Solutions and Galvanizing Services businesses.

US Engineered Solutions delivered another impressive performance, with OCC revenue growth of 6% and an increase in operating margin to 18.0% (2024: 17.8%). Performance reflected high demand for our products and services across our platform businesses, which serve a range of attractive structural growth markets including electricity transmission & distribution, data centres, water and wastewater, and infrastructure construction. Momentum increased as the year progressed, with OCC revenue growth of 8% in the second half.

Galvanizing Services delivered another record performance, reflecting strong momentum in our higher-margin US business which delivered 13% OCC revenue growth with volume also up 13%. Volume growth in the US accelerated during the second half, following a slower start to the year due to adverse weather conditions. Our UK galvanizing business also delivered good progress, with 5% OCC revenue growth, driven by a 9% year-on-year volume increase.

UK & India Engineered Solutions experienced a more challenging market backdrop. Revenue reduced by 6% on an OCC basis, with underlying operating profit reducing by 11% in constant currency, reflecting lower activity levels across many of the Group's UK markets while maintaining market share. Whilst we made good progress in increasing our share of revenue from data centre end markets via our perimeter security and access flooring businesses, the overall demand backdrop in the UK

remains weak, with limited visibility around the scale and timing of recovery in the Group's key infrastructure and construction markets. As a result, we are assessing a range of measures to strengthen our UK operations overall, making our businesses more resilient in the current environment, and better able to capitalise upon opportunities as markets recover.

The Group continues to allocate capital in a disciplined way. During the year we invested a total of around £10m in several capacity expansion projects to support the growing demand in US Engineered Solutions. Given the strength and forward visibility of demand, and with capacity utilisation at higher levels, we will invest £35m to expand network capacity in our US transmission & distribution and galvanizing operations over the next two years, increasing capacity within their existing network of facilities. Benefits are expected from the 2027 year, with returns from 2028 at least in line with the Group's financial framework.

In March 2026, we reached agreement to acquire Freeberg Industrial Fabrication ('Freeberg') for a headline consideration of \$36m (c.£27m) for 80% of the equity, subject to US regulatory approvals which are expected during the second quarter. Further consideration is payable for the remaining 20% of equity dependent on future profitability, up to a maximum of \$50m (c.£37m). Freeberg, a leading US designer and manufacturer of custom enclosures and other engineered solutions, is closely aligned with our operating company framework and will increase the Group's exposure to some of our higher growth priority end markets. We also completed the bolt-on acquisition of Hentech Fabrication ('Hentech'), an Irish manufacturer of engineered steel solutions primarily for European data centre markets, for a consideration of €7.3m (c. £6.4m). We expect the acquisitions to be earnings enhancing in 2026. We have strengthened our resources focused on deal sourcing and continue to actively progress a pipeline of further attractive M&A opportunities, aligned to our priority end-market framework.

In addition to our growing dividend, we also announced a £100m share buyback in August 2025, providing additional returns to shareholders within our capital allocation framework and reflecting the Group's strong balance sheet.

The Group remains highly cash generative and continues to deliver strong returns: cash conversion for the year was 91% (2024: 99%), above our targeted level of 80%, with return on invested capital (ROIC) increasing by 190 bps to 26.7% (2024: 24.8%). The Group's balance sheet continues to strengthen, and year end covenant leverage of 0.1 times provides significant flexibility to support both organic and inorganic investment for growth alongside shareholder returns from a growing dividend and the ongoing share buyback programme.

**"Performance reflected high demand for our products and services across our US platform businesses, which serve a range of attractive structural growth markets."**

# Chief Executive Officer's Review *continued*

## Strategic update

### Strategic framework

The Group is exposed to attractive infrastructure and built environment end markets with structural growth drivers, and has agile and responsive operating companies well positioned to succeed, underpinning the Board's confidence in the Group's prospects and ongoing value creation for our shareholders.

The Group has made significant progress in recent years and, to further underpin our growth ambitions, last year we set out our refreshed purpose, end market focus and operating company framework, all of which are now firmly embedded across the business. I am pleased by the impact this is having on the rigour and consistency of decision-making processes within our local, regional and central teams.

In addition, during 2025 we established a set of Group-wide values, being the guiding principles that define the culture of our organisation:

- Act with care – How we do things is just as important as what we do
- Be bold in what we create – We bring fresh ideas, curiosity and entrepreneurial energy to everything we make
- Customer first – always – We listen closely and act decisively to find solutions that add value and help our customers to grow
- Deliver as a team – We strongly believe working as a team will always bring us the best solutions
- Empower through trust – Based on common goals and a track record of consistent outstanding results

In our decentralised operating model, the ability to attract, retain and develop the most talented people is central to our success. These Group values will provide a framework for our talent development and succession planning programmes, which will be a critical area of focus for us in the years ahead.

### Hill & Smith operating company framework

A Hill & Smith operating company has a strong focus on customer service and a deep understanding of customer needs. This allows our businesses to create innovative value-add solutions for customers and to drive differentiation versus their competitors. By doing so, our teams can create and maintain a source of competitive advantage, enabling us to grow our market positions over time. Our businesses are also experts in their specific manufacturing or industrial processes which are typically low to medium in capital intensity.

Alongside this, our decentralised operating model promotes a highly driven and entrepreneurial culture where we foster very capable and agile local management teams who drive growth in both core and adjacent markets. Our objective is to develop high quality platform businesses with good potential for bolt-on M&A. Our local management teams play a key role in identifying potential M&A opportunities, building close relationships with owners and leading on acquisition integration. We have a small central team responsible for Group capital allocation and

performance management. This team also ensures that the right controls and KPIs are in place, and works with local management in setting the ambition for each operating company.

### An enhanced focus on priority end markets

We are focused on end markets which serve vital infrastructure and the built environment, which have long-term growth drivers, and which benefit from secular tailwinds given the growing need for upgrade and renewal to maintain a properly functioning economy. Our particular focus is on businesses which are leaders in niche markets with high barriers to entry and where our offering is typically a small fraction of the total system cost for customers.

As set out in March 2025, we categorise our end markets into four groups:

- High-growth emerging markets: including data centres, renewables and gigafactories
- Resilient growth anchors: including electrical transmission & distribution and water infrastructure
- Stable growth markets: including transport products, transport infrastructure and public construction
- Cyclically sensitive markets: including industrial, residential and commercial construction

This disciplined focus on end market dynamics enables us to set the ambition for our operating companies to drive further long-term growth. It also informs our capital allocation, resource planning and portfolio management decision making.

Over time, we expect to increase our exposure to higher growth markets, and during 2025 we grew the proportion of our revenues from high growth emerging markets and resilient growth anchors to 34% (2024: 23%).

### Active portfolio management

The strategic framework we set out 12 months ago has been crucial in informing the decision-making processes for both organic and inorganic growth investments.

Our M&A strategy is underpinned by a strong balance sheet, capable of supporting organic growth while also allowing us to deploy capital to fund value enhancing acquisitions. We are pleased to have agreed the acquisitions of Freeberg and Hentech, providing excellent exposure to a number of our higher growth priority end markets including data centres and power generation, and I continue to see significant opportunities to use M&A to help us accelerate growth. During the year we strengthened our resources focused on deal sourcing and remain confident in our pipeline of further attractive opportunities aligned to our operating company and priority end market framework.

We continue to take a disciplined approach to portfolio management. As part of this, in the first quarter of 2025, we divested two non-core, loss-making businesses (comprising £12m total revenue in 2024).

## Performance against our medium-term financial framework

Our disciplined financial framework is one of the foundations of the Group's long-term success. I believe that the ability to deliver organic growth through the cycle, alongside value enhancing acquisitions, will continue to result in superior earnings growth. A clear focus on cash generation and returns enables the cash generated to be re-invested in high growth, high return opportunities, in line with our disciplined capital allocation framework, while maintaining a strong balance sheet.

Our medium-term financial targets, which were refreshed last year, are as follows:

- Organic revenue growth: 5%-7%
- Total revenue growth including acquisitions: 10%+
- Operating profit margin: 18%+
- Return on invested capital (ROIC): 22%+
- Cash conversion: 80%+
- Covenant leverage: 1-2 times

In 2025, the Group performed well against this framework. The organic revenue growth of 3% was solid, and ahead of the prior year; in particular, growth was within or ahead of our target range in our higher margin US businesses, with Engineered Solutions +6% and Galvanizing +13%, partly offset by weaker market demand in the UK (-3%). Pleasingly, Group OCC revenue growth accelerated during the second half of the year to 4%, from 2% during the first half. Going forward, we remain focused on driving the organic revenue growth of the business, and, for 2026, have introduced a new measure within Group and local management bonus targets.

Our operating profit margin expanded by 60bps to 17.4%, reflecting the mix benefit from growth in our higher margin US businesses. We are confident that the Group can deliver our target of 18%+ operating profit margin through the cycle, given the structural growth drivers in the US and potential improvement in UK margins as a result of a combination of end market recovery and the benefit of measures being taken to strengthen our UK operations.

Return on invested capital ('ROIC') was excellent, strengthening further to 26.7% (2024: 24.8%), driven by the trading performance of our higher return US businesses and a continued focus on capital efficiency across the Group. We retain our ROIC target of at least 22%, mindful of maintaining the flexibility to deploy capital into value enhancing M&A where initial returns may be below the targeted level.

Our cash conversion target of 80%+ reflects the Group's track record of strong cash generation, while also allowing for more significant investment in strategic growth capex, as appropriate, through the cycle. We achieved a strong outcome of 91% in 2025 with all parts of the business performing in line with, or above, the Group's target.

## Our new Group Values

We have developed a new set of Group Values that bring together our operating companies as part of Hill & Smith. Developed with input from the Managing Directors of our operating companies, our Group Values are designed to sit alongside those company values that already exist within our businesses and define how we do business.

Over the next year we will be further rolling out the Group Values and embedding them in our development reviews.



### Act with care

How we do things is just as important as what we do



### Be bold in what we create

We bring fresh ideas, curiosity and entrepreneurial energy to everything we make



### Customer first – always

We listen closely and act decisively to find solutions that add value to help our customers to grow



### Deliver as a team

We strongly believe working as a team will always bring us the best solutions



### Empower through trust

Based on common goals and track record of consistent outstanding results

## Chief Executive Officer's Review *continued*

### Our approach to capital allocation

The Group follows a disciplined approach to capital allocation.

As a first priority, we allocate capital to support organic growth, with a focus on higher return, structurally growing end markets aligned with our priority markets. We require our operating companies to manage working capital efficiently and we invest selectively in capital projects, talent and innovation to support future organic growth. Having completed the expansion of our engineered supports facility in Louisiana in 2025, we plan to invest further organic growth capital of around £35m in our US transmission & distribution and galvanizing operations over the next two years, increasing capacity within their existing network of facilities. This focused investment in our higher-growth, higher-return US platform businesses will enable us to capitalise on the long-term structural growth dynamics in their end markets. Overall, excluding our new acquisitions, we expect capital expenditure of £50m in 2026, with around half of this relating to these major growth investments.

Secondly, we allocate capital to inorganic investment, with a focus on businesses which have a clear alignment with our purpose, end market priorities and strategic framework with good long-term growth and profitability potential. Based on our highly cash generative model, we continue to target reinvestment of around £50m – £70m each year on value enhancing acquisitions aligned with our strategic framework. We follow a structured approach to acquisitions based on an agreed set of criteria, and expect acquisitions to achieve returns above our Group cost of capital within a three-year timeframe. Following the Freeberg and Hentech acquisitions, there remains an active pipeline of M&A opportunities.

Thirdly, we aim to deliver a growing dividend, understanding the importance of providing consistent and growing returns to our shareholders. In 2025 we have grown the full year dividend by 8%.

Lastly, we will return surplus capital to shareholders where leverage is expected to fall below 0.5 times for a sustained period of time. In August 2025, having assessed the capital requirements of the business to fund organic growth, execute on acquisitions and provide a growing dividend, the Board concluded that, given the strength of the Group's balance sheet and cash generation, we had the capacity to make an additional return of capital to shareholders and remain comfortably within our target leverage range of 1-2x. As a result, the Company announced a share buyback of £100m over a period of around 18 months. As at 31 December 2025, c.£20m had been returned to shareholders under this programme.

### Adoption of US Dollar for Group reporting

The Group has historically reported its results in Sterling since this was the primary currency in which the cash flows of the Group were denominated. Over time, as the asset footprint in the US has grown, the proportion of the Group's revenues and operating profits originating in US Dollars has increased, with 63% and 79% of revenue and underlying operating profit respectively being generated by our US businesses in 2025.

As such, the Board believes that a change in presentational currency to the US Dollar will provide investors and other stakeholders with greater transparency of the Group's performance and reduced foreign exchange volatility over time. The Group intends to report its financial results in US Dollars starting with the six months ending 30 June 2026, and intends to publish comparative information on this basis ahead of those results.

Commencing with the interim dividend for the year ending 31 December 2026, due to be paid in January 2027, dividends will be declared in US Dollars. Shareholders will continue to receive dividends in Sterling unless they have elected through the Company's registrar to receive dividends in US Dollars.

### Sustainability

Sustainability underpins the Group's growth strategy, and we remain committed to making progress against our sustainability focus areas and goals. The health and safety of our people remains our top priority, and we delivered a 9% reduction in our Lost Time Incident Rate (LTIR) to 0.30 in 2025 (2024: 0.33). We are committed to achieving best-in-class standards for health and safety for all colleagues, and will be launching a new cultural change programme entitled "I Own Safety" across the Group during 2026.

Talented people are critical to the Group's success, and we have taken important steps to strengthen our talent pool during the year. We carried out our annual Group-wide engagement survey in September 2025, with 88% of our employees participating, up from 83% last year. Overall, our engagement score improved to 58% (2024: 56%), although this remains below the relevant global benchmark. Having taken time to listen to, and understand, the feedback from our employees, we are committed to taking a range of actions to increase engagement further as we move forwards.

**"Talented people are critical to the Group's success, and we have taken important steps to strengthen our talent pool during the year."**

We continued to make good progress in reducing carbon during 2025, achieving a 19% reduction in greenhouse gas emissions compared to the prior year. A number of important initiatives have been rolled out across the Group, most notably the use of HVO (Hydrotreated Vegetable Oil) in place of diesel at several of our sites and a range of waste heat recovery measures, particularly at our galvanizing facilities. In addition, our transition to renewable energy contracts has continued, with 91% of our electricity in 2025 sourced through green tariffs.

### Board updates

I was delighted to welcome two new Board members during 2025 whilst also confirming the appointment of our next Chair. Along with my own appointment as CEO in 2024, this represents a significant evolution of our Board over the last 18 months.

Chris McLeish joined the Board in October 2025 as Chief Financial Officer, having performed the same role at Ibstock PLC since 2019. Chris brings a broad skill set and has the experience to help deliver the next stage of the Hill & Smith growth strategy.

Gillian Tomlinson joined as a Non-executive Director in March 2025. Gillian is Chief Data & Digital Officer at FTSE100 engineering company Weir Group PLC, where she is responsible for digital strategy and implementation. Gillian brings a highly complementary skillset to the Board and will provide important insight and expertise. Leigh-Ann Russell stepped down from the Board in March 2025 and on behalf of the Board I would like to thank Leigh-Ann for her contribution during her time with the Group.

We announced on 19 November 2025 the appointment of Nick Anderson as a Non-executive Director with effect from 11 March 2026. Nick was the Group Chief Executive of FTSE100 industrial engineering company Spirax Group plc between 2014 and 2024, during which time the business experienced a period of substantial growth; he has had leadership experience spanning Latin America, Asia, and Europe. Nick is currently a non-executive director of BAE Systems PLC and Weir Group PLC.

As previously announced, having served as a member of the Board since 2017 and Chair since 2019, Alan Giddins will retire from the Board on the date of the next AGM in May 2026, at which time Nick will assume the roles of Chair of the Board and Nomination Committee. I am very much looking forward to working with Nick, and I would like to thank Alan for the invaluable contribution he has made to Hill & Smith, first as a Non-executive Director and then as Chair.

### Dividend

Given the strong trading performance and confidence in the Group's prospects, the Board is recommending a final dividend of 35.0p per share, making a total dividend for the year of 53.0p per share (2024: 49.0p), an increase of 8%. The final dividend, if approved, will be paid on 3 July 2026 to shareholders on the register on 29 May 2026.

### Outlook

The Group is well positioned to deliver further value creation for shareholders, with exposure to a range of infrastructure and built environment end markets with attractive and sustained growth drivers.

We expect the strong trading momentum in the US to continue in 2026. We remain cautious about the degree of recovery in UK market conditions and anticipate lower levels of project activity during 2026. In light of this, we are assessing a range of measures to strengthen our UK operations overall, making our businesses more resilient in the current environment, and better able to capitalise upon opportunities as markets recover. We continue to see attractive growth opportunities in our Indian business. We anticipate a slightly increased second half weighting in Group performance in 2026 compared with 2025.

We note the emerging situation in the Middle East. Whilst the Group has no operating footprint in the region, we continue to monitor any potential impacts from broader risks to trade and cost inflation.

Overall, we are confident of making further good progress in FY26 and beyond.

### Rutger Helbing

Chief Executive Officer

10 March 2026

# Strategic framework and business model

Our business model and our people together create significant value for our stakeholders

## Our purpose

**We create value by providing solutions that increase the resilience of vital infrastructure and the built environment.**

## Our values

- A Act with care**
- B Be bold in what we create**
- C Customer first – always**
- D Deliver as a team**
- E Empower through trust**

See page 17 for more details

## Our businesses

### US Engineered Solutions

Our US Engineered Solutions businesses provide a range of composite and steel solutions for infrastructure construction including energy transmission & distribution, data centres, waterfront protection, transportation, and other industrial facilities. The division also supplies engineered supports for the water, power and liquid natural gas markets, seismic protection solutions for commercial construction, road work zone safety products and off-grid solar lighting and power solutions.

### UK & India Engineered Solutions

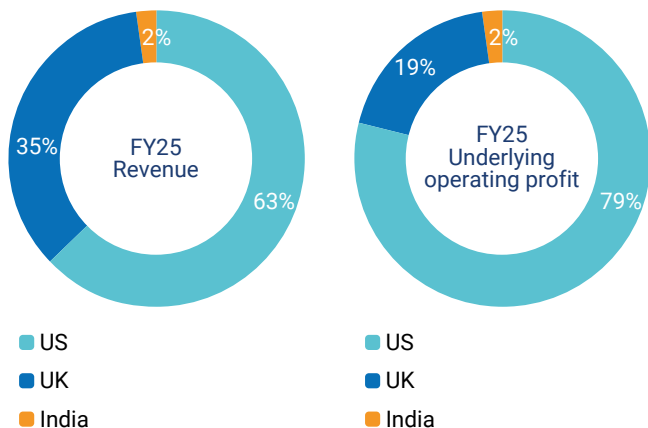
Our UK Engineered Solutions businesses supply products and services to a range of end markets including transport infrastructure, residential construction, data centres, and other industrial and commercial construction. The division also supplies hostile vehicle mitigation (HVM) and off-grid solar lighting solutions. Our business in India manufactures engineered supports primarily for energy markets.

### Galvanizing Services

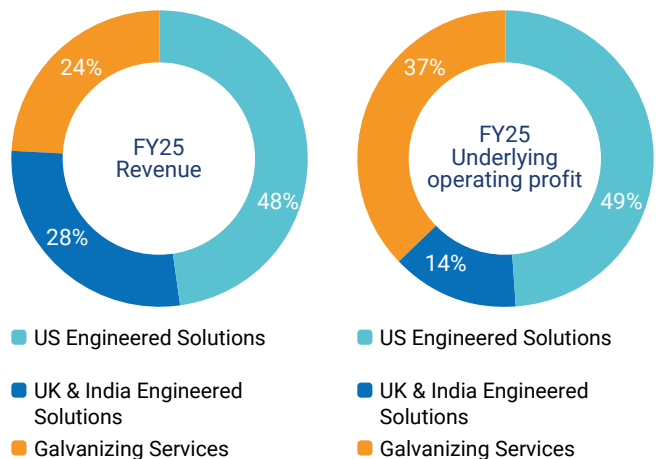
Our Galvanizing Services operations, based in the US and UK, increase the sustainability and maintenance free life of steel products including structural steelwork, lighting, bridges, and other products for infrastructure and construction end markets.

## Group overview

### By geography



### By division



## Our operating company framework

### Market dynamics

Exposure to priority end markets

Leader in defensible niches

Potential for bolt-ons

### Business model

High customer intimacy

Value add solutions

Manufacturing with low/medium capital intensity

### Management & culture

Management capability

Quality of employees

Cultural fit and collaboration

Decentralised structure

Disciplined M&A

Enabling central team

Commitment to sustainability

Financial framework

## Delivering value for our stakeholders

### Investors

53.0p +8%

Dividend per share

132.2p +8%

Underlying earnings per share

26.7% +190bps

Return on invested capital

### People and communities

4,590

Employees

0.30 -9%

Lost time incident rate

58% +2ppts

Engagement score

### The environment

39,810 -19%

Scope 1+2 carbon emissions (tCO<sub>2</sub>e)

0.05 -17%

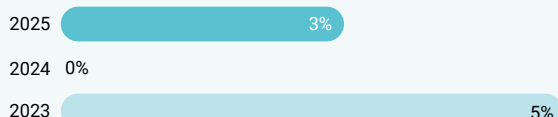
Carbon intensity ratio

# Measuring our performance

## Organic revenue growth

Percentage change in annual revenue excluding the effects of acquisitions, disposals and currency translation.

### Performance



Revenue grew by 3% on an organic constant currency (OCC) basis, with growth accelerating to 4% in the second half of the year from 2% in the first half. Growth in the year was predominantly driven by our US businesses, who achieved or exceeded the Group's target range, partly offset by weaker demand in the UK.

### Link to strategy

The Group is exposed to attractive infrastructure and built environment end markets with structural growth drivers. This underpins our target of achieving 5-7% organic revenue growth through the cycle.

## Underlying operating profit margin

Underlying operating profit as a percentage of revenue.

### Performance



Underlying operating margin improved by 60 basis points to 17.4% in 2025, reflecting the mix benefit from growth in our higher margin US businesses.

### Link to strategy

Our strategic focus is on investing in higher-return, higher-growth niche markets with a target of achieving Group underlying operating margins of 18% + through the cycle.

## Underlying cash conversion

Adjusted operating cash flow as a percentage of underlying operating profit. The calculation of adjusted operating cash flow is explained in note 4 to the financial statements.

### Performance



Underlying cash conversion for the year was again strong at 91%, reflecting the Group's disciplined approach to capital allocation. All parts of the business performed in line with, or above, the Group's target.

### Link to strategy

Strong cash generation is fundamental to our strategy, enabling us to reinvest in organic and inorganic opportunities and grow returns to shareholders. Our cash conversion target of 80%+ reflects the Group's track record of strong cash generation, while also allowing for more significant investment in strategic growth capex.

## Return on invested capital ('ROIC')

Underlying operating profit divided by average invested capital. Invested capital is defined as the sum of intangible assets, property, plant and equipment, right-of-use assets, assets and liabilities held for sale, inventories, trade and other receivables, and trade and other payables.

### Performance



ROIC remained strong at 26.7% (2024: 24.8%), driven by the trading performance of our US businesses and a continued focus on capital efficiency across the Group.

### Link to strategy

We use ROIC to measure our overall capital efficiency, with a target of achieving returns in excess of 22%, above the Group's cost of capital, through the cycle.

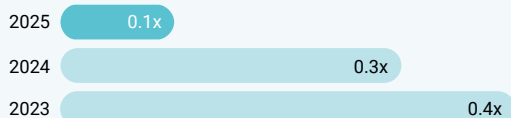
## Financial KPIs

## Non-financial KPIs

## Leverage

The ratio of net debt to EBITDA, as defined in the covenant requirements of the Group's borrowing facility agreements.

## Performance



The Group was highly cash generative in 2025 with leverage falling to 0.1x. The continued strong cash generation and financial position enabled the Group to commence a £100m share buyback programme in August 2025, of which c.£20m was returned to shareholders by the end of the year.

## Link to strategy

We seek to maintain conservative leverage that minimises liquidity risk without compromising our ability to invest in both organic and inorganic growth opportunities and deliver returns to shareholders. The ratio of covenant net debt to EBITDA is a key metric from a capital management perspective and we aim to maintain a prudent balance sheet, operating within a ratio of 1 to 2 times.

## Health and safety

Lost time incident rate (No. of incidents divided by hours worked x 100,000).

## Performance



We delivered a 9% reduction in our Lost Time Incident Rate (LTIR) to 0.3 in 2025 with continued enhancement of our groupwide incident management system and focus on our Nine Life Saving Rules.

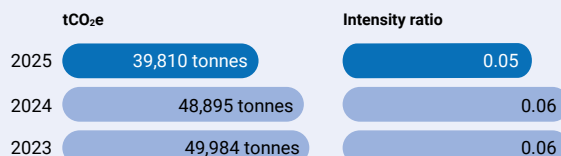
## Link to strategy

Health and safety is a key priority for the Board and a focus area for our sustainability strategy. Although we did not achieve our 2025 LTIR target of 0.275, we remain firmly committed to improvement through a range of initiatives such as the launch of the 'I Own Safety' cultural change programme.

## Greenhouse gas emissions

CO<sub>2</sub>e emissions, from scope 1 and scope 2 (market-based).

## Performance



The Group delivered a 19% reduction in total scope 1 and 2 CO<sub>2</sub>e emissions in 2025 and is on track to deliver its greenhouse gas emission reduction targets.

## Link to strategy

Greenhouse gas emission reduction and energy efficiency are focus areas for our sustainability strategy, aligned with our SBTi commitment to reach net zero GHG emissions across the value chain by 2050.

## Employee engagement

The percentage of our worldwide workforce who feel positively engaged with our Group, as determined by our independent employee engagement survey.

## Performance



Employee engagement for 2025 was 58%, up from 56% in 2024. Having taken time to listen to, and understand, the feedback from our employees, we are committed to taking a range of actions to increase engagement further as we move forwards.

## Link to strategy

A highly engaged and talented workforce is critical to the Group's success. Employee engagement is a focus area for our sustainability strategy with a target of taking action to increase employee engagement to 75% by 2030, above the industry benchmark.

# Operational review



**Rutger Helbing**  
Chief Executive Officer



**Chris McLeish**  
Chief Financial Officer

## US Engineered Solutions (48% of Group revenue; 49% of Group underlying operating profit)

	£m		Reported %	Constant currency %	OCC %
	2025	2024			
Revenue	<b>416.6</b>	390.3	+7	+10	+6
Underlying operating profit <sup>1</sup>	<b>75.0</b>	69.4	+8	+12	+8
Underlying operating margin % <sup>1</sup>	<b>18.0%</b>	17.8%			
Statutory operating profit	<b>49.0</b>	49.5			

1. Underlying measures are set out in note 4 to the financial statements and exclude certain non-underlying items, which are detailed in note 5 to the financial statements.

Our US Engineered Solutions businesses provide a range of composite and steel solutions for infrastructure construction including energy transmission & distribution, data centres, waterfront protection, transportation, and other industrial facilities. The division also supplies engineered supports for the water, power and liquid natural gas markets, seismic protection solutions for commercial construction, road work zone safety products and off-grid solar lighting and power solutions.

The division delivered a strong performance in 2025, with 10% revenue and 12% profit growth on a constant currency basis, reflecting continued demand growth across our larger platform businesses and a positive contribution from prior year acquisitions. Underlying operating margins increased by 20bps to 18.0% (2024: 17.8%) reflecting ongoing investment in our platform businesses and reduced margins in National Signal, our US off-grid solar business.

Our composites business continued to see strong demand for its products and services across a range of infrastructure end markets including electrical grid infrastructure, industrial

facilities, waterfront protection, and data centre construction. The business delivered a strong performance, with revenue, operating profit and operating margin all ahead of the prior year. Demand for composite utility poles was particularly strong during the latter part of the year, benefiting from the timing of customers' transmission & distribution investment programmes.

Our electrical transmission & distribution business, which supplies substation products and components for grid infrastructure connectivity, continued to benefit from a very positive demand backdrop, and delivered growth in both revenue and operating profit in the year. Capital Steel and Whitlow, which we acquired in January and September 2024 respectively, have both been successfully integrated into the business and are trading well. We continue to see the transmission & distribution market as very attractive, with growth driven by the need to upgrade aging infrastructure, supported by both federal and state investment, and increasing demands on the electric grid resulting from infrastructure developments.

Our engineered supports business delivered further growth against a record prior year comparator, driven by robust demand from industrial and infrastructure projects including energy, clean water, data centres, and semiconductor plant construction. This more than offset some softness in commercial construction markets, with the business delivering strong operating profit margin growth. FM Stainless, which we acquired in March 2024, continues to perform ahead of our expectations at the time of the acquisition. The expansion of our main site in Waggaman, Louisiana, is now complete, with the factory providing efficient incremental manufacturing capacity. The order book for 2026 remains healthy, with the business expected to benefit from its exposure to a diverse range of end markets.

Given the ongoing soft demand backdrop in National Signal, our US off-grid solar business, and the potential operational synergies with the message board division of Hill & Smith Inc., our US road products business, in the second half of 2025 we took the decision to integrate the two, to create a broader unified product platform with a single manufacturing base in La Mirada, California. The combined business is operating as National Signal but is managed by our new Hill & Smith Inc. management team. The resulting closure of our message board manufacturing facility in Garland, Texas, and integration into La Mirada has gone well, and whilst we expect 2026 to be a

transition year, we anticipate the combined business will deliver an improved margin performance over time from its wider customer base and integrated manufacturing platform. The Group recognised non-underlying restructuring costs of £4.8m relating to the closure of the manufacturing facility in Garland, and goodwill and other intangible asset impairments totalling £13.6m relating to National Signal, reflecting a more cautious view of the likely pace of recovery.

Hill & Smith Inc.'s core road barrier and attenuator business performed well with revenue and profit ahead of the prior year. Whilst revenue in the first half was below the comparative period, actions taken by the new management team resulted in a stronger second half, especially in crash attenuators. Given this improving picture, the outlook for the business is encouraging, with demand supported by state and federal investment to upgrade road infrastructure and the phased implementation of developments in safety standards.

Overall, prospects for future growth in our US Engineered Solutions businesses remain strong. Looking ahead, we expect market growth to be supported by investment to modernise the ageing electric grid and multi-year state and federal funding to upgrade infrastructure, alongside private investment from US manufacturers and producers to onshore vital components and deliver additional data centre capacity.



## Operational review *continued*

### Galvanizing Services (24% of Group revenue; 37% of Group underlying operating profit)

	£m		Reported %	Constant currency %	OCC %
	2025	2024			
Revenue	<b>212.8</b>	197.8	+8	+10	+10
Underlying operating profit <sup>1</sup>	<b>55.4</b>	50.3	+10	+13	+13
Underlying operating margin % <sup>1</sup>	<b>26.0%</b>	25.4%			
Statutory operating profit	<b>54.3</b>	49.2			

1. Underlying measures are set out in note 4 to the financial statements and exclude certain non-underlying items, which are detailed in note 5 to the financial statements.

The Galvanizing Services division offers hot-dip galvanizing and powder coating services with multi-plant facilities in the US and the UK. Hot-dip galvanizing is a proven steel corrosion protection solution which significantly extends the service life of steel structures and products.

The division benefits from a wide sectoral spread of customers who operate in a range of infrastructure and built environment end markets including industrial and commercial construction, transport products and infrastructure, and transmission & distribution.

The division delivered a strong performance in the year, with 10% revenue growth and 13% underlying operating profit growth on an OCC basis. The operating margin increased by 60bps to 26.0%, with an increase in both the US and UK regions. Both the US and UK businesses are benefiting from leadership changes, with recently appointed MDs overseeing improvements in both operational efficiency and commercial execution.

#### US

Our US galvanizing business delivered a record performance, with strong growth in both revenue and operating profit driven by a 13% increase in volumes, with robust demand from a balanced mix of end markets.

Following a slower start caused by adverse weather conditions, growth increased across the year and particularly in the final quarter, reflecting higher infrastructure-related investments in several end markets, including construction, electrical transmission & distribution and technology.

The business saw good margin expansion in the year, and continues to deliver superior operating margins, with customers valuing the excellent service, product quality and additional services provided by our dedicated local teams.

As we look forward, the outlook for US galvanizing remains positive. The business is well placed to benefit from federal, state and private investment to support industrial expansion, infrastructure investment and technology change, as well as the ongoing shift towards onshoring of manufacturing.

#### UK

In the UK revenue was 5% ahead of the prior year, with a 9% increase in volumes and marginally lower average pricing reflecting end-market mix. Volume growth was ahead of the wider UK market and reflects the benefits of recent developments in the business including an enhanced customer focus and improvements in productivity.

Underlying operating margin increased modestly compared to the prior year, reflecting the impact of higher volumes and a continuing focus on operational efficiency. Whilst we expect the broader macroeconomic backdrop in the UK to remain challenging in 2026, given the actions taken to improve the quality of the business, the outlook for the year ahead remains positive.

## UK & India Engineered Solutions (28% of Group revenue; 14% of Group underlying operating profit)

	£m		Reported %	Constant currency %	OCC %
	2025	2024			
Revenue	<b>239.4</b>	267.0	-10	-10	-6
Underlying operating profit <sup>1</sup>	<b>20.9</b>	23.8	-12	-11	-17
Underlying operating margin % <sup>1</sup>	<b>8.7%</b>	8.9%			
Statutory operating profit	<b>16.8</b>	16.7			

1. Underlying measures are set out in note 4 to the financial statements and exclude certain non-underlying items, which are detailed in note 5 to the financial statements.

Our UK Engineered Solutions businesses supply products and services to a range of end markets including transport infrastructure, residential construction, data centres, and other industrial and commercial construction. The division also supplies hostile vehicle mitigation (HVM) and off-grid solar lighting solutions. Our business in India manufactures engineered supports primarily for energy markets.

Revenue for the year was 10% lower on a constant currency basis and 6% lower on an OCC basis, reflecting softer demand across UK road and rail, residential construction and general infrastructure markets. The UK business experienced progressive decline in market demand as the year progressed. Underlying operating profit was 11% lower on a constant currency basis and 17% lower on an OCC basis, reflecting a 20bps reduction in operating margins. The UK business benefited from project activity in transport infrastructure markets which is not expected to repeat in 2026. Considering the challenging market backdrop, we are assessing a range of measures to strengthen our UK operations overall, making our businesses more resilient in the current environment, and better able to capitalise upon opportunities as markets recover.

As expected, both revenue and underlying operating profit in our UK roads operations were below the prior year. Visibility and delivery of major road schemes remain limited, driven by delays to the release of the UK Government's Road Investment Strategy 3 (RIS3) which is expected during the 2026 year. This led to a lower outturn in our temporary rental and permanent barrier businesses. The project outlook for 2026 remains uncertain and we have taken steps to adjust the cost base accordingly, whilst remaining well placed to benefit when activity improves. Performance across the wider UK roads market was also impacted by local authority budgetary challenges leading to subdued activity. While the immediate prospects remain more muted, RIS3 is expected to provide clarity over the scale and timing of future infrastructure spending although this is expected to have limited impact on activity levels in 2026.

The industrial flooring business benefitted from good demand from data centre fabrication projects and the acquisition of Hentech will support further growth in this market. Demand from broader industrial and commercial markets was more subdued, with customers displaying higher levels of caution given the broader uncertain economic backdrop.

Our building products business experienced a continuation of lower demand levels, although a strong focus on productivity and cost management acted to mitigate the impact on profitability. We remain cautious around the scale and timing of recovery in UK residential construction markets.

Revenue and profitability across our perimeter security businesses were ahead of the prior year, with improving mix driving meaningful growth in operating margins. Performance reflects good growth in our high security fencing business, particularly in data centre construction, where the order book and opportunity pipeline are strong and present significant short to medium term prospects.

Our UK off-grid solar energy business delivered revenue and profit growth following a difficult period of trading in 2024, with improved activity in transport, commercial construction, water infrastructure, technology and defence end markets. The business continues to focus on product innovation, and has seen a growing order book, which is encouraging for further progress in the year ahead.

Our Indian engineered supports business delivered operating profit in line with the prior year, with performance, as expected, improving throughout the year. Revenue was marginally lower than the prior year, reflecting the timing of major projects. However, wider market activity levels remain healthy, and the business has a robust pipeline of future business, underpinned by international LNG projects.

# Financial review

## Results

The Group has delivered a good set of 2025 results. Revenue was £868.8m (2024: £855.1m), up 2% on a reported basis. Revenue was up 3% on an OCC basis with strong organic growth in our higher margin US Engineered Solutions and Galvanizing Services businesses partially offset by declines in the UK, reflecting a more challenging market backdrop.

Underlying operating profit was £151.3m (2024: £143.5m), an increase of 5% on a reported basis. OCC growth was 6% and constant currency growth was 8%. Operating margins improved to 17.4% (2024: 16.8%) reflecting the benefits of operating leverage and volume growth in our higher margin US businesses. Underlying profit before taxation was £142.5m (2024: £132.6m). Statutory operating profit was £120.1m (2024: £115.4m) and statutory profit before tax was £111.3m (2024: £104.5m). Underlying earnings per share increased to 132.2p (2024: 122.6p) and statutory earnings per share was 102.7p (2024: 95.0p).

The principal reconciling items between underlying and statutory operating profit are: restructuring costs of £4.8m arising from the closure of our message board manufacturing facility in Garland, Texas; the £13.6m write down of goodwill and intangible assets relating to our US off-grid solar business, National Signal; and the amortisation of other acquisition intangibles of £10.8m. Note 5 to the financial statements provides further details on the Group's non-underlying items.

## Cash generation

The Group continues to be highly cash generative, delivering 91% underlying cash conversion in 2025. We expect the Group to continue to deliver good cash conversion in 2026, in line with our financial framework. The calculation of our underlying cash conversion ratio can be found in note 4 to the financial statements.

Operating cash flow before movement in working capital was £179.6m (2024: £175.2m). The working capital outflow in the year was £3.1m (2024: £0.6m inflow) with a continued focus on working capital efficiency. Working capital as a percentage of annualised sales was 15.5% (2024: 15.2%) and closing debtor days were 59 days (2024: 62 days).

Capital expenditure of £34.2m (2024: £28.6m) represents a multiple of depreciation and amortisation of 1.6 times (2024: 1.3 times). During the year we made capital investments of around £10m to support organic growth, including completion of the expansion and upgrade of our engineered supports facility in Louisiana, and initial spend on expansion within our existing US galvanizing facility network. Excluding the Freeberg and Hentech acquisitions, we anticipate capital expenditure of around £50m in the 2026 year including major organic growth capital of £25m to expand capacity in our higher growth and returning US platform businesses.

Net financing costs were £8.8m (2024: £10.9m), including £0.6m (2024: £0.5m) amortisation of costs relating to refinancing activities.

The Group generated £106.9m of free cash flow in the year (2024: £108.6m), providing funds to support our capital allocation policy.

## Net debt and financing

Net debt at the end of the year amounted to £50.8m (31 December 2024: £96.9m). Outflows in the year included £39.4m for the 2024 interim and final dividends and £20.2m returned to shareholders via the buyback programme initiated in August. Net debt at the year-end includes lease liabilities under IFRS 16 of £39.9m (31 December 2024: £49.0m), the reduction being primarily due to exiting the Group's manufacturing site in Garland, Texas. Net debt excluding lease liabilities was £10.9m (2024: £47.9m).

The Group's principal financing facilities comprise a £300m revolving credit facility, which was increased and extended during the year and now expires in November 2029 with an option for a further one-year extension, and \$70m senior unsecured notes with maturities in June 2026 and June 2029, together with a further £6.2m of on-demand local overdraft arrangements. Throughout the year the Group has operated well within these facilities and at 31 December 2025, had £346.5m of headroom (£340.3m committed, £6.2m on demand). Approximately 63% of the Group's drawn debt at 31 December 2025 is subject to fixed interest rates, providing a hedge against interest rate risk.

The principal borrowing facilities are subject to covenants that are measured biannually in June and December, being net debt to EBITDA of a maximum of 3.0 times and interest cover of a minimum of 4.0 times. The ratio of covenant net debt to EBITDA at 31 December 2025 was 0.1 times (31 December 2024: 0.3 times) and interest cover was 28.4 times (31 December 2024: 20.4 times).

## Return on invested capital

The Group continued to deliver strong returns in 2025, achieving a return on invested capital of 26.7% (2024: 24.8%), the increase reflecting the faster growth in our larger, higher margin US businesses which are typically lower in capital intensity, and continued discipline around capital expenditure and working capital.

## Tax

The underlying effective tax rate for the year was 25.5% (2024: 25.6%). The statutory tax charge for the year was £28.8m (2024: £28.1m) and includes a £7.5m credit (2024: £5.9m credit) in respect of non-underlying items, principally relating to impairment charges and the amortisation of acquisition intangibles. Cash tax paid in the year was £27.3m (2024: £26.5m).

## Exchange rates

The Group is exposed to movements in exchange rates when translating the results of its overseas operations into sterling. Retranslating 2024 revenue and underlying operating profit using average exchange rates for 2025 would have reduced revenue by £16.8m and underlying operating profit by £4.0m, mainly due to sterling's appreciation against the US dollar. A one cent movement in the average US dollar rate currently results in an adjustment of approximately £4.0m to the Group's annual revenue and £1.0m to annual underlying operating profit.

Given the increasing proportion of the Group's revenues and operating profits denominated in US dollars, with effect from the 2026 year we intend to report our results in US dollars. Our transition to US dollar reporting will eliminate much of this exchange rate volatility.

## Non-underlying items

The total non-underlying items charged to operating profit in the Consolidated Income Statement amounted to £31.2m (2024: £28.1m) and included the following:

- Impairment charges of £13.6m in respect of goodwill, acquisition and other intangible assets of National Signal, the Group's US off-grid solar business
- Costs of £4.8m relating to the closure of the Group's message board manufacturing facility in Garland, Texas, and subsequent relocation of operations to our facility in La Mirada, California
- Amortisation of acquisition intangible assets of £10.8m
- Expenses related to acquisitions and disposals of £3.1m

The non-cash element of these charges was £27.4m. Further details are set out in note 5 to the financial statements.

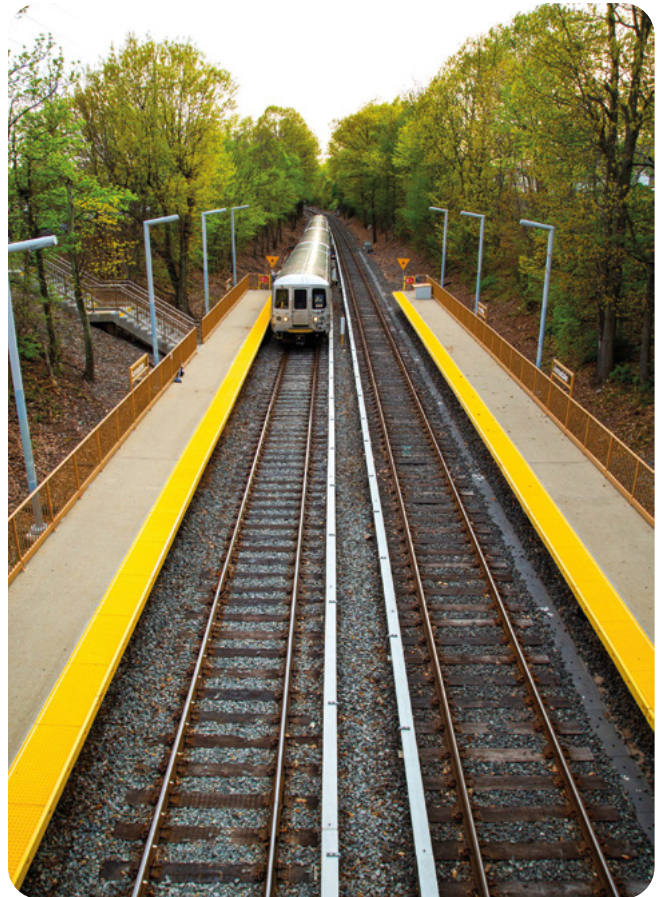
## Pensions

The Group operates defined benefit pension plans in the UK and the USA. The IAS 19 surplus of these plans at 31 December 2025 was £4.6m, an improvement of £5.4m from 31 December 2024 (£0.8m deficit). The surplus on the UK scheme, the largest employee benefit obligation in the Group, was £5.2m (31 December 2024: £0.2m deficit), the improvement mainly due to the Group's deficit recovery payments in the year, which we expect to end in Q1 2026.

The Group continues to be actively engaged in dialogue with the UK schemes' Trustees with regards to management, funding and investment strategies.

## Going concern

After making enquiries, the Directors have reasonable expectations that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and for the period to 30 June 2027. Accordingly, they continue to adopt the going concern principle.



When making this assessment, the Group considers whether it will be able to maintain adequate liquidity headroom above the level of its borrowing facilities and to operate within the financial covenants on those facilities. The Group has carefully modelled its cash flow outlook for the period to June 2027, considering the ongoing uncertainties in global economic conditions. In this "base case" scenario, the forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and financial covenants will be met throughout the period, including the covenant tests at 30 June 2026, 31 December 2026 and 30 June 2027.

The Group has also carried out "reverse stress tests" to assess the performance levels at which either liquidity headroom would fall below zero or covenants would be breached in the period to 30 June 2027. The Directors do not consider the resulting performance levels to be plausible given the Group's strong trading performance in the period and the resilience of the end markets in which we operate.

**Rutger Helbing**  
Chief Executive Officer

**Chris McLeish**  
Chief Financial Officer

# Stakeholder engagement

We recognise that maintaining strong relationships with all our stakeholders and listening to their feedback is important to good decision making. Consideration and understanding of our stakeholders' interests helps to shape our strategy and long-term sustainable value creation and promote continued growth.

## People A B C 1 7 8

Our people are critical to the success of our business. It is important that we listen to their feedback to understand what matters to them and make our Group a great place to work. We are committed to providing a safe and supportive environment, one where ideas are encouraged and people can flourish, develop their careers and experience job security. We aim to equip our people with the tools and knowledge to allow them to work safely, follow our Code of Conduct, and comply with all local legal and regulatory requirements.

What matters	<ul style="list-style-type: none"> <li>• Health, safety and wellbeing</li> <li>• Job security</li> <li>• Reward</li> <li>• Training and development</li> <li>• Engagement</li> <li>• Reputation and ethical standards</li> <li>• Sustainability and the environment</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• The Board receives health and safety updates at each meeting and takes time to consider health and safety trends, initiatives and their effectiveness.</li> <li>• The Board receives updates on human resources across the Group, including talent and development programmes and succession planning.</li> <li>• We conduct an annual employee engagement survey and the Board reviews feedback and survey results and oversees the action planning process.</li> <li>• The Remuneration Committee considers wider workforce remuneration and benefits when setting executive pay, cost of living increases and wider remuneration benefits.</li> <li>• The Board and Remuneration Committee gave consideration to engagement mechanisms.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• The Board conducts regular visits to operating business and hosts discussions with a wide variety of employees without management present.</li> <li>• All major announcements were issued on the Group intranet to ensure our people remained informed of important matters to the Group.</li> <li>• The Chair and selected NEDs met with a cross-section of employees at Whitlow Electric, TPG, Lionweld Kennedy and Birtley. Feedback from these meetings is shared with the Board.</li> <li>• Further engagement sessions are planned for 2026 at four operating businesses (two in the UK and two in the US).</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• The '1 Own Safety' programme has been developed and refined with oversight from the Board. It is a safety culture programme based on the belief that all incidents are preventable and will focus on empowering all employees to proactively identify and mitigate existing hazards that may pose a risk. The programme will further build upon existing initiatives including the Group's 9 Life Saving Rules.</li> <li>• Benefits from the '1 Own Safety' programme include the education of all employees across every level of the Group on the importance of taking responsibility for our own safety and those of our colleagues. The programme is championed by the CEO and Board with support from Managing Directors and their leadership teams with ownership maintained by all participants. Benefits include fewer injuries and incidents.</li> <li>• Our succession planning helps us ensure we have in place leadership continuity and organisational resilience. We are monitoring development progress for identified successors, to ensure critical skills for the future and early identification of any strategic capability gaps.</li> <li>• Engaging with our employees through our engagement survey and especially through on site meetings without management present, has enabled us to better understand their needs and concerns and take appropriate actions.</li> </ul>

**Links to strategy:**

- A** Organic growth
- B** Enhancing growth through M&A
- C** Sustainability
- D** Strong financial and risk management

**Links to relevant KPIs:**

- 1** Organic revenue growth
- 2** Underlying operating profit margin
- 3** Underlying cash conversion
- 4** Return on invested capital
- 5** Leverage
- 6** Greenhouse gas emissions
- 7** Health and safety
- 8** Employee engagement

**Our companies** **A** **B** **C** **D** **1** **2** **3** **4** **5** **6** **7** **8**

Our decentralised operating model places our operating companies close to their end markets and under the management of their own Board of directors, fostering agility, customer intimacy, and an entrepreneurial culture. Each operating company is responsible for delivering organic growth and their performance when aggregated, underpins the success of Group strategy.

What matters	<ul style="list-style-type: none"> <li>• Operational and financial performance</li> <li>• Capital allocation</li> <li>• Talent and development</li> <li>• Health, safety and wellbeing</li> <li>• Reputation and ethical standards</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• At each meeting, the Board reviews operating company financial performance as a standing item. In addition, operating company management is invited to Board meetings to discuss matters relating to their own businesses.</li> <li>• Every year the Board holds a strategy day at which it considers each operating company in detail. As part of the process, each operating company submits its own strategic plan which is aggregated into the plan for the Group.</li> <li>• When taking capital allocation decisions the Board considers the investment needs of each operating business to enable them to support growth.</li> <li>• During the year, the Board undertakes site visits which provide an opportunity to meet with local management and discuss plans and strategy.</li> <li>• The Group has a strict Delegation of Authority in place, adherence to which is audited by our Group Internal Audit function. Under the Schedule of Matters Reserved, the Board has ensured that all significant items of strategy, finance, ethics and capital spend are reserved for its own attention.</li> <li>• The annual strategy day considers the strategy of each operating business and how they align with the overall Group Strategy.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• Board meetings are held at least twice a year at operating businesses and local leadership teams are invited to present on their business and particular responsibilities. During the year, site visits were made to Whitlow Electric and The Paterson Group in the US and Hill &amp; Smith Infrastructure and Joseph Ash in the UK.</li> <li>• Chris McLeish and Gillian Tomlinson visited operating businesses as part of their onboarding to better understand each business and the day to day matters that are important to them, their customers and stakeholders.</li> <li>• Operating company management are invited to attend Board discussions on matters relating to their own businesses alongside the Group Presidents.</li> <li>• Members of the Board meet with the Managing Directors of the operating companies at the annual management conference in an informal setting.</li> <li>• The Group Presidents interact with the Board frequently representing the interests of the operating companies and reporting on strategy, financial objectives and KPIs.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• Better Board understanding of the issues the operating companies face on a day-to-day basis.</li> <li>• The Board can assess the quality of management beneath Executive Committee level.</li> <li>• The Group President structure has enabled the development of functional cross-business working groups to share best practice.</li> <li>• The senior management team obtains exposure to the Group Board and better understands Group drivers.</li> </ul>

## Stakeholder engagement *continued*

### Our local communities C D 6 7

We aim to conduct business in a responsible way that aligns with our purpose and values and is additive to the communities that we serve. Our operating companies engage with their local communities on a business-by-business basis, supporting local charities and schools, as well as engaging with local authorities when seeking to develop their businesses.

What matters	<ul style="list-style-type: none"> <li>• Sustainability and the environment</li> <li>• Health, safety and wellbeing</li> <li>• Reputational and ethical standards</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• Day-to-day engagement with local communities takes place at local operating company level. Matters affecting the wider Group are referred to the Board.</li> <li>• The Board is responsible for approving and overseeing the Group's sustainability targets and receives six-monthly updates on progress from the Head of Sustainability in addition to more frequent updates from the CEO.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• Our operating companies engage with a wide variety of stakeholders at local level, sponsoring local events, donating to charities and liaising with local authorities as necessary.</li> <li>• The Board receives reports of Group community activities, such as the head office volunteering day which supported a local primary school in creating an outdoor classroom and learning area.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• We continued our charity matching programme whereby our employees can apply for central matching of charitable donations raised by themselves. Some of the charities we have matched funding for are: MacMillan, Cancer Research, Changing Lives, Leonard Cheshire Disability, Love Em Trust, JHF Youth Foundation, Northumbria Blood Bikes and UNICEF.</li> <li>• Our operating companies support wide-ranging charitable causes through locally organised charitable events such as charity walks and raffles.</li> </ul>

### Our suppliers A B D 2 3 5 6 7

Suppliers are important partners in our business and their commitment to innovation, quality and ethical practices supports our own strategy and commercial success. Developing strong relationships between our operating companies and suppliers is key to the operating efficiency of our businesses. We actively engage with our suppliers at operating company level, working in partnership to ensure that they provide the right quality of products and services to support our commitment to quality products and competitive customer solutions. We aim to develop long-term relationships with suppliers, encouraged through fair payment practices.

What matters	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Fair financial terms</li> <li>• Long-term relationships</li> <li>• Sustainability and the environment</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• The Board has ultimate oversight of all business-related matters including our supplier policies.</li> <li>• Delegated responsibility for day-to-day supplier engagement lies with each local operating business. Any significant issues are reported to the Board via the Executive Directors, or for ethical matters, via the Group Company Secretary. The Board has regard for quality, fair financial terms, long-term relationships, sustainability and the environment and ethical practices.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• During 2025, operating companies regularly met with existing and potential suppliers to discuss continuity and quality of supply.</li> <li>• Operating companies worked with key suppliers to ensure their familiarity with our expectations in respect of ethical matters as set out in our Code of Business Conduct, Anti-Bribery &amp; Corruption Policy, and Group Modern Slavery Policy. Each key supplier provides an annual compliance certificate confirming its adherence to all our values and terms of service.</li> <li>• We continued to engage with suppliers on sustainability, including with respect to our sustainability focus areas.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• Operating companies understand the pressures of suppliers and optimise ways of working and build long-term relationships, establishing continuity and quality of supply.</li> <li>• Suppliers understand our expectations relating to ethical sourcing and practices.</li> </ul>

## Our customers A C 1 6 7

Our operating companies work closely with their customers. Understanding their needs is fundamental to good customer service and allows us to provide innovative solutions. By building a detailed understanding of customer needs, and the markets in which they operate, we can ensure we provide the right solutions and products and anticipate future requirements.

What matters	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Fair financial terms</li> <li>• Product innovation</li> <li>• Long-term relationships</li> <li>• Sustainability and the environment</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• The majority of day-to-day customer interaction takes place at the operating company level.</li> <li>• The Board reviews operating company performance as a standing item at each Board meeting, which identifies key customer matters such as lead times and quality. Where any significant customer matters are detected, these will be investigated by the relevant Group President who will update the Board as appropriate.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• In 2025, our operating companies continued to foster close relationships with customers to understand their requirements and develop products and solutions to meet their current and future needs.</li> <li>• Our businesses comply with our Code of Business Conduct which sets out expectations for how we conduct business, ethically and responsibly. Compliance with the Code of Business Conduct is monitored.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• We continue to listen to our customers, in terms of quality requirements and service levels and expectations.</li> <li>• We better understand, meet and anticipate our customers' needs and develop innovative solutions.</li> <li>• Some of our businesses are accredited with ISO quality standards.</li> </ul>

## The environment C 2 6 8

We play a key role in protecting the world, through both the provision of our sustainable infrastructure products and services, and through how we minimise our environmental impact as we deliver those products and services.

What matters	<ul style="list-style-type: none"> <li>• Sustainable products including waste and water management</li> <li>• Greenhouse gas emission reduction</li> <li>• Environmentally friendly products and solutions</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>• The CEO keeps the Board apprised of issues that arise in the ordinary course of business. Additionally, the Board receives at least two sustainability reports per year which are presented by the Group's Head of Sustainability. These reports contain progress against sustainability objectives, including carbon reduction targets and other initiatives across the Group and at operating company level.</li> <li>• The Group's Decarbonisation Committee comprises our Group Head of Sustainability, Head of Risk and Audit and Head of Reporting alongside a selection of representatives from our operating companies.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>• The Board received two sustainability updates during the year from the Head of Sustainability, in addition to further monitoring of initiatives during standard Board reporting and at the Group strategy sessions.</li> <li>• We incorporate carbon reduction planning into the operating company strategic plan and budget process.</li> <li>• The Board received updates on a project to explore alternatives to the use of gas fired galvanizing equipment.</li> <li>• We incorporated greenhouse gas reduction targets in the company's LTIP awards.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>• The impact on the environment has been given more prominence and consideration in decision making and wider business activities.</li> <li>• Work to date has allowed us to suggest areas for future improvement.</li> <li>• A range of emissions reduction and energy efficiency initiatives have been undertaken by our operating companies. Further information can be found on page 41.</li> <li>• Several of our UK and US sites have also switched to Hydrotreated Vegetable Oil ('HVO') in place of diesel.</li> <li>• 91% of our global 2025 electricity requirements were sourced through renewable energy instruments.</li> </ul>

## Stakeholder engagement *continued*

### Our investors **A B C 1 2 3 4 5 6 7 8**

The Company has a mix of individual and institutional shareholders, whose opinions are valued. As our investors are the owners of our business, it is therefore imperative that the Board understands their views so it can operate the business in a way that delivers long-term value. We recognise the value of engaging regularly with our investors. From the investor side, this promotes a better understanding of senior management and the strategy for the business. For the Group, this helps the Board to better understand the views of its investors which are to be taken into account when making decisions and setting long-term strategy. Our CEO, CFO and Investor Relations team engage with our investors through a series of meetings, site visits and presentations.

What matters	<ul style="list-style-type: none"> <li>Operational and financial performance</li> <li>Capital allocation</li> <li>Reputation and ethical standards</li> <li>Health, safety and wellbeing</li> </ul>
How the Board considers this stakeholder	<ul style="list-style-type: none"> <li>The Board receives an update on investor relations matters at each Board meeting.</li> <li>The Company's brokers are invited to attend certain Board meetings during the year and provide feedback from investors, specifically following the Company's half-year and full-year results.</li> <li>The Directors all attend the Company's AGM in order to discuss any other matters that shareholders wish to raise.</li> </ul>
How the Board engages with this stakeholder and monitors effectiveness	<ul style="list-style-type: none"> <li>During 2025, the CEO, CFO and Head of Investor Relations met regularly with investors and analysts, holding investor meetings with existing and potential investors. In addition, our new CFO met with large investors on appointment as part of his onboarding process.</li> <li>The Company's AGM was held in May 2025, enabling face-to-face interaction between Board members and investors.</li> <li>The Chair, Senior Independent Director and Remuneration Committee Chair are available to meet shareholders as requested. A specific investor engagement exercise was undertaken in 2025 relating to the implementation of the remuneration policy for FY25.</li> <li>Investors vote on resolutions put to shareholders at the Company's AGM.</li> </ul>
Outcome for this stakeholder	<ul style="list-style-type: none"> <li>Effective investor engagement enables us to take their views into account when setting the Group's strategy, making capital allocation decisions and in wider business decision making.</li> <li>Responses from major shareholders received as part of the Remuneration Policy review both on the Remuneration Policy and 2026 implementation were taken into account when finalising metrics and targets (see page 105).</li> </ul>

# Section 172(1) statement

Effective stakeholder engagement is integral to good governance

**Stakeholder engagement takes place at all levels across the Group and is an important part of how we deliver our strategy.**

The Board recognises the importance of taking the interests of stakeholders into consideration in its decision making. The Directors of the Company are required by section 172(1) of the Companies Act 2006 to act in a way that they consider, in good faith, is most likely to promote the long-term, sustainable success of the Company, for the benefit of its members as a whole. They are also required to take into account the interests of a range of stakeholders, ensuring that the Company maintains a reputation for high standards of business conduct and treats its stakeholders fairly.

## Stakeholder engagement

Regular engagement with our stakeholders is important to develop our understanding of each stakeholder group and key issues, which underpins decision making by the Board. The Group's decentralised business model helps us develop close links with the markets we operate in and maintain close customer relationships at a local level. Further information on how we interact with our stakeholders is included in the Stakeholder Engagement section on page 30.

## Meeting the needs of our stakeholders

The Board recognises the importance of understanding the priorities of different shareholder groups to inform the development of strategy. It also acknowledges that situations may arise where stakeholder groups have conflicting priorities. In these circumstances, the Board will seek to understand the needs and priorities of each group and, by doing so, assess them individually and collectively from the perspective of its strategic objectives and the long term sustainable success of the business. On pages 30 to 34 we have set out our key stakeholders and an explanation of how we interact with them as well as providing a summary of some of the outcomes of our engagement.

## Corporate context

The Group promotes, and the Board approves, a range of policies which consider the interests of the Group's stakeholder groups and are important when seeking to achieve an appropriate balance between their interests. Further information on these policies is set out in the Ethical conduct section on page 56.

Throughout the year, each Director remains conscious of their duty to the members and key stakeholder groups when taking decisions. Much of the day-to-day engagement takes place at a local level by our people in our operating companies. Our Group Presidents keep in close contact with the operating companies, raising items of importance with the Executive Committee and ultimately, the Board via the CEO and CFO. Additionally, the Board undertakes visits to operating companies during the course of the year and takes time to discuss items that matter to the local business and community.

The Board receives comprehensive papers from management during the year, including updates on health and safety performance, our people and talent management, investor relations, IT and cyber resilience. Papers and discussions include the views of key stakeholders and the likely long-term impact of the decision. Additionally, as part of its decision making, the Board undertakes a rigorous evaluation of each proposal which includes risks and opportunities, evaluation and other options which should be considered. This, when combined with the skills, experience and challenge that the Directors bring, creates a solid bedrock for good decision making and long-term success.

On shareholder engagement, during the year we maintained an ongoing programme of meetings with institutional shareholders, keeping them updated on strategy and business performance, with discussions on corporate governance as required.

## Section 172(1) statement *continued*

### Decision making in action

The table below sets out three key decisions and explains how the matters in section 172 were considered.

	Appointment of a new Chair		Integration of Hill & Smith Inc.'s message board business with National Signal		Commencement of our share buyback programme
Stakeholders considered	People Companies Customers Suppliers	Investors Local communities Environment	People Companies Customers	Investors Local Communities	People Investors
<b>Why this is a key decision</b>	<ul style="list-style-type: none"> <li>The appointment of the new Chair is considered to be a key decision as the Chair is responsible for high standards of corporate governance, leading the Board, and fostering a culture of open debate.</li> <li>The Chair is also responsible for managing the relationships between the executive and Non-executive Directors.</li> </ul>		<ul style="list-style-type: none"> <li>Both the National Signal and Hill &amp; Smith Inc. message board operations have experienced weak trading conditions in recent periods, so determining an improvement strategy was key to supporting financial performance.</li> <li>The Board were cognisant of the potential impact on our employees and therefore required clarity on how the effects could be mitigated.</li> </ul>		<ul style="list-style-type: none"> <li>Disciplined capital allocation is key to the Group's business model. It is important that the Board fully understands the Group's financial outlook, including its organic and inorganic investment opportunities, before determining whether there is surplus capital available to return to shareholders.</li> </ul>
<b>How the Board made its decision</b>	<ul style="list-style-type: none"> <li>A role profile was created which was used by the external search firm Russell Reynolds as part of the process.</li> <li>The key selection criteria included consideration of diversity and cultural fit, previous and recent experience of multinational industrial businesses, and strategic vision.</li> <li>Discussions took place with several candidates prior to a decision being made.</li> </ul>		<ul style="list-style-type: none"> <li>In making this decision the Board considered: the financial impact; benefits to operational efficiency; product suite and mix; customer service levels; and the impact on employees of both Hill &amp; Smith Inc. and National Signal.</li> <li>The Board considered a range of financial outcomes including downside scenarios to assess the risks of proceeding.</li> <li>Management also engaged with external experts to support the planning and integration process.</li> </ul>		<ul style="list-style-type: none"> <li>The Group's capital allocation policy prioritises organic and inorganic investment, but also provides returns to shareholders through a growing dividend, and where leverage is expected to remain low for a sustained period, through additional returns of surplus capital.</li> <li>In determining whether the Group had surplus capital available, detailed financial forecasts were reviewed, including potential acquisitions, and the impact that a share buyback would have on earnings and valuation. Advice was sought from Brokers and Financial Advisors in making the decision and feedback was considered from institutional shareholders.</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>Following a comprehensive search process, Nick Anderson was determined to be the best candidate for the role</li> <li>He joins the Board in March 2026 as Non-executive Director and Chair designate.</li> </ul>		<ul style="list-style-type: none"> <li>The integration process went well, and we anticipate that the combined business will see improved financial performance.</li> <li>Whilst the plan resulted in closure of the Garland, Texas facility, the Group took steps to support affected employees in finding alternative employment. Additional employment opportunities were also created in California at our new site.</li> </ul>		<ul style="list-style-type: none"> <li>In August 2025, we announced the commencement of a £100m share buyback programme over c.18 months.</li> <li>The purpose of the programme is to return capital to shareholders by reducing the Company's share capital, without significantly increasing leverage or restricting the Group's ability to invest in organic and inorganic growth opportunities.</li> </ul>
<b>Criteria considered</b>	A, B, C, D, E, F		A, B, C, D, F		A, E, F

### Key

A. The likely consequences of any decision in the long term  
 B. The interests of the Company's people  
 C. The need to foster the Company's business relationships with suppliers, customers and others

D. The impact of the Company's operations on local communities and the environment  
 E. The desirability of the Company maintaining a reputation for high standards of business conduct  
 F. The need to act fairly between members of the Company

# Our approach to sustainability

## Our sustainability strategy

As per our 2024 materiality assessment, we have seven priorities in our sustainability strategy, across three focus areas. Our materiality assessment is completed on a three year cycle.





**9%**  
Reduction in Lost Time Incident Rate compared to 2024

**19%**  
Reduction in scope 1 & 2 emissions compared to 2024

**49%**  
Increase in self generated electricity compared to 2024

## Our approach to sustainability *continued*

### Our sustainability metrics and targets

Pillar	Focus area	Target	Progress	2025 actual	2024 actual	2025 target	2030 target
 <b>Protecting the world</b>	Greenhouse gas emissions and energy efficiency	Intensity Ratio (market-based) (tCO <sub>2</sub> e per £000's revenue)	●	0.05	0.06	0.05	0.03
	 <b>Saving and enhancing lives</b>	Health, safety and wellbeing	Lost Time Incident Rate	●	0.3	0.33	0.275
	Talent, development and engagement	Engagement score	●	58%	56%	66%	75%
	Equity, diversity and inclusion	Gender diversity					
		PLC Board	●	25%	38%	40%+	40%+
		Executive Committee	●	17%	33%	40%+	40%+
		Senior Leaders	●	25%	22%	20%+	40%+
		Ethnic diversity					
		PLC Board	●	13%	13%	10%+	10%+
		Executive Committee	●	0%	0%	10%+	20%+
		Senior Leaders	●	19%	15%	10%+	10%+

● Not on track ● Slightly behind ● On track ● Achieved

## Sustainability governance structure

Our CEO, Rutger Helbing, has Group-level responsibility for sustainability and the Board is responsible for approving our sustainability strategy. Each priority topic within the strategy has a subject matter expert to lead its implementation, who liaise with individuals from across the wider Group as needed and report back to the Executive Committee and Board on a regular basis, providing updates on progress made against targets.

Focus Area	Priority	Subject Lead	Owner	Monitoring	Governance
 Protecting the world	Greenhouse gas emissions & energy efficiency	Head of Sustainability	CEO	Decarbonisation Committee	Executive Committee (quarterly)/Board (bi-annually)
	Sustainable products	Head of Sustainability	CEO	Decarbonisation Committee	Executive Committee (quarterly)/Board (bi-annually)
 Saving & enhancing lives	Health, safety & wellbeing	Heads of Health & Safety	Group Presidents	Executive Committee	Board
	Talent, development & engagement	HR Business Partners	CEO	Executive Committee	Board
	Equity, diversity & inclusion	HR Business Partners	CEO	Executive Committee	Board
 Sustainable governance	Climate risks & TCFD	Head of Risk & Internal Audit	CFO	Risk Committee	Audit Committee
	Ethical conduct	Company Secretary	CEO	Executive Committee	Board

## Preparing for emerging sustainability regulations

	Outline of regulations	Actions we are taking	Time horizon
UK Sustainability Reporting Standards (UK SRS)	The UK government are assessing and endorsing the global corporate IFRS Sustainability Disclosure Standards.	<ul style="list-style-type: none"> <li>Monitor mandatory reporting requirements and timelines.</li> <li>Align our reporting metrics with published standards.</li> </ul>	2026 – 2027
UK Transition Plan Taskforce (TPT) Disclosure Framework	Developed by the UK TPT to be the gold standard for climate transition plans.	<ul style="list-style-type: none"> <li>Monitor mandatory reporting requirements and timelines.</li> <li>Developing our carbon emissions reduction plan to meet the disclosure standard.</li> </ul>	2026 – 2027
EU Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD)	EU legislation to extend the scope of the Non-Financial Reporting Directive.	<ul style="list-style-type: none"> <li>This is not currently applicable as Hill &amp; Smith does not have sufficient turnover in the EU to fall within scope.</li> </ul>	N/A
Taskforce on Nature-related Financial Disclosures (TNFD)	The ISSB has confirmed it will use the TNFD framework to inform its nature related investor reporting standard.	<ul style="list-style-type: none"> <li>Our Head of Sustainability is monitoring developments and will recommend actions for future disclosure.</li> </ul>	TBC subject to ISSB confirmation
SB 253: Climate Corporate Data Accountability Act and SB 261: Climate-Related Financial Risk Act (California-specific)	Potential requirement to disclose greenhouse gas emissions and climate-related financial risks for businesses that operate in California.	<ul style="list-style-type: none"> <li>We have reviewed the reporting requirements and are satisfied that our current reporting meets them.</li> </ul>	TBC subject to further government announcements

# Protecting the world

## Greenhouse gas emissions and energy efficiency



### Why does it matter?

We recognise that greenhouse gases are a major contributor to the climate crisis, and we are committed to managing and reducing the Group's emissions to support the Paris Agreement goals.

### Our commitments

#### Science-based targets

Hill & Smith's near-term, long-term and overarching net zero emission reduction targets were approved by the Science Based Targets initiative ('SBTi') in December 2023, using a financial year running from 1 January to 31 December. Our approved science-based targets are as follows:

#### Overall net zero target

Hill & Smith commits to reach net zero greenhouse gas emissions across the value chain by 2050.

#### Near-term targets

By 2032, Hill & Smith commits to reduce absolute scope 1 and 2 greenhouse gas emissions by 55% from a 2020 base year. Hill & Smith also commits to reduce scope 3 greenhouse gas emissions by 60% per GBP value added by 2032 from a 2022 base year.

### Long-term targets

Hill & Smith commits to reduce absolute scope 1 and 2 greenhouse gas emissions by 90% by 2040 from a 2020 base year and maintain 90% absolute reduction through 2050 from 2040. Hill & Smith also commits to reduce scope 3 greenhouse gas emissions by 97% per GBP value added by 2050 from a 2022 base year.

For scope 1 and 2, a market-based and absolute contraction approach was chosen. For scope 3, an economic intensity approach was selected due to the changing nature of our portfolio through organic developments and value enhancing acquisitions.

### Intensity ratio targets

In addition to our approved science-based targets, we also have an internal target to achieve net zero for scope 1 and 2 by 2040 and we are measuring our near-term progress through reduction in our carbon intensity ratio (defined as tCO<sub>2</sub>e per £million revenue). Our intensity ratio for 2025 has reduced to 0.05, achieving our 2025 target.

### Our targets

Target	2025 actual	2024 actual	2025 target	2030 target
Intensity Ratio (market-based) (tCO <sub>2</sub> e per £000's revenue)	<b>0.05</b>	0.06	<b>0.05</b>	<b>0.03</b>

## What have we achieved in 2025?

### Actions towards meeting greenhouse gas emissions reduction targets

A range of emissions reduction and energy efficiency initiatives have been undertaken by our operating companies during 2025, including the implementation of energy reduction measures at our galvanizing facilities, switching forklift trucks to electric versions, installation of more energy-efficient equipment, and the use of roller shutter doors and insulation to retain heat. Several of our UK and US sites have also switched to Hydrotreated Vegetable Oil ('HVO') in place of diesel.

Consumption of natural gas for heating in the galvanizing process contributes 85% of the Group's total natural gas consumption, and the use of energy in the galvanizing process continues to be a key focus area for the Group's emissions reduction plan. In 2025, we continued to implement energy efficiency measures in both our UK and US galvanizing operations including waste heat recovery systems, smart burners, and kettle covers. A specific project was also undertaken to understand potential future alternatives to the use of gas fired zinc baths at our galvanizing sites, with a watching brief to ensure we are ready to take advantage of opportunities as they arise.

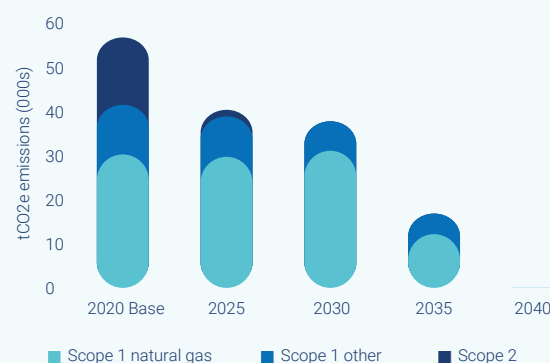
As a Partner of the US Department of Energy's Better Plants programme, we have continued to make use of the range of free tools and resources available to us, with a second 'Energy Treasure Hunt' held at our Creative Composites Group site in Pennsylvania, which identified the potential for 9% energy savings through a range of energy efficiency measures.

91% of our electricity globally was sourced through renewable energy agreements in 2025 (99% of UK & India electricity requirements and 87% of our US electricity requirements). In addition, we generated 1,173,522 kWh of renewable energy from our own solar PV sources on several sites across the Group.

Work has continued on improving the accuracy of data used for our scope 3 emissions reporting and over half of our key purchased materials across the Group are now being reported using an activity-based (weight-based) approach rather than spend-based. This change in methodology has resulted in an increase in our reported scope 3 emissions for 2025, especially as the Defra spend-based emission factors have been updated resulting in lower emissions for historic years than previously reported. For example, the activity-based emission factor for zinc is around ten times the equivalent spend-based emission factor (as the spend-based factor is very generic and applies to a wide range of metal types).

### Carbon emissions reduction plan

Net zero scope 1 and 2 emissions by 2040



#### 2026–2030

- Ongoing galvanizing energy efficiency measures
- Trial alternative galvanizing burner technologies
- Remaining forklift fuel replaced with renewables

#### 2031–2035

- Galvanizing plants to alternative burner technology
- Commence replacing diesel in commercial vehicles with renewables

#### 2036–2040

- Remaining galvanizing plants to alternative burner technology
- Replace diesel in commercial vehicles with renewables
- Offsetting for remaining unavoidable emissions

It is widely recognised that the spend-based approach to carbon accounting, although useful for providing an understanding of an organization's most significant scope 3 emissions, lacks the accuracy and transparency needed to inform decarbonisation efforts. Like many other organisations, we are transitioning to using an activity-based approach for purchased goods, which will allow us greater opportunity to influence emissions going forward, for example by specifying more sustainable options such as recycled content or 'green steel'.

We have reviewed and updated our carbon emissions reduction plan and remain confident in our commitment to achieving our internal net zero target for scope 1 and 2 by 2040. Our current expectation is that the incremental capital investment, energy costs, carbon taxes, and operational costs to achieve this will not have a material impact on the growth prospects for the Group.

## Our approach to sustainability *continued*

### Progress against science-based targets

Our progress against our science-based targets is set out below. For further information on how we plan to achieve our targets, see our carbon emissions reduction plan on page 41. 100% of our scope 1, 2 and 3 emissions are included in our science-based targets.

Reporting item	2025	Base year value (2020)	2025 % change (from 2020)
Scope 1 (tCO <sub>2</sub> e)	<b>38,322</b>	40,942	-6%
Scope 2 (market-based) (tCO <sub>2</sub> e)	<b>1,488</b>	15,255	-90%
Total scope 1+2 (market-based) (tCO <sub>2</sub> e)	<b>39,810</b>	56,197	-29%

Reporting item	2025	Base year value (2022)	2025 % change (from 2022)
Scope 3, category 1: Purchased goods & services (tCO <sub>2</sub> e)	<b>1,105,071</b>	362,766	205%
Scope 3, category 2: Capital goods (tCO <sub>2</sub> e)	<b>8,075</b>	4,689	72%
Scope 3, category 3: Fuel and energy-related activities (tCO <sub>2</sub> e)	<b>7,449</b>	6,239	19%
Scope 3, category 4: Upstream transportation (tCO <sub>2</sub> e)	<b>30,678</b>	28,569	7%
Scope 3, category 5: Waste (tCO <sub>2</sub> e)	<b>2,399</b>	3,811	-37%
Scope 3, category 6: Business travel (tCO <sub>2</sub> e)	<b>1,458</b>	1,500	-3%
Scope 3, category 7: Employee commuting (tCO <sub>2</sub> e)	<b>4,812</b>	5,469	-12%
Scope 3, category 9: Downstream transportation (tCO <sub>2</sub> e)	<b>5,197</b>	8,415	-38%
Scope 3, category 10: Processing of sold products (tCO <sub>2</sub> e)	<b>15,565</b>	9,261	68%
Scope 3, category 11: Use of sold products (tCO <sub>2</sub> e)	<b>494,520</b>	550,091	-10%
Scope 3, category 12: End-of-life treatment (tCO <sub>2</sub> e)	<b>618</b>	2,757	-78%
Scope 3, category 13: Downstream leased assets (tCO <sub>2</sub> e)	<b>302</b>	163	86%
Total scope 3 (all categories) (tCO <sub>2</sub> e)	<b>1,676,146</b>	983,729	70%
Overall scope 3 emissions intensity (tCO <sub>2</sub> e/£ value added)	<b>9,144</b>	7,743	18%

Scope 3 categories 8 (upstream leased assets), 14 (franchises) and 15 (investments) have been assessed and deemed not to be relevant to the Group's activities.

In accordance with our Greenhouse Gas Emissions Recalculation Policy, in our Basis of Reporting 2025 (available at [hsgroup.com/who-we-are/governance/our-policies/](https://hsgroup.com/who-we-are/governance/our-policies/)) and the GHG Protocol, our 2020-2024 scope 1, 2 and 3 data has been revised to remove the emissions relating to any operating companies that have been divested and to include estimates for the emissions from companies that we have acquired in the years since. This may result in stated emissions for previous years differing from those reported previously, but allows a meaningful comparison of current emissions with base year and historic year emissions. All re-stated emissions for historic years are available in our Basis of Reporting document on our website.

The DEFRA spend-based emission factors were updated in 2025, historic emissions for 2022-2024 have been recalculated using the updated emission factors, resulting in lower emissions.

Scope 3 emissions intensity uses operating profit in £m for value added.

### Our 2026 focus areas

In 2026, we will continue to develop and implement the local emissions reduction plans produced by our operating companies, considering both energy efficiency and switching to alternative fuels and/or technologies. We will also continue to improve the accuracy of our scope 3 reporting methodologies, particularly regarding an activity-based, rather than spend-based, approach to purchased materials. We will also continue to research feasible alternatives to natural gas use in the galvanizing process, working with wider industry partners and research groups.

We intend to further develop these plans into a high level Climate Transition Plan for the Group in line with the Transition Plan Taskforce Disclosure Framework.

### How will we measure progress?

We have invested in a sustainability software solution to record our greenhouse gas emissions. This provides greater visibility of our emissions and allows us to measure performance against our targets at both a Group and individual operating company level.

### Base verification and assurance of greenhouse gas emissions

We engaged Bureau Veritas to conduct a verification review of our corporate greenhouse gas emissions inventory for the period 1 January to 31 December 2025. The review was performed to a limited level of assurance in accordance with the requirements of the International Standard on Assurance Engagements ('ISAE') 3000. The remit of the review included scope 1, scope 2, and all applicable scope 3 categories.

Bureau Veritas has found no evidence that the above reported data is not materially correct, with a limited level of assurance. The results of the assessment can be found on our website, [www.hsgroup.com](http://www.hsgroup.com).

Further information on our annual greenhouse gas inventory, scope 1, 2 and 3 reporting methodologies and data sources, exclusions, assumptions and estimations, plus the historic emission recalculations carried out this year, is available in our 'Basis of Reporting 2025' document, which can be found on our website, [www.hsgroup.com](http://www.hsgroup.com).

### Base year recalculation policy and threshold

We have recalculated and restated our base year and historic year emissions across all scopes to reflect the effects of acquisitions and divestments. Details of these changes can be found in our 'Basis of Reporting 2025' document on our website. Our Greenhouse Gas Emissions Recalculation process (included in the 'Basis of Reporting' document) defines a significant change as a cumulative change of 5% or larger in our total base year emissions. We have assessed the implications of these restatements on our science-based targets and have not identified a need to update the targets. Refer to the Governance section of the Group website for further information.

## Our approach to sustainability *continued*

### Sustainable products



#### Why does it matter?

Delivering solutions that improve the sustainability of our customers' operations is central to our Company purpose and strategy. We believe that our products and services can play an important role in addressing the challenges associated with increasing population and urbanisation, climate change and decarbonisation.

#### What have we achieved in 2025?

##### Life Cycle Assessments

We have continued to undertake Life Cycle Assessments ('LCA') for individual products, with six of these having been verified by a third party and published as Environmental Product Declarations ('EPD') and several more expecting to be verified in 2026. We have seen the demand for EPDs increase during the year and expect this to continue to be an increasing focus area for our customers going forward.

##### Waste management and water consumption

Waste generation varies significantly between operating companies. Some produce very little waste; some generate high proportions of recyclable waste types (such as steel). The galvanizing sites generate hazardous waste such as waste acid and degreaser. We take appropriate actions to ensure that these materials are disposed of in line with environmental regulations and recycled where locally possible.

Water use by our operating companies is typically for offices (toilets, hand washing and cleaning) and for process activities (such as pre-treatment tanks in our galvanizing facilities). We monitor the consumption of water across the Group and encourage sites to reduce consumption where possible.

Water consumption has been considered in the 2025 TCFD assessment update with drought identified as a physical climate risk at several sites. Measures to address these risks are incorporated into individual facility business continuity plans. 100% of our water consumption is from mains supply, we do not abstract water.

Our water consumption and waste data for the past five years is set out below. Both our water consumption and waste generation increased in 2025 compared to previous years. This is in part due to including data from two new sites, acquired during 2024, as our historic years' waste and water data is not restated in the same way as our GHG emissions data. Both measures were also impacted as a result of increased productivity at our galvanizing facilities in both the UK and US, which make up significant proportions of our waste and water data.

#### Our 2026 focus areas

We will continue to undertake LCAs on key products, with the publication of EPDs as they are verified.

During 2026 we will increase our monitoring of water consumption and reduction efforts, particularly on those sites in areas of high water stress. Several of our US sites have been looking at opportunities to increase recycling rates for their waste with improvements expected in 2026.

#### How will we measure progress?

We will report on the total number of products that have a verified EPD and aim to increase this number on an annual basis.

### Water consumption, waste data, and Environmental Product Declarations

Measure	2025	2024	2023	2022	2021
Water consumption (m <sup>3</sup> )	<b>108,526</b>	99,241	93,278	84,667	104,795
Water intensity (m <sup>3</sup> /£000 revenue)	<b>0.12</b>	0.12	0.11	0.12	0.17
Hazardous waste (tonnes) (A)	<b>11,855</b>	9,961	9,792	9,471	n/a
Non-hazardous waste (tonnes) (B)	<b>22,436</b>	18,021	17,362	16,428	n/a
Total waste generated (tonnes) (A+B)	<b>34,291</b>	27,982	27,154	25,899	n/a
Waste intensity (tonnes/£000 revenue)	<b>0.039</b>	0.033	0.033	0.035	0.028
Waste recycled (%)	<b>80%</b>	77%	82%	80%	79%
Water consumption from areas with high water stress (m <sup>3</sup> )	<b>21,746</b>	23,369	18,092	15,660	n/a
Water consumption from areas with high water stress (% of total)	<b>20%</b>	24%	19%	18%	n/a
Percentage of corporate operations in high water stress areas	<b>13%</b>	12%	13%	12%	n/a
Number of Environmental Product Declarations in place	<b>6</b>	6	6	3	0

Data for hazardous and non-hazardous waste, and water consumption from high water stress areas is not available prior to 2022.

# Saving and enhancing lives

## Health, safety and wellbeing



### Why does it matter?

Keeping our employees, customers, and suppliers safe is our number one priority. Ensuring that our employees work in a safe environment and can return home to their loved ones at the end of their working day is of paramount importance.

### What have we achieved in 2025?

In 2025 we continued to enhance the Group wide incident management system, ensuring qualitative data and detailed investigations were being delivered by our operating companies. The system makes it easy for all employees to report accidents in real time, and encourages the reporting of leading indicators such as near misses, unsafe acts or conditions. Throughout 2025, we launched a monthly theme around the Group's Nine Life Saving Rules, with individual subject matter poster campaigns at all operating companies, enhancing the focus on accident prevention rather than reaction to accidents. Significant focus was placed on machinery guarding safety in year and will continue into 2026 with the focus on ensuring adequate risk assessment on all workplace machinery is conducted and adequate controls are implemented to prevent personal injuries.

During the year we have sought feedback on operational and facility improvements through our employee engagement, which includes health and safety as a key discussion topic. To complement this and obtain a comprehensive view from all employees, we conducted a groupwide employee safety culture survey in September 2025. This indicated there is a high level of understanding of internal health and safety expectations and employee responsibilities.

While we still have work to do, our efforts have led to a 9% reduction in the Lost Time Incident Rate ('LTIR') to 0.30 in 2025 (2024: 0.33). All lost time incidents were investigated by health and safety managers alongside members of the local operational teams. Managing Directors were requested to present the investigation findings to the Group Presidents and Executive Committee members to demonstrate elevated involvement in the process.

### Our targets

Although we did not achieve our LTIR 2025 target, management remains firmly committed to attaining it in 2026 and has established a range of initiatives to support its achievement.

Learnings from all incidents are shared with the wider organisation, reinforcing the importance of keeping our people safe and communicating corrective actions.

In 2025, we launched the Global Safety Alert, ensuring that repeat incidents with significant learnings are shared to all locations ensuring preventative measures are implemented.

### Our 2026 focus areas

Our aim continues to be to reduce the number of health and safety incidents throughout our organisation along with minimising the severity of lost time incidents.

To support this objective, we will:

- Elevate our focus on employee behaviours and accountability by launching a new cultural change programme, "I Own Safety" ensuring every employee around the Group is trained and educated on recognising safe and unsafe behaviours and enabling them to intervene to prevent incidents from occurring
- Continue to focus on leading indicators, such as near miss reporting and safety observations, rather than lagging indicators
- Continue to drive campaigns focusing on those areas that represent major risks for the Group's operating companies
- Continue to improve case management of Lost Time Incidents
- Enhance the delivery of safety training for our people

### How will we measure progress?

We use Lost Time Incident Rate as the key indicator to track and monitor our progress in health and safety.

Measure	2025 actual	2024 actual	2025 target	2030 target
Lost time incident rate	<b>0.30</b>	0.33	<b>0.275</b>	<b>0.1</b>

# Our approach to sustainability *continued*

## Talent, development and engagement



### Why does it matter?

Talented people are fundamental to the success of our autonomous business model and help deliver our purpose and growth ambitions. We need a highly engaged and capable workforce within our operating companies, and this can only be done by attracting, developing, supporting, and retaining the right people. Positive employee engagement and offering great careers for people increase our productivity, enhance our reputation, and deliver our growth plans.

### What have we achieved in 2025?

In 2025, we have continued our focus on senior level succession, the development of high potential individuals within our operating companies, as well as manager and supervisor training and development. Following on from 2024, where we saw four internal promotions in our Managing Director population, we have welcomed two new externally sourced Managing Directors across our regions. We will continue to focus on succession planning and internal development programmes to provide further future talent readiness for internal opportunities and for our people.

We conducted our annual employee engagement survey in September 2025, with a high participation rate of 88%, which was a five percentage point increase on our 2024 participation rate. Employee engagement for the overall Group increased to 58% (2024: 56%). The survey results highlighted that there is some variation in the engagement levels across our operating companies. Our aspiration is for every company to increase their employee engagement level every year. To achieve this, we know that local action plans will be most meaningful and will have the biggest impact.

We have continued to use apprenticeships as a way of attracting and developing early career talent as well as advancing our existing employees. In the UK, 11 new apprentices joined in 2025, with 27 existing employees enrolling onto an apprenticeship as a way of upskilling themselves. In September 2025, we held our annual Apprenticeship Event in Coombe Abbey in Coventry, where we celebrated the achievements of our brilliant UK apprentices.

The Board has reviewed the mechanism by which it engages with its workforce. Instead of continuing with its Employee Forum, members of the Board now hold direct meetings with employees from a wide variety of disciplines and seniority levels at individual operating companies with no senior management present. These meetings allow direct and confidential feedback to the NEDs from colleagues on the ground and provide valuable insights into workforce perceptions on matters such as remuneration, working conditions, and health and safety. Please see the Governance Report for more information.

### Our 2026 focus areas

Understanding the importance of highly engaged people, our Managing Directors and their teams have developed local action plans to address the areas identified for improvement in the recent engagement survey. These plans are being overseen by our Group Presidents to ensure that employees continue to have regular feedback on progress being made and to enable employees to give feedback during the year. Our HR teams will continue to hold regular sessions to share best practice with the aim of assisting all companies to increase their engagement levels in 2026.

We will continue to develop our supervisors and managers, with development programmes planned for 2026. We are tracking progress that our supervisors and managers make after completing the programme. We will continue to provide development for our newer Managing Directors and will be refreshing our succession plans.

### How will we measure progress?

We will continue to measure progress through our engagement survey against our targets. We will continue to seek further feedback via various communication channels and will act on feedback that we receive from our employees during the year. We will track internal moves at a senior level and for those supervisors and managers who complete our Enterprise-wide development programmes.

### Our targets

Measure	2025 actual	2024 actual	2025 target	2030 target
Engagement score	58%	56%	66%	75%

## Kelsy Valko, Chemical Engineering Supervisor

### Creative Composites Group

Kelsy joined Creative Composites Group in May 2022 after graduating from the University of Pittsburgh with a Bachelor of Science degree in Chemical Engineering. What began as an unexpected opportunity close to home quickly became a career defined by growth and challenge. "Every day is different," Kelsy shares. "There's always a new problem to solve and an opportunity to keep learning." That constant evolution is what continues to fuel her development.

In April 2025, Kelsy was promoted to Chemical Engineering Supervisor, where she now leads a growing team while supporting product development, chemical process improvements, tooling and part estimating, and technical specifications. She also plays a key role in environmental compliance, working closely with regulatory agencies to ensure accurate reporting and adherence to standards across operations.

Beyond her site-based responsibilities, Kelsy supports sustainability initiatives across the broader Group. She leads carbon footprint reporting for Creative Composites Group, contributes to Environmental Product Declarations, and conducts Life Cycle Assessments for selected products, work that supports the company's long-term environmental goals.

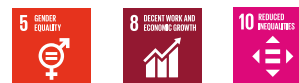
With recent retirements creating opportunity within the engineering department, Kelsy is energized by what lies ahead. She is deeply invested in mentoring and developing her team, finding fulfilment in leadership. "I really enjoy training and coaching others," she says. "Helping people grow and succeed is one of the most rewarding parts of my role." Looking forward, Kelsy sees continued opportunity to expand her leadership and technical expertise while contributing to the future of Creative Composites Group.



"Helping people grow and succeed is one of the most rewarding parts of my role."

# Our approach to sustainability *continued*

## Equity, diversity and inclusion



### Why does it matter?

We aim to employ the best people for the job and help them thrive. We know that we can only do this by considering talented people from the whole community, making our business attractive for them to join and by providing an environment where they can be themselves and give their best. If we can provide attractive opportunities for our people and ensure we have a workforce that is truly diverse, our business will perform to its absolute potential and achieve our ambitious economic growth plans, as well as deliver individual success.

Everyone is actively encouraged to communicate and share information with colleagues. It is important to us that we create an inclusive culture, where all voices and perspectives have an opportunity to be heard.

### What have we achieved in 2025?

The 2025 employee survey highlighted that 73% of employees agreed that Hill & Smith values diversity. While this is a good starting point we still have more to do in this area.

During 2025, the focus was to continue to provide tools, resources and information in support of increasing levels of diversity both locally and at a Group level to represent the communities that we serve. Some of our local operating companies have seen updates, remodels or new purpose builds of their facilities to provide an inclusive environment for all employees, regardless of their gender. We have also received positive feedback following the introduction of personal protective equipment ('PPE') specifically designed for females. We have enjoyed celebrating various national and international days that celebrate inclusion across regions and we continue to partner with two external Women's Networks to enable our employees to benefit from access to a wider network, tools and resources. In addition, we continue to offer variety of inclusive activities and webinars to raise awareness and open communication channels, for which we received positive feedback from our people.

### Our targets

	2025 actual	2024 actual	2025 target	2030 target
<b>Gender diversity</b>				
PLC Board	25%	38%	40%+	40%+
Executive Committee	17%	33%	40%+	40%+
Senior leaders	25%	22%	20%+	40%+
<b>Ethnic diversity</b>				
PLC Board	13%	13%	10%+	10%+
Executive Committee	0%	0%	10%+	20%+
Senior leaders	19%	15%	10%+	10%+

We have seen a slight decline in our 2025 Gender Pay Gap, with the median and mean pay gap shifting back to favour men, however, this indicates imbalance in distribution of females within the Group and its operating companies, which is not unusual for companies operating within environments like ours, as opposed to fairness and/or equality of pay.

We have also reviewed our equal opportunities and diversity policy and our dignity at work policy, which set out clear expectations for all employees. Our apprenticeship programme continues to be another method of attracting more diversity into our businesses.

### Our 2026 focus areas

We will continue to focus on increasing levels of diversity across our operating companies as well as at the Group level. We will review our Inclusive Hiring Guide along with our training modules in 2026 to further develop the skills and knowledge of our employees. This will cover the benefits of a diverse workplace and how everyone can play a positive role in promoting inclusivity. We will continue to provide tools, resources, and information in support of this, as well as taking part in national and international days that celebrate diversity and inclusion.

We want to build on the success of our apprenticeship programme, recognising it is an important way of attracting and retaining diverse talent. We will recruit additional apprentices and upskill existing colleagues through apprenticeships where feasible to do so. We will continue to employ interns in our US businesses.

As set out in the Chair's Report, a key priority for our new Chair will be addressing gender diversity at Board level.

### How will we measure progress?

We will continue to measure gender and ethnic diversity at a senior level and review the engagement survey scores for diversity and inclusion to track progress.

# Sustainable governance



## Climate risks and TCFD

### Why does it matter?

We recognise that climate change is a pressing global issue and as a company we are committed to promoting a sustainable environment and providing updates on our progress in doing so. To that end, we are pleased to issue our report in response to the Task Force on Climate-related Financial Disclosures ('TCFD') recommendations.

### What have we achieved in 2025?

The TCFD recommendations require companies to disclose information on their financial and physical risks and opportunities due to climate change, and how they are being managed. We are compliant with the recommended disclosures, apart from partial compliance with Metrics and Targets. See page 55 for further details. During 2025, we continued to develop our approach to assessing the impact of climate change on our business operations, strategy, and financial planning. We engaged with PwC to complete updated analysis on physical and transitional climate risk and opportunity. Climate related targets were added to the remuneration of our Executive Committee and operating company Managing Directors (see Remuneration Committee Report for further details).

### How do we ensure good governance?

The Board views oversight and effective management of environmental, social and governance-related risks as essential to the Group's ability to execute its strategy and achieve long-term sustainable growth. The Board receives six-monthly updates on its sustainability focus areas including climate-related risks and opportunities. The annual budget process includes consideration of operating company level carbon reduction plans, with a similar focus on the strategic planning process which covers a five-year timeframe. The evaluation of potential acquisitions includes an assessment of the impact on our greenhouse gas emissions reduction targets. The Audit Committee is responsible for overseeing the management of climate-related risks and opportunities and associated metrics and targets. In addition, the Risk Committee is responsible for identifying and assessing climate-related risks and opportunities with an established approach to support this assessment.

## TCFD Definitions

### Transition risk (TCFD, 2017)

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.

## TCFD governance and responsibilities

### PLC Board

- Responsible for approving and overseeing the Group's sustainability targets
- Receives six-monthly updates on sustainability progress from the Decarbonisation Committee
- Has oversight of TCFD reporting and disclosures (through the Audit Committee and Risk Committee)

### Risk Committee

- Responsible for the methodology to identify and assess climate-related risks and opportunities
- Agrees TCFD metrics and targets with the Decarbonisation Committee
- Reports significant climate-related risks and opportunities and corresponding mitigation plans to the Audit Committee for consideration
- Further details about the Risk Committee can be found on page 61

### Decarbonisation Committee

- Responsible for defining and delivering the Group's decarbonisation approach and long-term goals
- Formed in 2025, as an evolution from the previous Sustainability Committee, meeting quarterly to review and oversee progress against decarbonisation targets
- Members include: Group Head of Sustainability, representatives from operating companies, and other senior management

### Physical risk (TCFD, 2017)

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

## Our approach to sustainability *continued*

### Our approach

To understand the impact that climate could have on our business, we performed a high-level assessment based on a range of climate change scenarios. We engaged PwC to help perform this assessment for both transition and physical climate risk, building upon the work first completed for us in 2021. Timeframes were selected in line with our near and long-term climate goals and after consideration of the likely timing of transition risks, such as carbon pricing, and when significant physical climate changes are expected to materialise.

Physical climate vulnerability analysis for operational sites across the Group was completed using PwC's climate modelling software. This analysis was an enhancement on the original 2021 modelling due to the addition of higher resolution hazard data, improved scenario-specific outputs, and new modules to estimate the financial impact of hazards. The assessment of transitional risk was also enhanced with the development of a carbon pricing risk model using updated market data and regulatory requirements (such as the EU Carbon Border Adjustment Mechanism ('CBAM'), the EU Emissions Trading Scheme ('ETS'), UK CBAM, and UK ETS).

The output of the transition and physical risk assessments have enabled us to identify the material impacts on our business arising from each of the selected scenarios. The impacts were assessed without considering any actions that we might take to mitigate or adapt to these future climate change scenarios.



## Climate related risks and opportunities

The existing TCFD risk register as maintained by the Risk Committee was used as a starting point to determine which risks could have a material impact after considering both potential financial impact and likelihood. PwC benchmarked this against our sector and peers to identify additional risks and opportunities. The risks and opportunities deemed more significant at an unmitigated level are shown below.

Risk category	Risk	Additional considerations
<b>Transition Market</b>	Increased demand for renewable energy may lead to reduced supply of renewable energy or an increase in the cost of purchasing renewable energy. Short to medium term time horizon.	The acceptability of Renewable Energy Certificates/Guarantees of Origin (RECs/REGOs), green tariffs, and on-site generation is being reviewed by regulatory and standard bodies. Updates to guidance from the GHG Protocol for scope 2 emissions are expected in late 2027.
<b>Transition Technology</b>	Sourcing new greener technology which may be unavailable/require high capital investment and the risk of stranded high carbon assets e.g. alternative heat source for galvanizing. Medium term time horizon.	Work is continuing to identify the technology to deliver our carbon emissions reduction plan. The risk of stranded high carbon assets is currently deemed low due to their useful economic lives in relation to anticipated carbon pricing timelines.
<b>Transition Policy &amp; Legal</b>	Increasing operational and supplier costs due to government legislation designed to reduce emissions. Short to medium term time horizon.	Introduction/expansion of CBAM increases costs for emissions-intensive imports and can affect exports. Work is underway to consider how this could impact us.
<b>Physical Acute</b>	Disruption or damage to building and contents at manufacturing and operational sites due to extreme weather, causing production delays and potential damage/loss of products/materials. Medium term time horizon.	Climate-driven events damaging or disrupting upstream activities such as external utilities (power, telecoms) are also relevant. There is also a risk of insurance cost escalation and coverage restrictions in response to acute physical risks.
<b>Physical Chronic</b>	1. Rising average temperatures increase cooling energy needs and shorten HVAC/electrical equipment life. 2. Extreme heat reduces worker productivity and raises health/safety risks. Medium term time horizon.	Existing measures in place to deal with extreme heat include shifting work times to avoid peak temperatures, increasing rest breaks, and providing ice vests and electrolyte drinks. Further mitigations are being considered by our operating companies.
<b>Opportunities Products and services</b>	1. Innovation in new products & services could provide a competitive advantage and extend product range into premium markets e.g. floodproofing/windproofing. 2. Reduce embodied carbon in final products to be ahead of future regulation and enhance market reputation. Short to medium term time horizon.	There are opportunities for the Group given our existing focus on sustainable infrastructure products, for example galvanizing and certain composite applications. Further innovation in new products and services, in line with our purpose, will present further growth opportunities. See case studies on page 55 for our existing products that mitigate against extreme climate.

## Our approach to sustainability *continued*

### Impact analysis – Physical risk

The analysis completed by PwC considered the risk level across three Intergovernmental Panel of Climate Change (‘IPCC’) scenarios; global warming of <2°C, 2-3°C, and >4°C by 2100 from a 1900 baseline. The IPCC scenarios are recommended as a key public source of data by the TCFD. This allowed for the relationship between risk and temperature rises to be assessed for each site. The analysis presented here is focused on the >4°C scenario to demonstrate the worst-case scenario across 60 operational sites. Risk scores were modelled out to 2050 (our long-term SBTi target). This scenario may include costs relating to the repair of assets, increased volatility, business discontinuity, and investment in resilience measures for addressing more severe and frequent natural disasters.

At the end of 2025, the Group had 15 sites at higher risk of one or more climate hazards with extreme precipitation and hail/thunder being the most significant threats with eight sites deemed higher risk. By 2050, heat is predicted to be the most significant threat to the Group with nine sites deemed higher risk. 15 sites have been identified to be at higher risk from one or more climate hazards by 2050, which represents c. 20% of 2025 Group revenue; however, the revenue at risk is much lower as the complete loss of annual revenue from a site following a climate hazard event is highly unlikely, as the sites have mitigations in place as well as the necessary insurance cover. During 2026 we will share the climate risk assessments from PwC’s 2025 review with operating companies such that business continuity plans, mitigations, and strategic plans can be updated as necessary.

### Physical risk hazards under the >4°C 2050 scenario

Hazard	Sites at higher risk*			
	2025 no of sites	2025 % total sites	2050 no of sites	2050 % total sites
Flood	3	5%	3	5%
Wind	1	2%	4	7%
Rainfall	8	13%	8	13%
Heat	5	8%	9	15%
Hail/thunderstorms	8	13%	5	8%
Drought	6	10%	8	13%
Wildfire	0	0%	0	0%
<b>Total unique sites with one or more high risk hazards</b>	<b>15</b>	<b>25%</b>	<b>15</b>	<b>25%</b>

\* PwC’s climate analysis tool assigned each site, for each hazard, an absolute hazard score from 1 to 100. Sites with hazard scores greater than 70 were deemed higher risk.

Climate scenarios	< 2°C SSP 1 – RCP 2.6	2-3°C SSP 2 – RCP 4.5	>4°C SSP 5 – RCP 8.5
End of century temperature rise	1.6°C (0.9–2.4°C)	2.8°C (1.8–4.1°C)	4.5°C (2.9–6.1°C)
Source	Jupiter™ Intelligence data based on IPCC’s 6 <sup>th</sup> Coupled Model Intercomparison Project (“CMIP – 6”)		

The following time frames for assessment were chosen to align them with Group sustainability targets.

- Short term (3 years) – 2030 aligns with our short term carbon reduction target (2032)
- Medium term (10 years) – 2040
- Long term (20-30 years) – 2050 Aligns with our net zero target

## Impact analysis – Transition risk

The impact of carbon pricing on our operations was modelled across three International Energy Agency ('IEA') scenarios, as set out below, over two emission trajectories ('steady state emissions' whereby our emissions remain stable and 'Net zero flight path' whereby our emissions reduction targets are delivered). The analysis here focuses on scope 1 and scope 2 emissions. Due to the uncertainty surrounding potential passthrough costs for scope 3, it has not been included in the analysis. As carbon pricing regulation develops, taxation may impact passthrough costs on our products and services in our supply chain; equally the costs of carbon taxation could be passed on in part to customers. We will continue to complete analysis to understand how this will be applied to our products and customers in the future to more accurately quantify transition risk relating to carbon pricing.

Operating costs relating to carbon pricing could increase if they are not proactively mitigated. Under the higher carbon cost NZE scenario the Group could be subject to an annual cost of £11.7m by 2050 for scope 1 and 2 emissions (see the Carbon pricing impact table on page 53). This cost would drop to £1.5m if our net zero targets were achieved (see the carbon pricing impact table on page 53 for further details). The Group is committed to reducing greenhouse gas emissions as demonstrated by our 2040 net zero ambition (see our carbon emissions reduction plan on page 41) which will substantially mitigate our gross risk exposure to carbon pricing. Future exposure to renewable energy pricing will partly be offset by self-generated energy.

## IEA scenarios

Lower warming

Higher warming



## Carbon pricing impact\* – Scope 1 & 2 under NZE, APS, & STEPS

Annual impact by 2032	NZE	APS	STEPS
Average annual operating cost – Steady state emissions**	£7.3m	£6.7m	£2.0m
Average annual operating cost – Net zero flight path***	£4.2m	£3.9m	£1.2m
Annual impact by 2040			
Average annual operating cost – Steady state emissions**	£9.6m	£8.1m	£2.1m
Average annual operating cost – Net zero flight path***	£1.2m	£1.1m	£0.3m
Annual impact by 2050			
Average annual operating cost – Steady state emissions**	£11.7m	£9.4m	£2.3m
Average annual operating cost – Net zero flight path***	£1.5m	£1.2m	£0.3m

\*Based on PwC's carbon pricing modelling of our operations

\*\*Further proactive carbon reduction measures are not undertaken by the Group

\*\*\*Our publicly stated net zero commitments are achieved

## Our approach to sustainability *continued*

### CBAM

The EU Carbon Border Adjustment Mechanism ('CBAM') reporting requirements directly apply to only one of our operating companies, which has registered with the scheme and reports on imported steel as required. Quantities imported by this company are minimal and predominantly from the UK, so should not attract significant additional taxes once the transitional period ends. Our UK operating companies with European customers are being asked for embodied carbon data to inform their reporting and we are providing this as and when requested.

UK CBAM will affect most of our UK operating companies, both in terms of reporting requirements and potential additional taxes on steel and aluminium imported from outside of the EU (either directly or passed on by distributors). We are monitoring developments of this scheme and briefing our businesses to ensure they are prepared; many have already started discussions with their suppliers to obtain the information that will be needed when UK CBAM comes into force in 2027. Should the emissions allowance cap remain at its current and forecast levels, we are unlikely to face tax obligations from CBAM, although there remains some uncertainty here. Reducing our Scope 3 emissions as well as shifting towards alternative suppliers for steel and aluminium may help to reduce any potential tax obligations.

### Conclusion

The results of our impact analysis highlight the importance of taking action to reduce greenhouse gas emissions to minimise transition-related risks. It also suggests that, while physical climate change risks to our future business operations are relatively low, they may present opportunities for the Group. Given our focus on sustainable infrastructure, some of our operating companies already provide products and solutions to address extreme weather conditions, and we see this as an opportunity for future growth.

### How do we manage risk?

The Risk Committee is responsible for identifying, assessing and managing climate-related risks and opportunities and reporting significant risks to the Board. This includes consideration of emerging regulatory requirements, such as carbon pricing. The impact assessment has identified that some of our operating companies may be more severely impacted by future climate change scenarios. The Risk Committee is responsible for actively working with our operating companies to ensure that appropriate mitigation strategies are in place using our established Risk Management Framework (refer to pages 60 to 62 for further details). Based on the scenario analysis and impact assessment outlined above, the Board deems climate change to be a Principal Risk to the Group (see page 64).

### How will we measure progress?

The Group has set the following metrics and targets to assess and manage climate-related risks and opportunities:

- We are committed to reducing our scope 1 and 2 greenhouse gas emissions to achieve our net zero target by 2040. In the near term, we are measuring progress through reduction in our CO<sub>2</sub>e intensity ratio. Refer to page 40 for further details of progress to date.
- We have near term, long term and net zero targets for scope 1, scope 2 and all relevant scope 3 emissions approved by the SBTi and report on progress against these on an annual basis (refer to pages 40 to 43 for further details).
- In addition, we currently measure water usage, waste production, and the number of EPDs and continue to look at ways to minimise our environmental impact.

## TCFD compliance

TCFD elements	TCFD recommended disclosures	Compliant
Governance	a. Board oversight	✓
	b. Management's role	✓
Strategy	c. Climate-related risks and opportunities	✓
	d. Impact of climate-related risks and opportunities	✓
	e. Resilience of the organisation's strategy and business model in climate scenarios	✓
Risk management	f. Risk identification and assessment	✓
	g. Managing climate-related risks	✓
	h. Integration into overall risk management process	✓
Metrics and targets	i. Metrics for climate-related risks and opportunities	Partial
	j. Scope 1, 2 and 3 greenhouse gas emission metrics	✓
	k. Climate-related targets – scope 1, 2 and 3	✓

Our TCFD disclosure is aligned with the requirements of UK Listing Rule 6.6.6(8) by including climate-related financial disclosures consistent with the 11 TCFD recommendations. While we have metrics for climate-related risks, during 2026 we will continue to develop cross-sector metrics for climate-related opportunities, capital deployment, and internal carbon pricing.

## Products enhancing resilience to extreme weather

### 'StormStrong' products

#### Creative Composites Group, US

StormStrong products include utility poles, utility crossarms, lighting poles, waterfront sheet piles, waterfront pipe piles and fibre reinforced polymer ('FRP') cooling towers. They provide resilience, durability and corrosion resistance in both grid and shoreline applications to ensure structural integrity in extreme weather conditions such as hurricane-force winds, blizzards and deep freezes. Creative Composites Group also manufactures 'FireStrong' fire resistant utility poles that can protect the grid from the excessive heat generated by brush/grass fires.

### Rail track flood resilience

#### Asset International Structures, UK

The "Asset BaFix" track ballast shoulder retention system adds stability to rail tracks and provides flood resilience to ensure remote areas of rail networks are not cut off during flooding and extreme weather.

### HVAC Vibration Isolation Systems

#### Novia, US

Novia's vibration isolation roof curbs are designed to withstand significant weather events, such as hurricanes, to protect Heating Ventilation and Air Conditioning ('HVAC') systems and ensure life and safety critical facilities remain open and operational. Such facilities include hospitals, police and fire stations, data centres and educational centres.



Novia's vibration isolation roof curb

# Our approach to sustainability *continued*

## Ethical conduct



### Why does it matter?

As an international group, we recognise our responsibility to act in an ethical manner, not only to meet regulatory obligations, but more importantly to be a good corporate citizen and ensure our positive impact on employees, suppliers, customers and the communities in which we operate.

Our ethical policies help to support our Group and operating company reputations in the markets in which we operate through:

- Protecting our employees and creating a sense of pride that we 'do the right thing'
- Promoting transparency with customers and suppliers
- Supporting the communities in which we work with fair and equitable employment policies and opportunities
- Ensuring that our terms of business with our suppliers support our commitment to ethical conduct and doing business responsibly

The Group is committed to treating all people, whether employed directly by the Group or its operating companies or employed in its supply chain, fairly and equitably and we are committed to upholding their human rights. The Group recognises all individuals' basic human rights and is committed to respecting the Universal Declaration for Human Rights. The Group respects the human rights of all those working for or with us and of the people in the communities where we operate. We will not knowingly do business with companies, organisations or individuals that we believe are not working to at least basic human rights standards.

Our Group and operating companies comply with all applicable wage and working-time laws and other laws or regulations affecting the employer/employee relationship and the workplace. We oppose the exploitation of all workers, children and young people; we will not tolerate forced labour, or labour which involves physical, verbal or psychological harassment or intimidation of any kind; and we will not employ child labour in any of our operations. Nor will we permit the exploitation of, or discrimination against, any vulnerable group. We have a zero tolerance approach to the fundamental violation of an individual's basic human rights that slavery and human trafficking represents. We aim to make a positive impact on society from our operations. The Group's business activities incur a substantial amount of different taxes, and the Group is committed to complying with tax laws in the geographies in which it operates and works closely with tax authorities in those countries. The Group does not operate in countries considered as partially compliant or non-compliant, according to the OECD Tax Transparency report and blacklisted or grey-listed by the EU.

### What have we done in 2025?

The Group is committed to conducting its business activities responsibly and ethically and in accordance with the laws and regulations applicable to the jurisdictions in which we operate, and we have a series of policies that support this objective. These are supported by training and educational programmes for employees, together with a Group Code of Business Conduct ('CoBC') which underpins all our activities. The CoBC sets out expectations for everyone working for and on behalf of the Group and covers areas such as health and safety, ethical business practice, gifts and entertainment, conducting international business, protection of individuals, resources and assets, and outlines the Group's legal and compliance responsibilities in areas such as anti-bribery and corruption, export laws and regulations, and international fair and open competition.

For employees who wish to raise concerns without fear of reprisal or victimisation, we provide an external confidential, independent whistleblowing hotline and email facility, available in local languages. Employees can also contact senior managers within their business, the Group Company Secretary, or the Chair of the Audit Committee, without fear of reproach. 34 such issues were reported and investigated in 2025 (2024: 44). During 2025, and as part of our whistleblowing programme, we ensured that our employees received annual whistleblowing training and ensured that this was communicated at all levels within the organisation. Additionally, we have been refining the process for whistleblowing investigations to ensure there are no reprisals, in addition to ensuring confidentiality when investigations are ongoing. Additionally, we have rolled out in person or video conference training for anyone involved in whistleblowing investigations to support the effective and timely undertaking of those investigations.

We have also been focussed on updating our processes, policies and procedures for the implementation of the Economic Crime and Corporate Transparency Act 2023. We have undertaken our risk assessment and updated our policies and processes to ensure compliance.

### Our 2026 focus areas

During 2026 we will be focussing on the following projects to support our ethical practices:

- reviewing our compliance and ethical online training to improve completion rates and ensure courses are allocated to the most appropriate members of staff
- roll-out our legal AI tool to support the inclusion of all appropriate ethical clauses, including ethical clauses within our contracts
- reviewing our Equal Opportunities and Diversity and Data Protection Policies to ensure they are appropriate throughout the jurisdictions in which we operate

### Ongoing compliance

We regularly review operating companies' standard terms and conditions across the Group to ensure they demand the highest standards of ethical behaviour. Each agreement includes ethical requirements, including a supplier's obligation to comply with the UK Modern Slavery Act or similar local legal obligations. We will be rolling out an additional legal AI tool to support our operating companies in reviewing contractual agreements. Under our Supply Chain Policy our operating companies undertake additional due diligence for key suppliers prior to commencing to trade and to obtain an annual compliance certificate which confirms that they comply with our ethical policies and CoBC.

We will act in accordance with our CoBC, upholding our zero-tolerance approach to bribery and corruption. We will monitor and investigate all whistleblowing reports as well as learning the lessons from such incidents to manage such reports to an acceptable level.

We will continue to conduct our dealings with tax authorities with honesty, integrity, respect and fairness and in a spirit of co-operative compliance.

Specific ethical policies have been developed and are available on the Group's website [www.hsgroup.com](http://www.hsgroup.com), including:

- Supply Chain Policy
- Code of Business Conduct
- Anti-bribery & Corruption Policy
- Modern Slavery Policy
- Whistleblowing Policy
- Group Fraud & Economic Crime Policy

### How do we ensure we are compliant?

- Annual Modern Slavery audits
- Board oversight of all whistleblowing reports
- Approval of ethical policies by the Board or Executive Committee
- Maintain online training to ensure compliance with relevant legislation
- Annual certification by Group operating companies that they have complied with policies issued by the Group, and in particular with the CoBC

## Our approach to sustainability *continued*

### Sustainability data

	2025	2024	2023	2022	2021
<b>Product research &amp; development</b>					
Spend on R&D	<b>£2.1m</b>	£3.4m	£3.3m	£2.8m	£1.9m
Percentage of revenue	<b>0.2%</b>	0.4%	0.4%	0.4%	0.3%
<b>Environmental</b>					
Environmental penalties	<b>£nil</b>	£nil	£nil	£nil	£nil
Carbon Disclosure Project ('CDP') Rating	<b>B</b>	C	B	B	D
Group water usage (m3)	<b>108,526</b>	99,241	93,278	84,667	104,795
Waste to landfill (tonnes)	<b>7,017</b>	6,338	4,769	5,138	3,600
Recycled waste (tonnes)	<b>27,274</b>	21,644	22,385	20,761	13,775
Percentage of waste recycled	<b>80%</b>	77%	82%	80%	79%
<b>Greenhouse gas emission</b>					
Emissions (tCO <sub>2</sub> e) – Scope 1: UK <sup>1</sup>	<b>14,580</b>	16,286	16,839	17,308	18,216
Emissions (tCO <sub>2</sub> e) – Scope 1: Rest of World <sup>1</sup>	<b>23,742</b>	22,858	21,949	21,208	21,922
Location-based emissions (tCO <sub>2</sub> e) – Scope 2: UK <sup>1</sup>	<b>2,432</b>	2,981	3,122	2,997	3,796
Location-based emissions (tCO <sub>2</sub> e) – Scope 2: Rest of World <sup>1</sup>	<b>10,983</b>	10,602	10,230	10,828	11,443
Market-based emissions (tCO <sub>2</sub> e) – Scope 2: UK <sup>1</sup>	<b>88</b>	82	165	296	860
Market-based emissions (tCO <sub>2</sub> e) – Scope 2: Rest of World <sup>1</sup>	<b>1,400</b>	9,668	11,031	11,202	11,557
Intensity ratio	<b>0.05</b>	0.06	0.06	0.07	0.09
Scope 3 (tCO <sub>2</sub> e) – Group <sup>1</sup>	<b>1,676,146</b>	896,607	824,999	983,729	n/a
Other greenhouse gas emissions – CH <sub>4</sub> (tCO <sub>2</sub> e)	<b>32.9</b>	33.9	31.9	30.3	34.5
Other greenhouse gas emissions – N <sub>2</sub> O (tCO <sub>2</sub> e)	<b>72</b>	93	104	105	112
<b>Energy consumption</b>					
Energy consumption UK (kWh) (A)	<b>90,013,230</b>	97,654,369	98,888,542	101,832,122	109,189,625
Energy consumption rest of world (kWh) (B)	<b>160,034,147</b>	153,287,049	147,422,059	144,810,961	149,913,575
Energy consumption total (kWh) (A+B)	<b>250,047,377</b>	250,941,418	246,310,601	246,643,083	259,103,200
Percentage of energy used derived from renewable sources	<b>17%</b>	8%	6%	6%	6%
Aggregate energy consumption from renewable sources	<b>42,638,013</b>	20,277,181	14,639,328	14,668,685	15,427,961
<b>Health and safety</b>					
No. of workplace fatalities	<b>0</b>	0	0	0	0
No. of lost time injuries	<b>28</b>	30	35	85	142
LTIR	<b>0.30</b>	0.33	0.43	1.1	1.7
No. of near miss reports	<b>725</b>	990	1,969	2,217	2,126
<b>ISO Standards</b>					
Percentage of Operating Companies ISO 9001 certified	<b>71%</b>	68%	68%	68%	74%
Percentage of Operating Companies ISO 14001 certified	<b>47%</b>	42%	37%	37%	37%
Percentage of Operating Companies ISO 45001 certified	<b>41%</b>	37%	26%	26%	21%
<b>Ethical conduct</b>					
Charitable donations	<b>£135,619</b>	£119,618	£98,985	£62,000	£39,000
Whistleblowing reports made by employees	<b>34</b>	44	10	12	2
Modern slavery audits carried out	<b>Yes</b>	Yes	Yes	Yes	Yes

1. In accordance with our Greenhouse Gas Emissions Recalculation Policy, in our Basis of Reporting 2025 (available at [hsgroup.com/who-we-are/governance/our-policies/](https://hsgroup.com/who-we-are/governance/our-policies/)) and the GHG Protocol, our 2020-2024 scope 1, 2 and 3 data has been revised to remove the emissions relating to any operating companies that have been divested and to include estimates for the emissions from companies that we have acquired during those years. This may result in stated emissions for previous years differing from those reported previously, but allows a meaningful comparison of current emissions with base year and historic year emissions. Our GHG emissions reporting meets the requirements of Streamlined Energy and Carbon Reporting regulations (SECR).

	2025	2024	2023	2022	2021					
<b>Talent and employment practices</b>										
No. of Group employees (as at 31 Dec)	<b>4,590</b>	4,559	4,336	3,817	4,402					
Voluntary (regrettable) attrition rate	<b>18%</b>	18%	9%	14%	14%					
Percentage of employees with access to a recognised Trade Union	<b>3%</b>	3%	5%	11%	18%					
UK Gender Pay Gap (Median Hourly Pay Gap)	<b>8.2%</b>	-1.0%	-0.1%	2.8%	-4.5%					
Training spend	<b>£1.0m</b>	£0.8m	£0.9m	£0.8m	£0.6m					
Total no. of days training	<b>8,083</b>	5,285	5,799	5,626	4,119					
Average annual hours of training per employee	<b>1.76</b>	1.16	1.34	1.47	0.94					
UK apprenticeships	<b>82</b>	66	60	55	49					
Percentage of UK operating companies utilising the Apprenticeship Levy	<b>78%</b>	70%	83%	89%	57%					
Employees participating in training & development	<b>2,734</b>	2,506	3,527	2,386	156					
Percentage of employees participating in training & development that are female	<b>6%</b>	8%	9%	10%	17%					
<b>Engagement</b>										
Engagement survey participation	<b>88%</b>	83%	83%	80%	62%					
Engagement score	<b>58%</b>	56%	56%	61%	55%					
Inclusion engagement score	<b>73%</b>	73%	73%	69%	63%					
<b>Gender diversity</b>										
	<b>M</b>	<b>F</b>	M	F	M	F	M	F	M	F
PLC Directors	<b>6</b>	<b>2</b>	5	3	5	2	5	3	5	3
Executive Committee	<b>5</b>	<b>1</b>	4	2	3	2	4	2	4	2
No. of subsidiary directors	<b>41</b>	<b>7</b>	40	9	46	10	39	7	49	3
No. of senior leaders	<b>102</b>	<b>36</b>	100	28	109	26	78	20	201	38
Percentage of PLC Directors	<b>75%</b>	<b>25%</b>	62%	38%	71%	29%	62%	38%	62%	38%
Percentage of Executive Committee	<b>83%</b>	<b>17%</b>	67%	33%	60%	40%	67%	33%	67%	33%
Percentage of subsidiary directors	<b>85%</b>	<b>15%</b>	82%	18%	82%	18%	85%	15%	94%	6%
Percentage of senior leaders	<b>74%</b>	<b>26%</b>	78%	22%	81%	19%	80%	20%	84%	16%
Total percentage of Group employees	<b>88%</b>	<b>12%</b>	89%	11%	89%	11%	90%	10%	90%	10%

## Sustainability Policies

The Group has several policies that support its Sustainability Plan. These are listed below, and can be found at <https://hsgroup.com/>

- Product Responsibility Policy
- Conflicts Mineral Policy
- Supply Chain Policy
- Environment Policy
- Health and Safety Policy
- Equal Opportunities and Diversity Policy
- Tax Strategy
- Sustainability Policy
- Code of Business Conduct
- Fraud and Economic Crime Policy
- Anti-bribery and Corruption Policy
- Modern Slavery Policy

# Risk management

The Group has an established Enterprise Risk Management Framework that identifies, evaluates, manages and monitors risk.

## Risk management

Effective risk management is critical to delivering our strategy. The Group benefits from an Enterprise Risk Management Framework that is integrated into the ongoing business activities of our operating companies.

## Responsibilities

While the Board has delegated the ongoing discussion of risk and risk management to the Audit Committee and Executive Management, the Board is responsible for the overall stewardship of our system of risk management and internal control. It has established the level of risk that is acceptable to our businesses in the pursuit of our strategic objectives. It has also set delegated authority levels to provide the framework for assessing risks and ensuring that they are escalated to the appropriate levels of management, including up to the Board where appropriate, for consideration and approval.

## Enterprise risk management framework

The Group operates an Enterprise Risk Management Framework (the 'Framework') that ensures a consistent and proportionate approach is used to identify, evaluate, manage, and monitor risks across all our operating companies. The Framework is integrated with the Group's internal controls and compliance policies and is supported by the internal and external audit programmes. It uses a tiered approach to risk management, with risk registers at operating companies and a corporate-level risk register feeding into the Group's Principal Risks, with flows of information and assurance (see Figure 1). In keeping with the Group's entrepreneurial approach, individual operating companies record and manage their own risks, using a standardised risk register format. This ensures risk management is effectively embedded in a way that fits each specific operating environment and risk horizon.

Within the Framework, the following roles and responsibilities exist:

### The Board has responsibility for:

- overall ownership and accountability for risk management
- ensuring the Directors have the appropriate skills, knowledge and experience to effectively assess the Group Principal Risks and carry out their duties effectively
- evaluating the Group Principal Risks and overseeing their management
- establishing Group risk appetite
- the external reporting of risk and viability

Figure 1 Risk Management Process



## The Audit Committee

Supports the Board by:

- monitoring and directing the Risk Management Framework, risk appetite and associated internal controls, including the influencing factors of culture and reward
- ensuring there is a link between the Group Principal Risks and the Group's internal and external audit programmes
- reviewing internal and external sources of assurance and information to enable it to recommend to the Board where changes may be needed to the Risk Management Framework and/or Group Principal Risks
- reviewing the detail of external reporting

## The Risk Committee

Supports the Audit Committee by:

- acting as a conduit between the Group management and our operating companies, supporting the dissemination of the Enterprise Risk Management Framework and risk appetite down from the Board, and flow of information and assurance back up to the Board
- helping executive management to embed the framework by designing and implementing procedures, tools and training
- proactively analysing and challenging the assessment, management and monitoring of operating company risk registers and day-to-day risk management
- ensuring the Board and Audit Committee are provided with sufficient information to discharge their responsibilities effectively

## The Executive Committee

Supports the Risk Committee by:

- ensuring operating companies are effectively embedding the Group's Enterprise Risk Management Framework and are maintaining live risk registers that are actively managed
- overseeing the completion of risk reporting with escalation of any significant matters to the Risk Committee in a timely manner

- advising the Risk Committee on appropriate levels of target risk and on actions that may be required to ensure effective identification and mitigation of risk
- providing updates on action plans and control enhancements for risks in the corporate-level risk register

## Risk appetite

The framework clarifies how risk is to be managed in a way that satisfies the decentralised operating model of the Group (see Figure 2). The approach has allowed the Board to consider its appetite in the light of the Group's business model and carry out a robust assessment during 2025 of the Principal Risks and uncertainties that might threaten the Group's business model, future performance, solvency and liquidity (see pages 63 to 66 for the Group's Principal Risks and Uncertainties).

The Board accepts a level of risk in pursuit of its strategic objectives. The risk of action (or inaction) is assessed by the Board in decision making such that the Group will not take risks that would harm the long-term interests of its strategy, shareholders, and stakeholders, including the environment. For example, this might mean:

- pursuing or not pursuing an acquisition, or requiring greater assurance and comfort before proceeding through the due diligence process
- not entering into contracts that place an onerous contractual or reputational burden on the Group
- not entering geographic locations where bribery and corruption are accepted or tolerated
- not using certain chemicals or treatments (or changing existing treatments) that are harmful to the environment

During 2025, the Audit Committee established risk appetite categories for the Board to use to classify the Group's Principal Risks (see pages 63 to 66 for the Group's Principal Risks and Uncertainties).

## Risk appetite

Risk Appetite Category	Definition	Principal Risks
<b>Averse</b>	Low tolerance to risk, regardless of the required control effort	<ul style="list-style-type: none"> <li>• Product failure</li> <li>• IT systems failure &amp; cyber</li> <li>• Health and safety</li> <li>• Compliance with laws and regulations</li> </ul>
<b>Balanced</b>	Proportionate controls to balance strategic objectives and potential negative impact	<ul style="list-style-type: none"> <li>• Changes in global economic outlook &amp; geopolitical environment</li> <li>• Increase in competitive pressure</li> <li>• Climate change</li> <li>• Attract, retain, and develop our people</li> </ul>
<b>Receptive</b>	Elevated risk accepted to exploit opportunities with improved returns	<ul style="list-style-type: none"> <li>• Reduction in US infrastructure spend</li> <li>• Portfolio management</li> <li>• Product development and innovation</li> </ul>

## Risk management *continued*

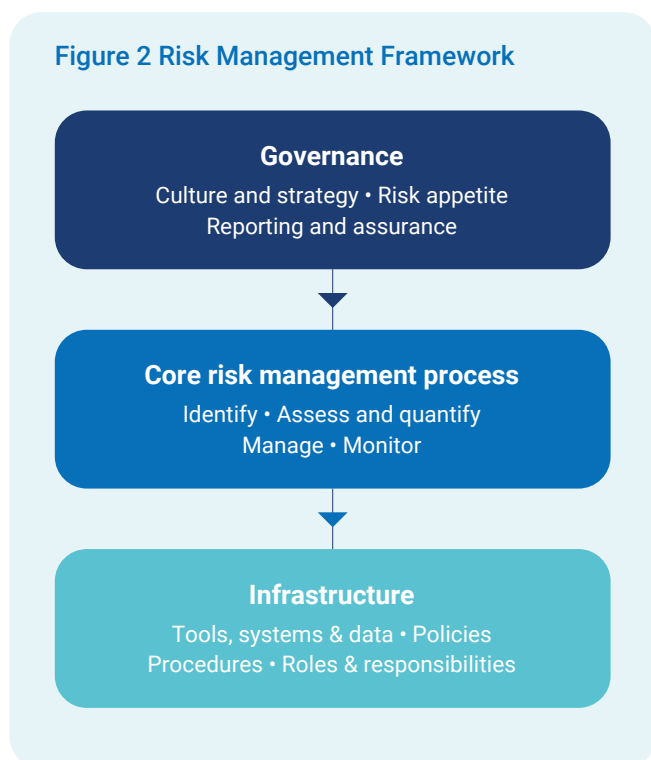
### Risk in 2025

#### Risk Committee

The Committee met formally four times during the year and comprises the Group Chief Financial Officer, Group Head of Risk & Internal Audit, Group Company Secretary, Group Director of Corporate Development, Group Financial Controller, Group Chief Legal Officer, Group IT Director and the Group Presidents, plus representatives of the Group's three business segments.

The Committee reviews and validates the risk reports from the operating companies as well as the corporate risk register, before presenting a six-monthly groupwide report to the Audit Committee for discussion on both operating company-level risks and Group risks. Review and feedback is provided by the Audit Committee to challenge the validity of the risks and their mitigations and to identify any risks not already considered. This process ensures that risks are not just the product of a bottom-up approach but are also examined from the top down.

Figure 2 Risk Management Framework



#### Risk analysis

The Audit Committee reviewed in depth feedback from the Risk Committee on the Group's Principal Risks. Following detailed debate, the Committee concluded that the supply chain failure Principal Risk should be amalgamated within the global economic outlook and geopolitical environment Principal Risk, with the remaining principal risks continuing to reflect the Principal Risks the Group faces. An increase in the exposure from the 'Change in global economic outlook and geopolitical environment' and 'IT systems failure and cyber' Principal Risks have been highlighted. The remaining Principal Risks have remained stable. For further details see pages 63 to 66.

#### Emerging risks

As part of our commitment to continuously evaluate our strategy and product offering, the Risk Committee thoroughly considers emerging risks in the context of future opportunities and threats to the Group's business model. During 2025, the Risk Committee identified, assessed and monitored emerging risks. The results from our latest emerging risks identification and assessment exercise were presented at the March 2026 Audit Committee. The prioritised emerging risks below will be monitored throughout 2026 to determine which are covered by existing initiatives, which require further mitigation plans, and which require a watching brief. Whether these emerging risks could amplify or exacerbate existing risks or if they should be recognised as standalone risks in our corporate risk register will also be considered.

Emerging risk	Timescale
Escalation of geopolitical tensions impacting supply chain and/or customer demand	Short (0-2 yrs)
Artificial Intelligence – opportunity & threat	Short (0-2 yrs)
Shifting workplace preferences	Medium (3-5yrs)
Availability of raw materials	Long (5yrs +)

#### Risk in 2026 and beyond

The key focus during 2026 will include:

- evaluation of operating company business continuity plans considering the updated physical climate risk analysis by PwC
- continued assessment of the Principal Risks facing the Group and operating companies including those that might threaten the Group's business model, future performance, solvency and liquidity
- continued evaluation and identification of emerging risks that might disrupt the business models and strategies of our operating companies

# Group principal risks 2025

Risk	Description and potential impact	Mitigation
<p><b>Reduction in US infrastructure spending</b>            Category: <b>Economic &amp; market conditions</b>            Risk appetite: Receptive            Risk movement: No change</p>	<p>Our growth is supported by multi-year planned government spending to upgrade US infrastructure, support technology change, and private investment from US manufacturers and producers to onshore vital components. Changes to these plans could have a detrimental impact on Group revenues. We remain confident that infrastructure investment will continue to form part of national spending plans under the US federal government administration. Confidence also remains in private investment in electricity transmission and distribution infrastructure.</p>	<ul style="list-style-type: none"> <li>• Cross-party support for core infrastructure investment plans.</li> <li>• Our portfolio covers diverse products, markets and territories.</li> <li>• Market and product development initiatives.</li> <li>• Strategic planning process overseen by the Executive Committee and Board to anticipate and mitigate potential downside risks.</li> </ul>
<p><b>Change in global economic outlook and geopolitical environment</b>            Category: <b>Economic &amp; market conditions</b>            Risk appetite: Balanced            Risk movement: Increase</p>	<p>Material adverse changes in the political and economic environments in the end-user markets in which we operate have the potential to put at risk our ability to execute our strategy. Global events could negatively impact our supply chains and the Group's production capacity, leading to an inability to meet customer requirements. Geopolitical tensions have heightened with the recent conflict in the Middle East and tariffs under the US federal government. We continue to monitor the risk in terms of the impact on our supply chains, energy costs, and end markets.</p>	<ul style="list-style-type: none"> <li>• The Group has a diverse portfolio of operating companies with exposure to a range of infrastructure and built environment end markets.</li> <li>• Current and future financial performance is continuously monitored, facilitating rapid response to changes in market conditions.</li> <li>• In line with our entrepreneurial model, our decisions are made close to our markets and our businesses are agile and responsive to changes in their external competitive landscape.</li> <li>• Group procurement standards, including robust due diligence of supply chain partners and the requirement for dual sourcing where available.</li> </ul>
<p><b>Increase in competitive pressure</b>            Category: <b>Economic &amp; market conditions</b>            Risk appetite: Balanced            Risk movement: No change</p>	<p>Increased volatility, uncertainty, and slowdown in our markets could result in increased competition, leading to a loss of customers and/or pricing pressure and consequently a loss of sales and reduced profits. New entrants to our markets could impact our market share and margins.</p>	<ul style="list-style-type: none"> <li>• The Group holds leading positions in niche infrastructure markets with high barriers to entry.</li> <li>• In line with our entrepreneurial model, our decisions are made close to our markets and our businesses are agile and responsive to changes in their competitive landscape.</li> <li>• Our operating companies strive to provide superior products and high service levels to customers, while aiming to ensure there is no dependency on any one customer.</li> </ul>
<p><b>Product failure</b>            Category: <b>Operational</b>            Risk appetite: Averse            Risk movement: No change</p>	<p>The Group operates in infrastructure markets where it is critical that its products meet customer and legislative requirements and where the consequences of product failure are potentially significant. Product failure arising from component defects or warranty issues may require remediation including the replacement of defective components or complete products, resulting in direct financial costs to the Group and/or wider reputational risk.</p>	<ul style="list-style-type: none"> <li>• Products tested, approved and accredited by regulatory bodies.</li> <li>• Quality control protocols fully implemented and continuously monitored.</li> <li>• Contractual controls in place to minimise economic impacts.</li> <li>• Product liability insurance cover maintained globally.</li> <li>• Litigation supported/managed by external legal specialists.</li> </ul>

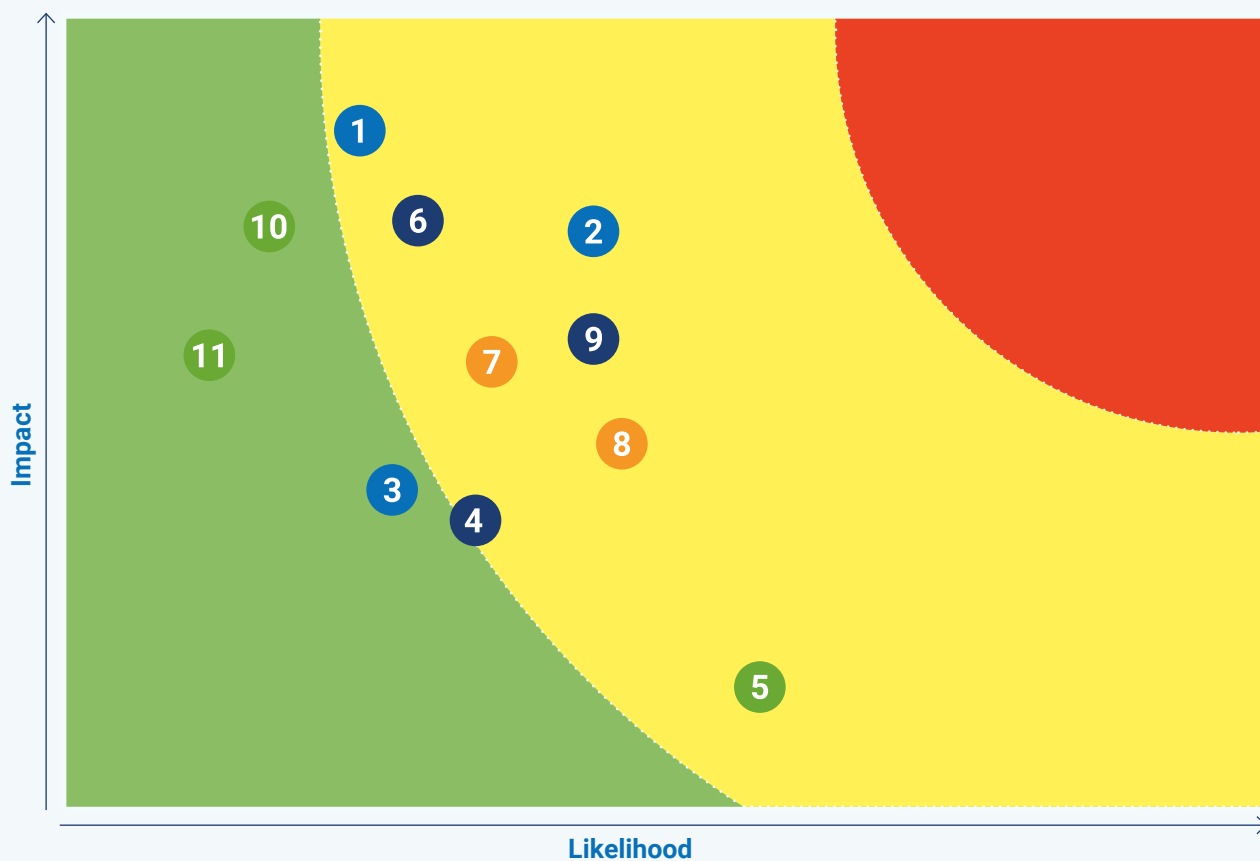
## Group principal risks 2025 *continued*

Risk	Description and potential impact	Mitigation
<p><b>Climate change</b>            Category: <b>ESG</b>            Risk appetite: Balanced            Risk movement: No change</p>	<p>Failure to adapt to and manage the threats and opportunities from climate change could have significant reputational, financial and operational impacts on the Group. Chronic changes in climate and extreme weather events may disrupt our operations and supply chains.</p> <p>Transitioning to a low-carbon economy may present technological challenges and the high energy demand of some of our operations could incur carbon taxes. Climate change transition costs could also inflate the price of the goods we purchase.</p>	<ul style="list-style-type: none"> <li>• Decarbonisation Committee to oversee and govern our carbon reduction plans and initiatives.</li> <li>• TCFD analysis to understand the risks and opportunities arising from climate change, including climate scenario modelling to evaluate the threat from extreme weather.</li> <li>• Carbon emissions reduction plan established to set out how we will achieve net zero (for scopes 1 and 2) by 2040, reducing our exposure to transition risks.</li> <li>• Insurance cover, continuity planning and extreme weather protocols in place to mitigate our exposure from physical risks.</li> <li>• See Our Approach to Sustainability (including our TCFD report) for further details, pages 37 to 59.</li> </ul>
<p><b>IT systems failure &amp; cyber</b>            Category: <b>Operational</b>            Risk appetite: Averse            Risk movement: Increase</p>	<p>The Group relies on the information technology systems used in the daily operations of its operating companies. A failure of those systems or cyber attack could have a significant operational impact on the Group, impacting customer service, revenue and margins.</p> <p>During the year the global cyber threat has continued to evolve, with the proliferation of advanced cyber intrusion tools lowering the barrier for entry to criminals and states alike. The UK's National Cyber Security Centre ('NCSC') has warned that ransomware remains one of the most pervasive cyber threats to UK organisations.</p> <p>Given this, while there has been continued enhancement of the Group's IT security controls during 2025, the Board considers the risk to be heightened.</p>	<ul style="list-style-type: none"> <li>• The Board maintains a watching brief on IT and cyber risk and has overseen significant investment across the Group to enhance IT security controls.</li> <li>• Wholesale network security improvements completed during 2025.</li> <li>• IT controls manual in place, mandating a robust set of information security controls covering basic cyber hygiene, system back-up procedures, hardware/software protection, tabletop exercises, and monthly security training for all employees.</li> <li>• Ongoing programme of IT controls compliance reviews completed by Internal Audit.</li> </ul>
<p><b>Portfolio management</b>            Category: <b>Strategic</b>            Risk appetite: Receptive            Risk movement: No change</p>	<p>The Group's growth strategies include the acquisition of businesses to complement or supplement its existing activities. Failure to execute an effective acquisition due diligence and integration programme could have a significant impact on the Group's ability to generate sustainable profitable growth for shareholders.</p>	<ul style="list-style-type: none"> <li>• All potential acquisitions are robustly evaluated to ensure they fit within our purpose and core strategic goals.</li> <li>• Due diligence protocols deployed in relation to assessment of target businesses, including financial, commercial, environmental and legal.</li> <li>• Contractual protections and assurances sought from sellers to mitigate identified risks.</li> <li>• Board approval required for Group acquisitions, in line with its Schedule of Matters Reserved.</li> <li>• Post-acquisition integration plans established for all acquisitions, with regular performance monitoring and reporting to the Board.</li> </ul>
<p><b>Failure to take advantage of product development and innovation</b>            Category: <b>Strategic</b>            Risk appetite: Receptive            Risk movement: No change</p>	<p>The Group operates in core infrastructure markets where continuous innovation is integral to the Group's product offering, and where a failure to innovate could result in product obsolescence, the entry of new competitors and/or loss of market share. The development of new products and technologies carries risk including the failure to develop a commercially viable offering within an acceptable timeframe.</p>	<ul style="list-style-type: none"> <li>• Entrepreneurial culture and autonomous structure to encourage innovation and enable agile response to a changing competitive landscape.</li> <li>• Our acquisitions strategy brings innovative products and technologies to our portfolio.</li> <li>• Board monitoring of emerging risks alongside external specialist support, where both the risks identified and the potential opportunities arising are considered.</li> <li>• Active Intellectual Property management within individual operating companies overseen by Group.</li> </ul>

Risk	Description and potential impact	Mitigation
<p><b>Failure to attract, retain and develop an appropriately diverse, skilled and experienced workforce</b>            Category: <b>Operational</b>            Risk appetite: Balanced            Risk movement: No change</p>	<p>Talented employees are fundamental to the success of the Group. We aim to employ the best people for the job, and we know we can only do this by considering talented people from the whole community.</p> <p>Failure to attract, develop and retain high-quality individuals may impact our ability to deliver against our strategic goals.</p>	<ul style="list-style-type: none"> <li>• Training and development programme for high-potential talent.</li> <li>• Board-level review of succession planning for senior leaders.</li> <li>• Bespoke coaching and mentoring for identified MD successors to support development.</li> <li>• Training and development programme for supervisors and line managers.</li> <li>• Continued use of internships, apprenticeships and other vocational courses for specialist and technical roles.</li> <li>• Annual engagement survey results inform operating company and Group-level action plans to improve engagement.</li> </ul>
<p><b>Prevention of harm or injury to people</b>            Category: <b>ESG</b>            Risk appetite: Averse            Risk movement: No change</p>	<p>The Group is committed to ensuring the health, safety and wellbeing of all employees and third parties. The Group operates multiple manufacturing facilities, where a failure in the Group's health and safety procedures could lead to injury or to the death of employees or third parties.</p> <p>Our LTIR reduced by 9% to 0.3, but the 2025 target of 0.275 was not achieved.</p>	<ul style="list-style-type: none"> <li>• Launch of 'I Own Safety' cultural change programme in 2026 to train every employee on recognising safe and unsafe behaviours.</li> <li>• Culture of zero tolerance promoted by the Board with clear targets and improvement metrics.</li> <li>• Regional health and safety organisational structure to allow Group health and safety resource to be closer to the individual operating companies.</li> <li>• Groupwide incident management system.</li> <li>• Monitoring and review of LTI rates with all LTI incidents investigated and findings presented to the Executive Committee.</li> <li>• Regular health and safety site audits.</li> <li>• Health and safety forums to monitor performance and share best practice.</li> <li>• External health and safety accreditations and relationships maintained with regulatory bodies.</li> </ul>
<p><b>Violation of applicable laws and regulations</b>            Category <b>ESG</b>            Risk appetite: Averse            Risk movement: No change</p>	<p>The Group's operations must comply with a range of national and international laws and regulations including those related to modern slavery, anti-bribery and corruption, human rights, employment, GDPR, trade/export compliance and competition/anti-trust. A failure to comply with applicable laws and regulations could result in civil or criminal liabilities and/or individual or corporate fines and could also result in debarment from government-related contracts, restrictions on ability to trade or rejection by financial counterparties as well as reputational damage.</p>	<ul style="list-style-type: none"> <li>• Group Code of Business Conduct sets out required approach for all staff.</li> <li>• Mandatory training for employees including Modern Slavery, Anti-Bribery and Corruption, and Competition Law compliance.</li> <li>• Programme of audits undertaken on a cyclical basis to review operating companies' compliance with regulatory requirements.</li> <li>• Software solutions implemented globally to ensure compliance with trade and export legislation.</li> <li>• Externally hosted whistleblowing hotline available to all employees to allow them to raise concerns in confidence or anonymously, if preferred.</li> <li>• Toolkits issued to all UK operating companies to aid compliance with GDPR.</li> </ul>

## Group principal risks 2025 *continued*

Risk heatmap (net risk positions)



● Operational ● Strategic ● Environmental, Social & Governance ● Economic & market conditions

- |  |  |
|--|--|
| 1 Reduction in US infrastructure spend                           | 6 IT systems failure and cyber           |
| 2 Change in global economic outlook and geopolitical environment | 7 Portfolio management                   |
| 3 Increase in competitive pressure                               | 8 Product development and innovation     |
| 4 Product failure  | 9 Attract, retain and develop our people |
| 5 Climate change   | 10 Health and safety                     |
|  | 11 Compliance with laws and regulations  |

# Non-financial and sustainability information statement

We aim to comply with the non-financial and sustainability reporting requirements contained in S414CA and S414CB of the Companies Act 2006. The table below, and the information it refers to, is intended to help readers understand our position on key non-financial matters. Further non-financial information is available in our Sustainability section (page 58 and 59) and on our website.

Reporting requirement	Policies and standards which govern our approach	Additional information	See Page No.
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>Environment Policy*</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Report including:               <ul style="list-style-type: none"> <li>Our sustainability strategy</li> <li>Protecting the World</li> <li>Saving and enhancing lives</li> <li>Sustainable governance</li> </ul> </li> <li>Risk: TCFD</li> <li>Non-financial KPIs</li> </ul>	<b>37 to 59</b>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Group Code of Business Conduct*</li> <li>Health and Safety Policy*</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Plan including:               <ul style="list-style-type: none"> <li>Health, safety, and wellbeing</li> <li>Talent, development, and engagement</li> <li>Equity diversity, and inclusion</li> <li>Ethical conduct</li> </ul> </li> <li>Non-financial KPIs</li> </ul>	<b>45 to 48</b>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>Equal Opportunities &amp; Diversity Policy*</li> <li>Board Diversity Policy*</li> <li>Data Protection Policy</li> <li>Modern Slavery Policy*</li> <li>Modern Slavery Statement</li> </ul>	<ul style="list-style-type: none"> <li>Gender Pay</li> <li>Human rights</li> <li>Sustainability Plan including:               <ul style="list-style-type: none"> <li>Equity, diversity, and inclusion</li> </ul> </li> </ul>	<b>45 to 48</b>
<b>Community</b>	<ul style="list-style-type: none"> <li>Individual subsidiary approach</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> </ul>	<b>32</b>
<b>Anti-bribery and corruption</b>	<ul style="list-style-type: none"> <li>Anti-bribery &amp; Corruption Policy*</li> <li>Supply Chain Policy*</li> <li>International Competition Law Policy</li> <li>Gifts &amp; Entertainment Policy</li> <li>Whistleblowing Policy*</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Plan including:               <ul style="list-style-type: none"> <li>Ethical conduct</li> </ul> </li> </ul>	<b>56 to 57</b>
<b>Description of the business model</b>	<ul style="list-style-type: none"> <li>Our Strategy</li> <li>Strategic framework and business model</li> </ul>	—	<b>2 to 21</b>
<b>Description of the Principal Risks and uncertainties and impact of business activities</b>	<ul style="list-style-type: none"> <li>Strategic framework and business model</li> <li>Risk Framework</li> <li>Group principal risks 2025</li> </ul>	—	<b>2 to 21 and 60 to 66</b>
<b>Non-financial key performance indicators</b>	<ul style="list-style-type: none"> <li>Employee engagement</li> <li>Diversity</li> <li>Lost time injury rate</li> <li>Greenhouse gas emissions</li> <li>Water and waste</li> </ul>	—	<b>58 to 59</b>

Those policies marked with an asterisk can be found on the Company's website [hsgroup.com/who-we-are/governance/our-policies/](https://www.hsgroup.com/who-we-are/governance/our-policies/). The Strategic Report on pages 2 to 67 was approved by the Board and signed on its behalf by:

**Rutger Helbing**  
Chief Executive Officer  
10 March 2026

# Governance at a glance

As a leading international provider of solutions that enhance the resilience of vital infrastructure and the built environment, and as a responsible business, Hill & Smith PLC believes that strong corporate governance is essential to create value for our stakeholders and support our long-term sustainable success. Robust and proportionate governance is crucial for the successful delivery of our strategy.

The Governance Report consolidates governance reporting and provides context that explains how the Company's governance arrangements, and the Board's activities, have contributed to the delivery of our strategy. As a result, you will find that governance reporting may be found elsewhere in other section reports, including the section 172(1) statement on page 35.

Links between elements of the Governance Report and more detailed examples in the Strategic Report that seek to outline our approaches to themes within the UK Corporate Governance Code are highlighted throughout.

## Governance highlights in 2025

- Announced the appointment of Nick Anderson as a Non-executive Director and Chair designate
- Appointed Gillian Tomlinson as a Non-executive Director and oversaw her onboarding and induction
- Appointed Chris McLeish as Chief Financial Officer

## Major Board decisions in 2025

- Approved the commencement of a £100m share buyback
- Approved the refinancing of bank borrowing facilities
- Approved the Group's Preliminary and Interim results
- Integration of Hill & Smith Inc.'s message board business with National Signal

## Meeting attendance

During 2025, the Board met on ten occasions, the Audit Committee on four occasions, the Nomination Committee on eight occasions and the Remuneration Committee on six occasions. This table provides details of scheduled meetings and the attendance of each Director.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Alan Giddins	10/10	N/A	8/8	6/6
Rutger Helbing	10/10	N/A	N/A	N/A
Hannah Nichols <sup>1</sup>	3/3	N/A	N/A	N/A
Chris McLeish <sup>1</sup>	2/2	N/A	N/A	N/A
Tony Quinlan	10/10	4/4	8/8	6/6
Farrokh Batliwala	10/10	4/4	8/8	6/6
Carol Chesney	10/10	4/4	8/8	6/6
Pete Raby	10/10	4/4	8/8	6/6
Leigh-Ann Russell <sup>2</sup>	1/2	2/2	1/2	1/2
Gillian Tomlinson <sup>3</sup>	6/7	2/2	4/5	3/4

1. Hannah Nichols stepped down from the Board on 14 April 2025, Mark Else attended Board meetings as interim CFO prior to Chris McLeish joining the Board on 13 October 2025

2. Leigh-Ann Russell stepped down from the Board and all committees on 12 March 2025

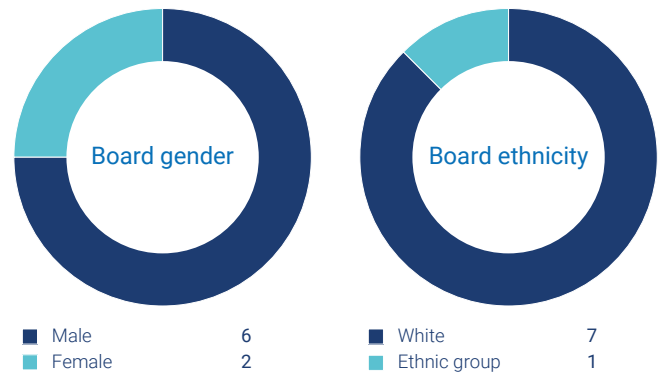
3. Gillian Tomlinson was appointed to the Board and all committees on 25 March 2025 was unable to attend a Nomination Committee, Remuneration Committee and Board meeting, due to commitments agreed prior to her appointment.

## Board diversity

(as at 31 December 2025)

The Board is committed to promoting the importance of diversity, equity and inclusion across our business and we remain committed to having a Board that is diverse in all respects. A copy of our Board Diversity Policy, which outlines our approach to diversity and inclusion in respect of the Board and its committees, can be found on our website at [www.hsgroup.com](http://www.hsgroup.com).

The Nomination Committee reviews the structure, size and composition of the Board and its committees to ensure that an appropriate balance of skills, diversity of thought, background and working style is represented. It also considers the output of the Board's annual performance review relating to items within its remit, including matters relating to Board composition. When identifying suitable candidates for recommendation to the Board, the Nomination Committee considers candidates on merit, against objective criteria, having due regard to the benefits of diversity and the current composition of the Board.



As at 31 December 2024, Board composition was 62.5% male and 37.5% female. During 2025, two female directors stepped down from the Board, with one female and one male director appointed. Consequently at 31 December 2025, the Board comprised 75% male and 25% female.

## Our governance framework



The Board is comprised of the Chair, Senior Independent Director, Non-executive Directors, the Group Chief Executive and the Chief Financial Officer. Our Non-executive Directors bring to the Board independent judgement and experience of a wide range of financial, commercial and industry experience. The Board is responsible collectively for ensuring leadership through effective review and oversight. Board meetings are structured to allow discussion and decisions to be made on strategy and in accordance with items set out in the matters reserved for the Board. It has delegated various operational decisions to several Board and management committees. The following pages set out the responsibilities of the three main Board committees and their focus areas during the year. The Schedule of Matters Reserved for the Board and the Terms of Reference of the Board committees can be found on the Company's website at [www.hsgroup.com](http://www.hsgroup.com).

The Executive Committee assists the Chief Executive in carrying out the day-to-day management of the activities of the Group.

The Risk Committee is a management-level committee that reports directly to the Audit Committee to support the Audit Committee and Board with their risk management and internal control responsibilities.

The Decarbonisation Committee is a management level committee that reports directly to the Executive Committee quarterly via the Head of Sustainability. The Board receives updates at least twice a year which supports its oversight and development of the sustainability strategy.

Each of our operating companies has its own leadership team reporting to the Group Presidents.

# Introduction to Governance

On behalf of the Board, I am pleased to present Hill & Smith PLC's Governance Report for the year ended 31 December 2025.

The report that follows, in conjunction with the Nomination, Audit and Remuneration Committee reports, demonstrates what I believe are the Group's high standards of governance and details our key activities and development throughout the year.

A strong and effective corporate governance framework is important to the long-term sustainable success of the Group. We understand the importance of the Board leading by example and promoting the desired culture and values throughout the organisation. All Board members are therefore expected to act with honesty, integrity and actively promote the Group's values.

The Board is focused on making sure that our Governance framework is aligned with stakeholder expectations and the principles of the UK Corporate Governance Code 2024 (the 'Code').

## Board changes in 2025

Hannah Nichols left the Board in April 2025. Following a comprehensive search process, led by Russell Reynolds, an external search firm with no connection to the Company or its directors, Chris McLeish was appointed by the Board as the Group's new Chief Financial Officer on 13 October 2025. I would like to thank Mark Else, our Group Financial Controller, for taking on the interim CFO role ahead of Chris joining.

Gillian Tomlinson joined the Board as a Non-executive Director on 25 March 2025, following a comprehensive search process also led by Russell Reynolds. Leigh-Ann Russell stepped down from the Board on 12 March 2025, having relocated to the US.

## Board changes in 2026

In November 2025 the Group announced that I would be stepping down as Chair after the May 2026 AGM, having first joined the Board in 2017. Following a thorough search process undertaken by the Nomination Committee and led by Pete Raby (independent Non-executive Director), the Board appointed Nick Anderson as Non-executive Director with effect from March 2026 and Chair from the conclusion of the 2026 AGM. Nick will also Chair the Nomination Committee.

## Board skills and experience

A well-rounded, effective and entrepreneurial Board is comprised of Directors with appropriate and compatible skills, knowledge and experience, which can support executive management in setting the Group's strategy, oversee its implementation and promote long-term sustainable growth.

In navigating the Board changes outlined above, it was important that we fully understood the skills and experience required to deliver our long-term strategy and then map them against the skills and experience on the Board (see pages 72 to 74).



In commencing all Board searches, we briefed the external search firm based on the Board's view of the additional skills that would be additive to discussion and debate, and which would enhance strategy and decision making.

In accordance with the Code and UK Listing Rules, we were also conscious of the need to consider diversity in all its forms to support effective decision making and reduce the risk of groupthink. We therefore provided a clear brief to the search firm to produce a diverse list of candidates, including gender, ethnicity and personal attributes. Despite this, for both the CFO and Chair searches, the standout candidates were both male.

As set out in my Chair Report, I have discussed Board diversity with Nick Anderson, and he will be prioritising this in his first few months as Chair.

## Board effectiveness

We again undertook an internal questionnaire based 2025 Board effectiveness review, with input from both the Board and senior members of the Group's management team. I am pleased that the review confirmed that the Board and each of its committees continued to perform to a high standard. The detailed output was considered by the Board and each committee, and improvement plans agreed for implementation during 2026.

I am especially pleased that feedback from both the Board and senior management supported the view that there was a culture of openness in how the Board functions, the way in which it discusses key issues and how it provides feedback to management.

### UK Corporate Governance Code

The Statement of Compliance with the principles and provisions of the Code can be found on page 76. The Board monitors corporate governance developments at each meeting and the Audit Committee are pleased with the progress with the preparations for the implementation of Provision 29 which will be reported on in the 2026 annual report.

### Culture and values

Our decentralised model encourages an entrepreneurial culture of accountability, responsibility and stakeholder loyalty. It allows our operating companies to remain close to their end markets and customers, and maintain their agility within their industry, fostering innovation and excellent customer service.

The Board assesses culture throughout the year by listening and responding to our various stakeholders. Considerations included:

- the outcomes of the engagement survey
- health and safety policies, practices and key indicators
- customer satisfaction as part of operating company presentations
- operating efficiency
- environmental considerations
- whistleblowing reports
- investor feedback through the executive directors
- undertaking site visits.

This year the Directors held a number of onsite employee forums without management being present. This has helped to gather valuable, honest feedback on the challenges that our people face every day and the opportunities available for making the Group a better place to work. Feedback from these sessions was reported to the Board.

During the year we undertook a groupwide exercise to re-look at our values. This was led by our CEO and approved by the Board, with full engagement across our operating companies. This was an extremely valuable exercise, culminating in an updated set of values to be communicated across the Group. Further detail on the work undertaken is set out on page 17.

### Whistleblowing

We recognise the importance of building a culture where our employees, as well as external third-party stakeholders, are able to raise matters of importance and that any matters raised will be dealt with diligently and thoroughly without fear of reprisal. We do, however, recognise that there might be times when individuals would prefer to raise matters in confidence and anonymously. We therefore maintain an anonymous portal

where matters can be reported. During 2025, the Board has received updates on whistleblowing cases at each of its meetings, ensuring that appropriate responses and actions were being taken and that appropriate training was in place to support this.

### Board visits

We place huge value on engagement with our stakeholders, including our employees at all levels. During 2025, the Board visited a number of sites to meet with local management teams, tour sites and schedule specific meetings with employees with no management present. Formal visits include a presentation from the operating company on its strategy and end markets. Outside the formal Board visits, Non-executive Directors are encouraged to arrange informal site visits, which create excellent engagement opportunities with employees. Further details of Board visits can be found on page 79.

### Health, safety and the environment

Health and Safety continues to be a priority focus for the Board, with a formal Health and Safety update provided at each Board meeting. During 2025, an 'I Own Safety' initiative was established as a formal vision for the Company's safety culture and related performance with the aim of improving Health and Safety across the Group and our operating companies. This programme was developed by the Head of Health and Safety in each region, in alignment with the Executive Committee and with Board oversight.

Sustainability continues to be of significant importance to our stakeholders. The Board regularly receives sustainability updates from our Group Head of Sustainability. In 2025, we continued to work on key initiatives including overseeing US sites continuing to switch to green electricity and with smart burner and waste heat recovery being rolled out across the UK galvanizing sites. Looking forward, we have identified a number of initiatives and opportunities for sustainability improvements in 2026. Further information about our sustainability progress is on pages 37 to 59.

### Key areas of focus for 2026

The Board will prioritise the following areas during 2026:

- Board diversity and long-term Board succession
- senior level talent and development
- further improvement in our approach to health and safety
- delivery of our key initiatives linked to greenhouse gas reduction

### Alan Giddins

Chair

10 March 2026

# Board of Directors



**Alan Giddins**  
Non-executive Chair

**Appointed to the Board:**

3 October 2017

Alan was formerly a Managing Partner and Global Head of Private Equity at 3i Group plc, and a member of its Executive Committee. He has extensive experience sitting on the boards of international businesses. Prior to joining 3i, he spent 13 years in investment banking advising a broad range of quoted companies. Alan qualified as a chartered accountant with KPMG.

Between July 2022 and September 2024, Alan held the position of Executive Chair, following the departure of the Group's Chief Executive Officer, and prior to the appointment of Rutger Helbing.

Alan is also Chair of Watkin Jones plc.



**Rutger Helbing**  
Chief Executive Officer

**Appointed to the Board:**

19 September 2024

Rutger joined the Group in September 2024. Prior to joining, Rutger was Chief Executive Officer at Tyman PLC and Devro plc. He brings strategic insight and wide-ranging experience across different industries, geographies and the value chain. His earlier career was spent in commercial and operational divisional finance roles in blue chip global manufacturing businesses including Unilever, ICI and AkzoNobel.



**Chris McLeish**  
Chief Financial Officer

**Appointed to the Board:**

13 October 2025

Chris joined the Group in October 2025 and prior to joining was CFO at Ibstock plc. A Chartered Accountant, Chris brings with him over 30 years of international finance experience gained within international companies such as Tate & Lyle PLC. His expertise spans manufacturing, media, and technology, with demonstrable success in many senior operational and financial roles.

In addition to his finance responsibilities, Chris is also the Executive Director with accountability for IT and cyber matters.

## Committee membership

N Nomination Committee  
 A Audit Committee  
 R Remuneration Committee  
 ○ Chair



A N R

**Tony Quinlan**  
Senior Independent Non-executive

### Appointed to the Board:

2 December 2019

Tony has had a successful international career as a plc Director in major technology, industrial, energy and retail companies. He was most recently CEO of Laird plc, where he led a successful turnaround and then took it from listed to private ownership under Advent International.

Tony was recently appointed Chair of NextEnergy Solar Fund Limited and is the Senior Independent Director and Audit Chair of Costain Group PLC. He has served on the Board of Associated British Ports and was Deputy Chair for the Port of London Authority, where he also chaired the Audit Committee.



A N R

**Farrokh Batliwala**  
Independent Non-executive

### Appointed to the Board:

1 April 2022

Farrokh was formerly President of the Connect and Control Technologies division of ITT Inc., a US-listed industrials group. Farrokh has significant international operational and leadership experience, combined with having held senior roles in both strategy and mergers and acquisitions.

Prior to joining ITT, Farrokh held senior management roles at both Eaton Corporation and Pratt & Whitney. Farrokh lives on the east coast of the US.



A N R

**Carol Chesney**  
Independent Non-executive

### Appointed to the Board:

1 January 2024

Carol served as the Company Secretary of Halma plc, a FTSE 100 health, safety and environmental technology group, where her role included corporate governance, legal compliance, M&A, equity incentives, pensions, internal audit management, taxation, property, health and safety compliance, environmental reporting and anti-bribery and corruption compliance.

Since April 2018, Carol has served as a Non-executive Director and Chair of the Audit Committee of Hunting plc. In addition, she is Senior Independent Director and Chair of the Audit Committees of IQE plc and Imagination Technologies Group Limited.

Past Non-executive roles include Renishaw plc and Biffa plc, where she also served as Audit Committee Chair.

## Board of Directors *continued*



A N R

**Pete Raby**  
Independent Non-executive

**Appointed to the Board:**

2 December 2019

Pete is an engineer by background with a degree and PhD in electronic engineering from the University of Leeds.

Pete serves as a Non-executive Director at Chemring Group plc. Pete was CEO of Morgan Advanced Materials plc from 2015 to 2025. Prior to that, he held various roles at Cobham plc, and before that he was a partner at McKinsey & Company.



A N R

**Gillian Tomlinson**  
Independent Non-executive

**Appointed to the Board:**

25 March 2025

Gillian is an accomplished business leader with over 25 years of experience driving growth and transformation globally. She brings expertise in digital technologies, data and AI, IT/information security, and innovation, with a proven track record of shaping strategies that deliver sustainable value and advantage across developed and emerging markets. Currently Chief Data & Digital Officer at Weir Group PLC, Gillian has led enterprise-wide programmes that unlock innovation, enhance performance, and strengthen resilience.

Previous roles include Chief Data Officer at both RSA Insurance Group PLC and Whitbread PLC, Enterprise Data Change Programme Manager at HSBC HTS Global Banking, and Markets and Head of Data Quality, Commercial Chief Operating Officer at Lloyds Banking Group.



**Karen Atterbury**  
Group Company Secretary

**Appointed:**

19 August 2024

Karen has day-to-day responsibility for the legal and company secretarial team and is responsible for providing governance advice and guidance to the Board and senior management.

Karen is a Fellow of the Chartered Governance Institute and has over 20 years' commercial company secretarial experience. Prior to joining, Karen held senior company secretarial positions at a number of listed companies including Renishaw plc, RPS Group plc and Headlam Group plc. Karen has specialised in corporate governance, compliance and mergers and acquisitions. She also has a strong background in group insurance, risk management and subsidiary governance.

# Executive Committee



**Tim Tehan**  
Group President – US

**Appointed:**  
March 2024

Tim was formerly a regional president within CRH Americas Materials, a vertically integrated building materials supplier in North America. Prior to CRH, Tim held commercial and general management roles at Sensata Technologies, a leading supplier of power management solutions, and program management and corporate development roles at Eaton Corporation, a diversified industrial manufacturer. He began his career as an Officer in the United States Army serving both domestically and overseas.

**Rutger Helbing**  
Chief Executive Officer

See page 72



**Nick Adcock**  
Group President – UK and India

**Appointed:**  
March 2024

Nick has held senior roles in the automotive, industrial and energy sectors. He was formerly Divisional MD of Trillium Flow Technologies, an engineered flow control group. Prior to that Nick had 12 years with IMI plc running different businesses, latterly as President of the IMI CCI group of companies. Nick is a Non-executive Director at Vexve Oy.

**Chris McLeish**  
Chief Financial Officer

See page 72



**Joel Whitehouse**  
Corporate Development Director

**Appointed:**  
October 2006

Joel has held a number of roles in the Group and is currently responsible for mergers and acquisitions. Prior to joining Hill & Smith, Joel was a Senior Finance Manager for HSBC's Global Commercial Banking division based in London and Hong Kong and spent four years in Corporate Finance at Old Mutual Securities.

**Karen Atterbury**  
Group Company Secretary

See page 74

# Governance Report

The Board is responsible for the effective governance of Hill & Smith PLC and for the Group's governance framework. The Board sets the Group's strategy, while overseeing and monitoring management performance and the Group internal control and risk framework.

## UK Corporate Governance Code and Compliance Statement

The new UK Corporate Governance Code was published in 2024 (the 'Code') which is issued by the Financial Reporting Council and is available at [www.frc.org.uk](http://www.frc.org.uk).

The principles and provisions of the Code apply to the financial years beginning on or after 1 January 2025, the exception being Provision 29 (which relates to the monitoring of the Company's risk management and internal control framework), which is effective for accounting periods beginning on or after 1 January 2026. Hill & Smith PLC is a company listed on the London Stock Exchange and is required to report under the applicable Code to assess governance arrangements. Our Board Governance report reflects the requirements of the Code in force as at 31 December 2025 and during 2025, the Company complied with the principles and provisions of the Code.

Hill & Smith PLC has assessed its application of the Code under the headings detailed below:

	Page
<b>1. Board leadership and company purpose</b>	
A. Effective Board	Page 82
B. Purpose, values, strategy and culture	Pages 71 and 87 to 90
C. Governance framework and controls	Page 69
D. Stakeholder engagement	Pages 30 to 34
E. Workforce policies and practices	Pages 46 to 48
<b>2. Division of responsibilities</b>	
F. Board roles	Page 79
G. Independence and division of responsibilities	Page 79
H. Non-executive Director responsibilities	Page 79
I. Board key activities	Pages 87 to 90
<b>3. Composition, succession and evaluation</b>	
J. Appointments to the Board	Pages 91 to 94
K. Board skills, experience and knowledge	Pages 72 to 74
L. Annual evaluation of the Board	Pages 82
<b>4. Audit, risk and internal control</b>	
M. Financial reporting and internal and external audit	Pages 95 to 101
N. Assessment of the Company's position and prospects	Page 84
O. Risk management and internal control framework	Pages 95 to 101
<b>5. Remuneration</b>	
P. Remuneration aligned to company purpose and values and linked to strategy	Pages 102 to 129
Q. Remuneration Policy	Pages 107 to 118
R. Remuneration linked to performance	Pages 102 to 129

## Board leadership and company purpose

### About the Board

One of the Board's principal roles is to provide strategic leadership to the Group. The Board establishes the purpose, strategy, culture and values of the Group and is collectively responsible for its long-term success. The Group has a clear purpose, which is embedded in the Board's thinking.

### Our operating companies

Hill & Smith PLC is committed to high standards of governance across the Group. The Group is comprised of the holding company and its principal operating companies, listed on pages 226 and 227. The Group's businesses are directly supervised by local operating boards. There are clear lines of delegated authority and businesses are given a high degree of autonomy to promote their activities in an entrepreneurial fashion.

The Managing Directors of our businesses report to the Group through one of the Group Presidents, who are members of the Executive Committee, alongside the Chief Executive Officer, Chief Financial Officer, the Group Head of Corporate Development and the Group Company Secretary. Details of the Group's business model can be found on pages 20 to 21.

The Chief Executive Officer and Chief Financial Officer receive regular reports on the performance of the operating companies, and the Group Presidents are responsible for ensuring a consistent application of governance, operational procedures and Group policies and practices.

### Board framework

The Board operates within a framework of scheduled Board meetings (supplemented by *ad hoc* meetings as necessary), discussions and site visits. Updates are regularly provided at Board meetings by individuals including the Chair, Committee Chairs, the Chief Executive Officer, the Chief Financial Officer and the Group Company Secretary. The Board is directly supported by three committees: Audit; Nomination; and Remuneration. Membership of these committees is set out on pages 72 and 74 of this report.

### The scope of Board decisions

The Board oversees the Group with reference to a formal schedule of matters reserved for the Board, which details matters considered to be of significance to the Group due to their strategic, reputational or financial importance or consequence. These include:

#### Strategy

- Group strategy and operating plans
- Business development including acquisitions and divestments
- Capital allocation

### Performance and reward

- Approval of annual budgets
- Review of monthly performance
- Setting appropriate remuneration structures

### Internal control

- Risk management, internal controls, financial reporting and audit
- Compliance with laws and regulations
- Cyber security

### Environmental, social and governance

- Corporate governance
- Ethical standards
- Health and Safety
- Environmental matters
- Succession planning

### Our Section 172 Statement

All Board members are aware of their obligations under s.172 of the Companies Act 2006, and their decisions and considerations that have s.172 implications are accurately reflected in Board minutes. The Board's s.172 Statement can be found on page 35 of this report.

### Engagement with shareholders

The Board manages the Group on behalf of its shareholders, and undertakes this responsibility in such a way as to maximise shareholder value over the long term and to advance the interests of all stakeholders. In this respect, during the year, the Chief Executive Officer and Chief Financial Officer met with institutional shareholder representatives in the UK, Europe and US. Feedback from these meetings is included within the materials shared with the Board. The Board also receives reports from the Company's brokers and financial public relations agency, detailing feedback from institutional shareholders following the Group's interim and full year results announcements.

All Board Directors are available to meet with shareholders to discuss matters of interest and can be contacted through the Group Company Secretary. The Chair and Senior Independent Director are available to meet with shareholders concerning corporate governance issues, if so required. No concerns regarding the running of the Company or any proposed action were received from shareholders in the year under review or to the date of this report.

The Remuneration Committee Chair and Group Company Secretary also engage with shareholders and the investor community as and when required, as they did in advance of the 2025 AGM. Copies of all trading updates and Interim and Annual Reports are posted on the Company's website, together with details of key financial and shareholder information, governance statements, Group policies and corporate and organisational structure.

## Governance Report *continued*

### Engagement with employees

The Board is cognisant of provision 5 of the Code and has spent time considering the most appropriate method to engage with its employees. The Board made the decision to initiate a programme of workforce meetings and site visits involving Non-executive Directors. These were led by the Chair and involved visiting four of our operating companies, including Whitlow Electric which was acquired in 2024.

Feedback during these meetings has been valuable in informing the Board's views of Group culture and the matters important to employees. More information can be found in the Stakeholder engagement on page 30.

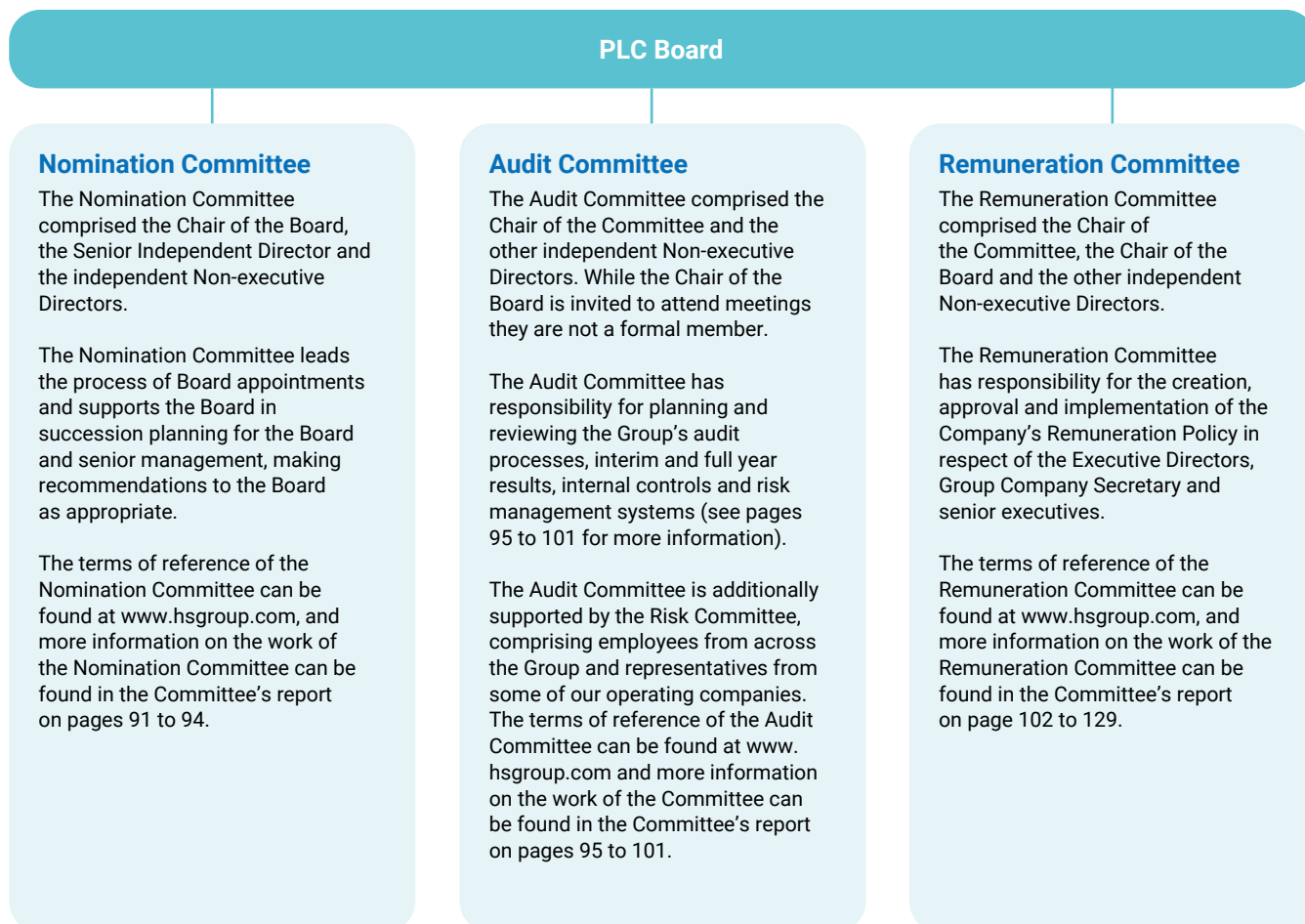
### Hill & Smith PLC 2026 Annual General Meeting

The Hill & Smith PLC 2026 Annual General Meeting ('AGM') will be held at Cranmore Park Conference, Event & Exhibition Centre, Cranmore Avenue, Shirley, West Midlands, B90 4LF at 11.00am on Thursday 21 May 2026.

The Company welcomes the attendance of shareholders at the AGM, where the Directors will be available to answer questions on the business of the meeting and the performance of the Group. The details of the AGM can be found in the Notice of Meeting.

The Company's Annual Report and Accounts and Notice of Meeting are published as soon as the time required for their printing allows, in order to provide the maximum time in advance of the AGM for feedback to be received from shareholders. Proxy votes submitted by shareholders for the AGM are collated and aggregated independently by the Company's registrars, provided at the AGM and published on the website shortly after the conclusion of that meeting.

### Board structure



## Division of Board responsibilities

### Summary

There is a clear division of responsibilities between the Chair, the Senior Independent Director and the Chief Executive Officer which is set out in writing and available on our website.

Alongside is the terms of reference of each Board Committee and the schedule of matters reserved for the Board's attention. Each of these documents is reviewed and approved by the Board annually.

The Chair is responsible for the leadership and effective working of the Board in directing the Company. The relatively small size of the Board ensures all Directors contribute fully to the discussions and decisions. The Chair drives the Board agenda and determines how the Board should use the time available to it during meetings. The Chief Executive Officer is responsible for the management of the Group, executing strategy and development, meeting financial objectives, implementing policies and maintaining controls.

The Senior Independent Director is available to shareholders if they have concerns which contact via the Chair or Chief Executive Officer has failed to resolve. Additionally, they act as a sounding board to the Chair.

The Executive Directors provide information to the Board via their regular written reports and the presentation of proposals for Board approval.

The Non-executive Directors have no managerial responsibility within the Group, are ineligible for any performance share-based remuneration and are independent of the Company. The Non-executive Directors provide oversight, challenge, strategic guidance and specialist support to the Executive Directors.

In the instance where the Directors may have concerns about the operation of the Board or management of the Company that cannot be resolved, their concerns are recorded in the Board minutes. On instances of resignation, Non-executive Directors are asked to provide a written statement to the Chair for circulation to the Board if they have any such concerns. In 2025 the Directors had no such concerns.

## Executive Committee

The Executive Committee takes its authority from the Chief Executive Officer. It is not a committee of the Board but provides a valuable forum for senior executives to discuss matters of importance and support the Chief Executive Officer.

The Executive Committee is the senior management body for the Group and monitors and manages the performance of the business. It reviews progress against the strategic objectives, formulates budgets and proposals on strategy and resource allocation, and receives regular reports on human resources, Health and Safety, internal audit, compliance and whistleblowing, legal, investor relations and corporate affairs.

## Board visits to operations

Site visits are an important, regular feature of the Board calendar. They provide an excellent opportunity for the Board to engage with a wide group of employees and they also facilitate the Non-executive Directors' understanding of our businesses. Further detail of these site visits in 2025 can be found on page 89.

## Governance Report *continued*

### Board conflicts of interest

The Board has a formal approach for dealing with conflicts of interest and external appointments, and this approach has been reviewed during the year. All Directors are required to disclose all significant third-party appointments prior to joining the Board and, once on the Board, before taking on any additional external appointments. The Group Company Secretary supports the Board with its consideration of any actual or potential conflicts and makes recommendations as to whether the relevant matters should be authorised by the Board. The Board will then consider whether or not a conflict exists and if so, what measures should be taken, if any, to mitigate the impact. Conflicts of interest are a standing item on the Board agenda, in addition to being subject to an annual review process.

During the year under review, the Board confirms that it was not aware of any situations that conflicted with the interests of the Company, other than those that may arise from Directors' other appointments, as disclosed in their biographies on pages 72 to 74.

### Independence

Taking into account the provisions of the Code, the Board has determined that, during the year under review, none of the Non-executive Directors had any relationship or circumstance which would affect their performance, and the Board considers all of the Non-executive Directors to be independent in character and judgement.

### Support available to the Board

The Board is supported by the Group Company Secretary, who ensures that adequate communication and information flow takes place between Board members. The Group Company Secretary is also responsible for assisting the Chair in all matters relating to corporate governance, including the Board evaluation process. The Group Company Secretary also ensures that the Board has the necessary policies, processes, information, time and resources that it needs to function effectively.

At the invitation of the Board, other members of the management team attend Board meetings to present on matters relating to their areas of responsibility, including regulatory compliance, investor relations, sustainability, risk management and internal controls and information technology and cyber security. The directors and management of operating companies are also supported by the central function, which includes legal and compliance, risk management, internal audit, treasury, taxation and corporate development.

All Directors have access to the advice and services of the Group Company Secretary and are able to take independent professional advice, when necessary, at the Company's expense, although no Director felt it necessary to seek such advice in the year under review.

### Composition, succession and evaluation

The Board comprises of the Chair, the Chief Executive Officer, the Chief Financial Officer, the Senior Independent Director ('SID') and four independent Non-executive Directors. The individual biographies of the Board members can be found on pages 72 to 74. At 31 December 2025, 71% of the Board (excluding the Chair but including the SID) comprised independent Non-executive Directors, exceeding the requirement that at least half of the Board, excluding the Chair, is made up of independent directors.

In accordance with the Code and on the recommendation of the Nomination Committee, each Director will stand for election or re-election at the Group's 2026 AGM.

### Board profile

The Directors have a broad range of backgrounds across industry, investment management and professional services. Their diverse and balanced mix of skills and business experience (see page 92), alongside different lengths of tenure, contributes to the effective functioning of the Board, its Committees, and the quality of decision making. This diversity of thought and professional attributes ensures that matters are effectively debated and challenged, and that no individual or group dominates the Board's decision making processes. This was confirmed by the Nomination Committee during the year.

### Succession planning

The Nomination Committee has responsibility for evaluating medium and long-term Board, Executive Committee and groupwide senior executive succession planning, and for making recommendations to the Board as appropriate. A formal appraisal process is undertaken for all operating company Managing Directors.

At a local level, each operating company is required to maintain its own succession plan, which is regularly reviewed and refreshed by each operating company board and overseen by the Group Presidents.

## Group diversity

The Board is committed to ensuring that recruitment is undertaken based on merit, regardless of age, disability, marital or civil partner status, pregnancy and maternity, race, colour, nationality, ethnic or national origin, religion or belief, gender or sexual orientation. The Board understands that greater diversity in the workforce will enhance the quality of decision making through differing views and backgrounds.

The manufacturing industry is not traditionally strong in gender diversity but, in order to reach its full potential, it is important that it reflects the society in which it operates. It is clear that more focus is required to achieve greater diversity across the Group. We will review our various initiatives, including ensuring that hiring processes do not discourage or discriminate against diverse candidates.

## Board diversity

The Board Diversity Policy provides an overview of the Board's approach to diversity and inclusion in respect of the Board and its committees. A copy of our Board Diversity Policy is available on our website at [www.hsgroup.com](http://www.hsgroup.com). The Board is keen to ensure that its membership reflects diversity in a broad sense, and new appointments and succession plans are made based on merit, factoring in diversity of skills, experience,

demographics, education, professional background and other personal attributes, to ensure the Board has a range of insights and perspectives for challenge needed in decision making.

On 31 December 2025, Board membership was 12.5% ethnically diverse and comprised 25% female and 75% male. The Board has therefore met the Parker review target of having at least one individual from a minority ethnic background.

On 31 December 2024, the Board had 37.5% female directors with a female CFO. As shown in the table below, with the departure of two female directors during the year, the Company does not currently meet the UK Listing Rules target of 40% female, nor is one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) held by a woman. The Board is committed to ensuring that it has the right balance of skills, views and experience among its Directors and it believes in the benefits of diversity. However, it is important in any role search, to ensure that the right candidate is appointed from the candidates that present themselves for consideration.

As set out in the Chair's Report, consideration of Board diversity will be a key priority for the new Chair.

For more details see the table below.

## Gender representation (as at 31 December 2025)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
Men	6	75%	4	3	75%
Women	2	25%	—	1	25%
Not specified	—	—	—	—	—

## Ethnic representation (as at 31 December 2025)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
White British or other White	7	87.5%	4	4	100%
Mixed/Multiple Ethnic Group	—	—	—	—	—
Asian/Asian British	1	12.5%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other Ethnic Group	—	—	—	—	—
Not specified	—	—	—	—	—

1. Executive Management is defined as the Executive Committee (excluding Board Directors).

For the purposes of the FCA Listing Rules, gender identity and ethnic background are reported in the tables above. This information has been collated by questionnaire from each Board member or senior manager.

The Group includes in its Annual Report and Accounts, details of the numbers of men and women at Board level; the number of men and women who are 'senior leaders' (i.e. those employees with authority and responsibility for planning, directing and controlling the activities of the central function or the operating companies); and the number of men and women across the organisation as a whole (see page 48 for more details).

## Governance Report *continued*

### Director induction, training and development

The Board has refreshed its induction procedures during the year with all new Directors being provided with a tailored induction programme. Further information can be found on page 94.

Directors are also given the opportunity and are encouraged to attend regular training to ensure they are kept up to date on relevant legal developments or changes, best practice and changes to commercial and financial risks.

Director training included attendance at seminars, forums, conferences and working groups, as well as the provision of information from the Group Company Secretary and subject matter experts.

### Evaluating the Board's performance

#### 2024 outcomes

The 2024 Annual Report and Accounts outlined the results of the Board's internal evaluation of its own effectiveness which was led by the Chair and Group Company Secretary. The Board reviewed progress against the recommendations with the following outcomes:

- The Group's purpose had been refreshed
- The Non-executive Directors have engaged with members of the senior leadership teams outside meetings and engagement mechanisms have enabled discussions with a wider cross section of the workforce
- Oversight of resource and succession planning had developed with more visibility at Board level

#### 2025 evaluation

The Board again undertook an internal effectiveness review led by the Chair and the Group Company Secretary. The evaluation was conducted by means of confidential online questionnaires.

The results of the evaluation exercise indicated that the Board continued to be highly performing. Additionally, the feedback from senior management was overwhelmingly positive with the Board being seen as a cohesive Group that works well and makes effective decisions. It was clear that good progress had been made on the previous review with notable improvements being seen in many key areas. The Board agreed the following priorities for 2026:

- Further review of the Group's ESG goals and objectives
- Additional emphasis on talent management
- Further opportunities to develop Director training and development as part of the Board events programme

Each Committee considered its own results and agreed an action plan for 2026.

### Audit, risk and internal control

There is a strong framework of internal controls, and the work of our Internal Audit team provides assurance to the Board that Hill & Smith is a well-run company.

#### Internal audit

During 2025, our Internal Audit team conducted audits across the breadth of our business, including compliance reviews against the Group Financial Controls and Group IT Controls Manuals. The Audit Committee received updates arising out of each internal audit and also reviewed and approved the annual audit plans for 2026 as prepared by the Head of Risk and Internal Audit.

#### Risk management

The Board has overall responsibility for ensuring that there is a process to identify, evaluate and manage any significant risks that may affect the achievement of the Group's strategic objectives, for internal control, and for reviewing the effectiveness of these processes.

The risk management and internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The assessment and control of risk is considered by the Board to be fundamental to achieving the Group's corporate objectives. An ongoing process for identifying, evaluating and managing the significant risks faced by the Group and assessing the effectiveness of related controls has been established by the Board to ensure an acceptable risk/reward profile across the Group. The review of the effectiveness of risk management and internal control is covered through Internal Audit's quarterly reports to the Audit Committee (covering controls compliance, the status of audit action remediation and audits completed in the period). There is also a six-monthly report on operating company risk management, updates on the corporate risk register, and the status of the groupwide principal risks. The Board has neither identified nor been advised of any failings or weaknesses during the year which it has determined to be material or significant.

This process has been in place throughout 2025, and up to the date of approving the Annual Report and financial statements. The key elements of this process are:

- A comprehensive system of monthly reporting from key executives, identifying performance against budgets and forecasts
- Analysis of variances, major business issues, key performance indicators and regular forecasting
- Well-defined policies governing appraisal and approval of capital expenditure and treasury operations
- Six-monthly submissions from all operating companies detailing the risks they have identified and what controls and assurances they have in place to mitigate these risks
- A review of the corporate risk register, in terms of completeness and accuracy with the senior management team and the Executive Directors
- The use of a Risk Committee to monitor, validate and report on the groupwide risk assessment process;
- Audit Committee discussion of the corporate risk register and the risk management system with subsequent reports to the Board
- The embedding of a senior management top-down approach to complement the work of the Risk Committee

More information on the Group's principal risks are shown on pages 63 to 66.

### Internal controls

The Board maintains overall responsibility for embedding key controls within the Group. Together with the Audit Committee, the Board reviewed the effectiveness of the Group's risk management and internal control systems in accordance with the Code for the year ended 31 December 2025, and up to the date of approving the Annual Report and financial statements. Looking ahead, Provision 29 of the Code will require the Board to monitor the Group's risk management and internal control framework and provide a declaration in the annual report as to the effectiveness of the Group's material controls. The Audit Committee has been considering management's proposals for identifying 'material controls' for these purposes within the Group and the reporting to the Audit Committee on the effectiveness of those controls, ahead of implementation of the new rules and reporting.

Additionally, the Board:

- Ensured maintenance of a sound system of internal control and risk management
- Considered and approved the half-yearly report, any other interim management statements and any preliminary announcement of results
- Declared the interim dividend and recommended the final dividend
- Approved any significant changes in accounting policies or practices
- Reviewed the adequacy of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Board continues to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action
- Approved relevant policies as appropriate

### Going concern

The Board has considered the Group's status as a going concern, and the Directors have assessed the future funding requirements of the Group and compared them to the level of committed available borrowing facilities. The assessment included a review of both divisional and Group financial forecasts, financial instruments and hedging arrangements, for the 18 months from the balance sheet date. Major assumptions have been compared to external reference points, such as infrastructure spend forecasts across our chosen market sectors, government spending plans on road and other infrastructure, zinc and steel prices, and economic growth forecasts. This assessment showed that the Group will have sufficient headroom in the foreseeable future and the likelihood of breaching borrowing covenants in this period is considered to be remote. Having undertaken this work, the Directors are of the opinion that the Group has adequate committed resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

For more information see the Audit Committee report on pages 95 to 101.

## Governance Report *continued*

### Longer-term outlook and Viability Statement

The Directors have considered the prospects of the Group over the four-year period immediately following the 2025 financial year. This longer-term assessment process supports the Board's statements on both viability, as set out below, and going concern, as set out on page 99. A four-year period was determined as the most appropriate as it is the remaining period covered by the Group's annual strategic planning process, which sets the long-term direction of the Group and is reviewed at least annually by the Directors. The Board concluded that a period of longer than four years would not be meaningful for the purpose of concluding on longer-term viability.

The strategic planning process considered metrics which enable the assessment of the Group's key performance indicators (see pages 22 to 23, and in addition net debt, liquidity and financing requirements. In conducting the review of the Group's prospects, the Directors assessed the plan alongside the Group's current financial position, the Group's strategy and the principal risks facing the Group (all of which are detailed in the Strategic report on pages 2 to 67). This robust assessment considered the impact of the principal risks on the business model and on future performance, liquidity and solvency. Stress tests were applied to the Group's plan, whereby factors associated with the economic risks faced by the Group were applied to the plan in a number of diverging scenarios. The developed scenarios were designed to be plausible, yet severe:

- 25% decrease in revenues in the Group's larger US platform businesses, reflecting the importance of US infrastructure spend to the Group's strategy
- 10% reduction in revenues across our other operating companies

In making this viability statement, the Directors considered the mitigating actions that would be taken by the Group in the event that the principal risks of the Company become realised. The Directors also took into consideration the Group's financial position at 31 December 2025, with a borrowing facility headroom of £346.5m and a history of strong cash generation, with cash conversion averaging in excess of 80% over the last 10 years. The Directors also noted that the assessment included an assumption that the Group will repay the \$70m of Senior Unsecured Notes that are due to mature in June 2026 and June 2029, and that the Group expects to buy back shares at a cost of c.£80m during 2026 and the early part of 2027 in line with previous announcements.

Whilst the Group's core bank borrowing facility matures in November 2029, shortly before the end of the assessment period, the Directors noted that the agreement includes a one-year extension option, and based on past experience and normal market practice, they have a reasonable expectation that the facility will be extended or renegotiated before that date.

Taking this information into account, the Directors have assessed the viability of the Group and, based on the procedures outlined above, in addition to activities undertaken by the Board in its normal course of business, confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2029.

### Fair, balanced and understandable financial reporting

The Board received a recommendation from the Audit Committee that the Group's position and prospects had been assessed and reported on in the Annual Report in a way that was fair, balanced and understandable. Prior to making the recommendation to the Board, the Committee reviewed a report received from the management responsible for the preparation of the Annual Report detailing how the report had been compiled. The Committee considered the information laid out in the Annual Report and concluded:

- that the process by which the allocation of responsibility for the preparation of certain sections of the Annual Report to individuals in the central team and their review by external advisors was fit for purpose
- that the information given represented the whole story of the business's performance in 2025 and did not mislead the reader by excluding any negative aspects of performance, that the disclosures of the Group's business segments and key messages are consistently delivered throughout the document, and that KPIs are clear and appropriate and linked to both the Group's strategy and remuneration incentives
- that it was a suitable document to inform both existing and prospective shareholders about the financial and non-financial performance of the business, with the messages delivered in the Directors' Report, including the Operating and Financial Review and the financial statements being balanced and consistent, and that the report set out a detailed and fair representation of the Group's activities and performance, and that certain matters have been identified and discussed between management, the Audit Committee and the Auditor in order to correctly disclose the performance, controls and prospects of the Group
- that the document allowed shareholders to follow the whole story of the Group's financial and non-financial performance in 2025, giving them a clear and understandable picture of the Group's business model, key drivers and commercial operations

The respective responsibilities of the Directors and external auditor in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 135 and the Independent Auditor's Report on pages 136 to 146.

## Remuneration

### About our Remuneration Policy

The current Directors' Remuneration Policy was last approved by shareholders at the 2023 AGM and will therefore next be presented to shareholders for approval in 2026. The purpose of this policy is to enable the Group to recruit and retain Directors of sufficient calibre to develop and deliver our business strategy and create shareholder value; and to ensure remuneration arrangements are in the best interests of the Group, in line with the wider workforce, do not pay more than is appropriate, and do not reward failure.

The Directors' Remuneration Policy is created to align with Company purpose and values and its implementation is tailored to concentrate on the Group's Strategic priorities. The Directors' Remuneration Policy can be found on pages 107 to 118, while the Directors' Remuneration Report on pages 102 to 129 sets out the remuneration of the Executive Directors for 2025 and how the policy will be implemented in 2026.

### Executive Director salary package

Executive Director pay arrangements are made up of three elements as set out in the graphic below, comprising salary, a short-term annual bonus, and a longer three-year incentive arrangement. This balance ensures the package adequately reflects the need for long-term decisions benefiting the business and provides a level of short-term remuneration to retain high-calibre individuals within the business.

### Pay increases

The Remuneration Committee is acutely aware of the pressures facing many employees. While each operating company sets its own pay policy, the Committee continues to take into consideration wider workforce pay increases when setting increases for its Executive Directors and Executive Committee. More information is available on page 105 of the Group's Remuneration Report.



## Site visits and engagement

The Board ensures it provides clear, responsible leadership to the Group. In order to do so it believes in the importance of listening to its workforce to inform decision-making. It therefore holds meetings at operating companies each year and conducts a number of site visits.

The Board's interaction with key stakeholders is set out on pages 30 to 34. Examples of key decisions taken by the Board during the year, along with how the Directors considered stakeholder interests when discharging their duties, are set out on pages 35 and 36.



From left to right: Tim McCarty – EHS Manager, Tony Quinlan – NED, Tim Tehan – Group President US

## Board activities

This section gives details on how the Board has spent its time in meetings during 2025, and which stakeholders have been represented in our thinking.

We have also demonstrated which of our principal risks have been addressed and how these items have been supported in our strategic priorities and outcomes.

### Relevant strategic priorities

- 1 Market leadership
- 2 Structural growth
- 3 Sustainability
- 4 Entrepreneurial culture
- 5 High and improving returns profile
- 6 Disciplined capital allocation

### Relevant principal risk group

- 1 Operational
- 2 Strategic
- 3 Environmental, social and governance
- 4 Economic and market conditions

### Relevant stakeholder group

- 1 People
- 2 Companies
- 3 Local communities
- 4 Suppliers
- 5 Customers
- 6 The environment
- 7 Shareholders

Board activity	Key decisions and outcomes	Relevant strategic priority, risk and stakeholders
<b>Strategy</b>		
Review of strategic plans		
<p>Reviewed the strategic plan, including receiving regular updates on progress, and considered any new initiatives or adjustments.</p> <p>The Board monitored progress against strategic initiatives and considered dynamic portfolio management to align with current strategy.</p>	<ul style="list-style-type: none"> <li>• Received updates from Group businesses, enhancing the Board's understanding and providing challenge and guidance to operating companies.</li> <li>• Strategic plan and people plan considered and agreed.</li> <li>• AI and IT strategy and management explored.</li> <li>• Evolved M&amp;A strategy agreed including adjacency horizon scanning covered at the strategy meeting.</li> </ul>	<p>1 2 4 5</p> <p>1 2</p> <p>1 2 7</p>

## Governance Report *continued*

Board activity	Key decisions and outcomes	Relevant strategic priority, risk and stakeholders
<b>Governance</b>		
<b>Board and management changes</b>		
Reviewed the Board composition and received recommendations from the Nomination Committee on appointments to the Board and Committees	<ul style="list-style-type: none"> <li>Considered and approved the appointment to the Board of an additional Non-executive Director, Gillian Tomlinson.</li> <li>Considered and approved the appointment of a new CFO, Chris McLeish.</li> <li>Considered and approved the appointment of Nick Anderson as Chair.</li> <li>Managing Director succession planning undertaken.</li> <li>Nomination Committee discussed Executive Committee succession and plans agreed.</li> </ul>	<p>1 4</p> <p>2 3</p> <p>1 2 7</p>
<b>Board composition and effectiveness</b>		
Annual review undertaken to assess Board and Committee performance as well as the performance of the Chair and individual directors	<ul style="list-style-type: none"> <li>Conducted an internal evaluation of the performance of the Board, its committees and of individual Directors and considered its results.</li> <li>Agreed objectives and improvement actions for the Board and monitored progress against the previous year's action plan.</li> </ul>	<p>1 4</p> <p>2 3</p> <p>1 7</p>
<b>General governance and Committee oversight</b>		
The Board received regular updates from each of its Committees	<ul style="list-style-type: none"> <li>Deliberated and opined on recommendations received from its Committees.</li> </ul>	<p>3 4 5 6</p> <p>1 2 3 4</p> <p>1 2 7</p>
Approved potential conflicts of interests and reviewed the register of actual and potential conflicts.	<ul style="list-style-type: none"> <li>Ensured openness and full disclosure to maintain the integrity of decision making.</li> <li>Considered and re-affirmed that the Non-executive Directors remain independent.</li> </ul>	<p>1 2 4</p> <p>2</p> <p>1 2 4 5 7</p>

### Relevant strategic priorities

- 1 Market leadership
- 2 Structural growth
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### Relevant principal risk group

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### Relevant stakeholder group

- 1 People
- 2 Companies
- 3 Local communities
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- 5 Customers
- 6 The environment
- 7 Shareholders

Board activity	Key decisions and outcomes	Relevant strategic priority, risk and stakeholders
<b>People and culture</b>		
<b>Health and Safety</b>		
Monitored Health and Safety performance and agreed improvements in policy and practice	<ul style="list-style-type: none"> <li>9% reduction in lost time incident rate.</li> <li>Considered and approved the implementation of a safety culture initiative to be implemented in 2026.</li> </ul>	
<b>Employee engagement</b>		
Ensured that a formal method of employee engagement is in place. Considered employee feedback in decision making. See page 78	<ul style="list-style-type: none"> <li>Discussed the themes arising from the 2025 employee engagement survey. Took into account employee views and opinions.</li> <li>Agreed new employee engagement mechanism and met with employees across the Group, including a cross-section of employees at The Paterson Group, Whitlow Electric, Birtley and Lionweld Kennedy, to obtain direct feedback from colleagues. Feedback covered areas including Health and Safety, investment, benefits and HR and Reward and appropriate actions agreed.</li> </ul>	
<b>Values</b>		
Considered Group values	<ul style="list-style-type: none"> <li>Established Group values with further work to be undertaken in 2026 to streamline and communicate across our operating companies.</li> </ul>	
<b>Culture and conduct</b>		
Monitored the Group's culture, including metrics on employee engagement, attrition and conduct matters	<ul style="list-style-type: none"> <li>Tested how embedded culture is, through meeting colleagues throughout the business.</li> <li>Discussed the employee engagement findings.</li> </ul>	
<b>Stakeholder engagement</b>		
Listened to the views of a range of stakeholders through consultations and engagement and considered their requirements as a whole	<ul style="list-style-type: none"> <li>The Chief Executive Officer and Chief Financial Officer met with institutional shareholder representatives in the UK, Europe and US.</li> <li>The Board received reports from the Company's brokers and financial public relations agency detailing feedback from shareholders following the Group's results announcements.</li> <li>The Board met with shareholders at the 2025 AGM and reviewed the 2025 AGM proxy results and engaged with proxy recommendation agencies.</li> <li>Received regular updates regarding employee relations, apprenticeships and succession planning across the Group.</li> </ul>	
<b>Sustainability</b>		
Oversaw the Group's ESG and sustainability activities, reporting processes, controls and disclosures	<ul style="list-style-type: none"> <li>The Board received sustainability updates and discussed key Group sustainability initiatives.</li> <li>Received and approved the sustainability plan for inclusion in the Annual Report and Accounts.</li> <li>Received regular updates on the Group's sustainability performance.</li> <li>The Remuneration Committee approved sustainability targets for inclusion in the Annual Bonus and LTIP Schemes.</li> </ul>	

## Governance Report *continued*

Board activity	Key decisions and outcomes	Relevant strategic priority, risk and stakeholders
<b>Financial reporting, risk and internal controls</b>		
For further information please see our section on risk management on pages 60 to 62 of this report, our Audit Committee Report on pages 95 to 101 along with the financials on pages 136 to 222		
<b>Principal and emerging risks</b>		
Approved principal and emerging risk disclosures	<ul style="list-style-type: none"> <li>Performed a robust assessment of the Company's principal and emerging risks.</li> <li>Approved the risk management disclosures.</li> <li>Considered the Group's risk appetite, following recommendation from the Audit Committee.</li> </ul>	
<b>Effectiveness of internal controls</b>		
Reviewed the effectiveness of the risk management and internal control framework	<ul style="list-style-type: none"> <li>Monitored the effectiveness of the risk management and internal control framework.</li> <li>Concluded, supported by a recommendation from the Audit Committee, that the Group's internal control environment had operated effectively during 2025.</li> <li>Received updates on the Group's approach to the identification and monitoring of material controls.</li> </ul>	
<b>Financial reporting</b>		
Approved Group financial results and disclosures	<ul style="list-style-type: none"> <li>Reviewed the 2024 performance and results and approved the Annual Report and Accounts.</li> <li>Approved results announcements and trading updates.</li> <li>Recommended a final dividend and approved an interim dividend in line with dividend policy.</li> </ul>	
Other financial matters	<ul style="list-style-type: none"> <li>Approved and commenced a £100m share buyback programme.</li> <li>Approved the annual budget.</li> <li>Approved an extension of the Group's revolving credit facility.</li> </ul>	

### Relevant strategic priorities

- Market leadership
- Structural growth
- Sustainability
- Entrepreneurial culture
- High and improving returns profile
- Disciplined Capital Allocation

### Relevant principal risk group

- Operational
- Strategic
- Environmental, social and governance
- Economic and market conditions

### Relevant stakeholder group

- People
- Companies
- Local communities
- Suppliers
- Customers
- The environment
- Shareholders

# Nomination Committee Report

I am pleased to present the Nomination Committee Report for the year ended 31 December 2025.

## Board changes

A substantial part of our work during the year has been focussed on Board and Committee composition and overseeing changes to Board roles. We have announced a number of Director appointments during the year, with the appointment process led by the Nomination Committee.

I will be standing down from the Board at our AGM in May 2026 when I will have completed nearly nine years on the Board. Led by Pete Raby, the Committee undertook a thorough external search for my replacement, which included a diverse list of candidates provided by Russell Reynolds. We were delighted to appoint Nick Anderson who will be joining the Board on 11 March 2026 as a Non-executive Director, taking over from me as Chair of the Board and Nomination Committee following the AGM.

Following the resignation of Hannah Nichols, the Nomination Committee undertook a recruitment process for a new CFO. We were pleased to appoint Chris McLeish to the role with effect from 13 October 2025. Chris joined the business from Ibstock PLC and brings to the Board experience of a wide range of international financial leadership roles, including in the US.

The Board was also pleased to appoint Gillian Tomlinson to the Board as a Non-executive Director with effect from 25 March 2025, following the departure of Leigh-Ann Russell due to her relocation to the US. The Nomination Committee undertook a skills assessment of the Board which identified the benefit of additional skills in IT and Data Security. As Chief Data & Digital Officer for The Weir Group PLC, Gillian brings with her extensive skills in IT and cyber security which are hugely beneficial to the Board and the Group as a whole.

Part of our role is to oversee the pipeline for succession to senior management positions and as such our role extended to undertaking a succession planning exercise for Executive Committee roles.

## Diversity and inclusion

We understand the importance of achieving a balance of skills, experience, gender and personal strengths on the Board to support effective decision making. During the year the Committee reviewed its Board Diversity Policy which is available on the Group website. Prior to appointing Russell Reynolds as the lead search agent for the candidate searches undertaken during the year, the Committee had a full discussion on the benefits of diversity and the requirements set out in the UK Listing Rules. Specific instructions were given that diverse lists of candidates should be presented for each search. Further information on these search processes can be found on page 93.



Alan Giddins  
Chair

**“The Nomination Committee is responsible for the identification of skills to support the achievement of strategy and ensuring that the Group is led by high performing individuals with the optimum blend of skills for long-term value creation.”**

Following the departure of Hannah Nichols and Leigh-Ann Russell from the Board, and the appointment of Gillian Tomlinson, the gender balance is 25% female and 75% male. The Committee will be actively looking to improve diversity of the Board over the next 12 months.

The Group’s diversity statistics as required by the UK Listing Rules are set out on page 81.

## Nomination Committee Report *continued*

### Board skills matrix (as at 31 December 2025)

The Directors bring a broad range of experience and skills to support the Group's growth strategy.



Number of skilled Board members



### Priorities for 2026

Our key priorities for 2026 are:

- Review diversity and inclusion initiatives operating throughout the Group and specifically consider gender diversity at the Board level
- Continue to refine Board and senior leadership succession plans and development plans
- Review succession planning mechanisms at operating company level to ensure the strength, breadth and diversity of the talent pipeline

The following report sets out in detail the work that we have undertaken during the year under review.

**Alan Giddins**

Chair

10 March 2026

## Main role and key responsibilities

The key areas of focus for the Committee are: to review the structure, size and composition of the Board (taking into consideration the outcome of the Board evaluation exercise) and recommend to the Board any changes required; to plan for succession, taking into account diversity of gender, social and ethnic backgrounds, cognitive and personal strengths; and to identify and nominate, for the approval of the Board, candidates to fill vacancies as and when they arise.

The Committee is also responsible for making recommendations to the Board concerning Board committees and the re-election of Directors at the AGM.

Full details of responsibilities delegated to the Nomination Committee by the Board are set out in the written terms of reference which are available on the Company's website.

## Key activities and areas of focus

The Nomination Committee aims to spread matters delegated to it by the Board across its meetings, so that all items are considered during the year. The Committee confirms that it has completed the items delegated to it during the year under review.

The key activities and areas of focus of the Nomination Committee during the year were:

- oversaw the recruitment of Gillian Tomlinson as Non-executive Director
- oversaw the recruitment of Chris McLeish as CFO
- oversaw the recruitment of Nick Anderson as Non-executive Director and Chair designate
- updated the Board's skills matrix for the Board changes made during the year
- focused on Executive Committee succession planning, supplemented by Board discussions on succession planning within the operating companies

## Membership and attendance at meetings

The Nomination Committee was chaired by Alan Giddins during the year, except when it was dealing with his own succession, at which time, it was chaired by Pete Raby. Appointments to the Nomination Committee are made by the Board. Details of the members and their attendance at meetings are set out on page 68.

This composition continues to meet the Code requirement that the majority of the members are independent Non-executive Directors. Only members of the Nomination Committee are entitled to be present at meetings but other Directors (including the CEO), members of the Executive Committee and advisors may be invited to attend at the discretion of the Chair. The Group Company Secretary performs the role of Secretary to the Committee. No Director is involved in any decisions regarding their own continuation in office, re-appointment or re-election, including the Chair.

## Board appointment process

The Committee has procedures in place for a formal, rigorous and transparent process for Board appointments, ensuring that appointments to the Board are made on merit, against objective criteria, and promote diversity inclusion and equal opportunity.

The standard procedure in place for appointment to the roles of Chair or Non-executive positions is set out below:

- Board vacancy is identified, and the Committee meets to confirm what additional skills and experience would support the achievement of Group strategy, to inform a detailed brief for the recruitment consultancy
- appoint and brief an independent recruitment consultancy to carry out a market appraisal. Search firms for Board and senior roles are selected on the basis that they can put forward a diverse list of candidates for consideration
- each candidate, including any internal candidates, is considered on merit and against the comprehensive candidate brief developed by the Committee
- interviews and meetings are held with the Committee and other Directors
- the Committee meets to debate and, if thought fit recommend the candidate's appointment to the Board
- the Board discusses and approves the appointment

This process was used in the appointments of Gillian Tomlinson, Chris McLeish and Nick Anderson. When dealing with the appointment of the new Chair of the Board and Committee, the Committee was chaired by Pete Raby, Independent Non-executive Director. Russell Reynolds, who have no connection to the Company or its Directors, undertook all the searches for the vacancies during the year.

Where appropriate internal candidates were also considered as potential candidates to ensure the best possible Board appointment.

All Non-executive Directors are appointed to the Board for an initial three-year term which may be extended by two further three-year terms, subject to ongoing performance and independence evaluations. The letters of appointment for all Non-executive Directors (alongside the service contracts of the Executive Directors) are available for inspection at the Company's registered office. Copies are also made available at the Company's Annual General Meeting for 15 minutes prior to the meeting and throughout. The letters of appointment clearly state the time commitment required by each Director and this is reviewed annually. Further information is available on page 116.

## Skills review

The Board skills review was updated during the year. The results of that skills assessment are outlined on page 92. Generally, skills and experience on the Board were considered to be sufficient and appropriate to support Group strategy. The addition of Gillian Tomlinson to the Board has strengthened the Board's skills in IT and cyber security.

## Nomination Committee Report *continued*

### Board induction

Following their appointment to the Board, each new Director receives a detailed induction pack and tailored induction programme relevant to their experience, expertise and committee membership. In particular, new Directors are actively encouraged to visit operating companies to meet senior management and other members of staff, to aid their understanding of each operating business and understand the matters our people are dealing with on a daily basis.

As part of the induction programme, each new Director will typically meet other Board members, members of the Executive Committee, senior management team and key external advisors including the Company's Auditor, joint brokers and Remuneration advisor.

Key topics include:

- Business and market overview
- Board insights, expectations, current issues and priorities
- Group policies, values and ethical matters
- Site visits to operating businesses

Following Chris McLeish's appointment, the above programme was supplemented with additional site visits to the Group's US and UK businesses and discussions with key people throughout the Group.

### Retirement and re-election

The Company's Articles of Association provide that each Director will retire from office and shall be eligible for re-election at the third Annual General Meeting after the general meeting at which he or she was appointed or last re-elected. However, in compliance with the UK Corporate Governance Code, all Directors will be subject to re-election at this year's AGM except for Alan Giddins who will step down from the Board.

Each Director has been subject to a performance evaluation and the Committee has conducted its own annual review of the appropriateness of the Directors' skills and experience, their time commitment to the Company, and their contribution to the Board during the year. As part of this review, each Director confirmed that they continue to allocate sufficient time to discharge their responsibilities effectively, and the Committee evaluates their ability to do so taking into consideration other external commitments and their individual performance throughout the year.

Following review, the Board, supported by the Nomination Committee, is of the opinion that each Director putting themselves forward for election or re-election, continues to make an effective and valuable contribution and demonstrates commitment to their role. It therefore recommends that shareholders approve the resolutions to be proposed to the forthcoming AGM relating to the re-election of directors.

### Succession planning

Various succession planning discussions have taken place during the year specifically as part of the consideration of Board appointments. Succession planning discussions have also been held for Executive Committee and senior management roles with full consideration given to diversity performance.

This report forms part of the Corporate Governance Report and is signed on behalf of the Nomination Committee by:

**Alan Giddins**  
Chair

10 March 2026

#### January to March

- Oversaw the recruitment of Gillian Tomlinson as Non-executive Director and recommended her appointment to the Board
- Considered and recommended to the Board the Nomination Committee Report for inclusion in the Annual Report and Accounts
- Reviewed the structure and composition of the Board
- Reviewed and updated the Committee's terms of reference
- Reviewed the time commitment of the Non-executive Directors
- Reviewed the role descriptions of the Chair, CEO and Senior Independent Director
- Considered and approved the policy on approving external appointments
- Reviewed the results of the Committee effectiveness review and those elements of the Board performance review as they relate to size, diversity and composition of the Board.

#### April to June

- Oversaw the recruitment of Chris McLeish as CFO and recommended his appointment to the Board

#### July to September

- Reviewed Board skills and experience

#### October to December

- Oversaw the recruitment of Nick Anderson as Non-executive Director prior to taking the office of Chair of the Board and Nomination Committee and recommended his appointment to the Board

# Audit Committee Report

I am pleased to present my report as Chair of the Audit Committee. This report is intended to give an account of the Committee and its activities for the year.

The business model of Hill & Smith delegates substantial authority to the operating companies, which enables an entrepreneurial approach. Each operating company is responsible for ensuring that it has an effective set of internal controls and a robust control environment, which place responsibility on its Managing Director and Finance Director.

The Group Financial Controls Manual provides detailed guidance on the nature and frequency of the internal controls required at each operating company. This is supplemented by the Group IT Controls Manual, which sets out the minimum level of IT controls required at each operating company to ensure IT resilience and cyber security. IT infrastructure and related controls remain a key focus area for the Committee resulting in the current investment plan in ongoing security enhancements.

In January 2026, the Audit Committee approved the internal audit plan for the coming year which includes testing of the Group's material controls in preparation for our UK Corporate Governance Code Provision 29 declaration required for 2026, while continuing the primary work of monitoring our operating companies' compliance with our Group controls and policies.

The Risk Committee, as requested by the Audit Committee, has continued to build upon the risk assessment methodology, to build a clear picture of the risks being considered by our operating companies and the actions to mitigate them, and to facilitate discussions on risk appetite. More information on the risk management process adopted by the Group can be found on pages 60 to 62.

Following Ernst & Young LLP's ('EY') audit of the Group's financial statements in relation to the year ended 31 December 2024, the Committee met EY's lead partner to identify any improvement areas for the 2025 audit as part of a continuous improvement cycle. In August 2025, we discussed and agreed the plan for EY's year-end audit procedures and agreed their fee in October 2025. The audit of our 2025 financial statements is the sixth audit that EY have conducted, and the Committee remains satisfied with their levels of independence, objectivity and professional judgement and the oversight they give to our financial statements. During the year the EY's lead partner, Helen McLeod-Jones, rotated off the audit in accordance with regulations having been in place for five years, and was replaced by Adrian Roberts.

This Audit Committee Report explains how the Committee has discharged its responsibilities during 2025, and considers the specific topics of:



**Carol Chesney**  
Chair

**“In January 2026, the Audit Committee approved the internal audit plan for the coming year which includes assessment of the Group's material controls in preparation for our UK Corporate Code Provision 29 declaration.”**

- primary areas of judgement considered by the Committee in relation to the 2025 financial statements
- internal controls
- risk assessment, management and mitigation
- assessment of the effectiveness of external audit
- assessment of the effectiveness of internal audit

I trust you will find this report a helpful insight into the activities undertaken on your behalf. I should be delighted to answer any questions you might have and hope to see you at our AGM on Thursday 21 May 2026.

**Carol Chesney**  
Chair

10 March 2026

## Audit Committee Report *continued*

### Committee membership and purpose

During the year, and to the date of this report, the Audit Committee comprised:

- Carol Chesney
- Pete Raby
- Tony Quinlan
- Gillian Tomlinson (appointed 25 March 2025)
- Leigh-Ann Russell (resigned 12 March 2025)
- Farrokh Batliwala

Attendees at each of the meetings included, by invitation, the Chair, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Group Head of Risk & Internal Audit, the external auditor, EY; and, where appropriate, other advisors. Time is also allowed for the Committee to speak with the external auditor and the Group Head of Risk & Internal Audit without the presence of executive management.

The overall purpose of the Audit Committee is one of oversight and monitoring of the entire financial reporting and control process, to ensure the integrity of the Group's financial statements and assurance over them. The Committee fulfils this remit by undertaking the following roles and responsibilities:

- monitoring the integrity of the financial statements of the Company and reviewing significant financial reporting judgements contained in them
- reviewing areas of the financial statements that require particular judgement

- providing advice (where requested by the Board) as to whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy
- reviewing the Company's internal controls, and risk management systems
- monitoring and reviewing the effectiveness of the Company's Internal Audit Charter and annual audit plan
- reviewing outputs from the Group's risk management process, ensuring that operating companies are correctly identifying, articulating and measuring their risks and mitigating controls
- making recommendations to the Board about the appointment, re-appointment and removal of the external auditor, and approving their remuneration and terms of engagement
- reviewing and monitoring the external auditor's independence and objectivity
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements implementing and monitoring policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services and consideration of the impact this may have on independence
- reporting to the Board on how it has discharged its responsibilities

### January

- Update on key matters relating to the 2024 audit
- Goodwill and intangible asset impairment review
- Summary of findings from operating company balance sheet reviews
- 2025 Internal Audit Plan
- 2025 Internal Audit Charter
- Internal Audit update
- Material Controls update (in readiness for Provision 29 of the UK Corporate Governance Code)
- Audit Committee Evaluation and Action Plan
- Terms of Reference and Annual Workplan
- Private meetings with the external auditor and the Head of Risk & Internal Audit

### March

- Key issues and judgements relating to the 2024 financial statements
- Report from external auditor on the financial statements for the year ended 31 December 2024
- Financial statements and Annual Report for the year ended 31 December 2024, including the statements on going concern, viability, and fair, balanced and understandable
- Internal Audit update
- Group risk and principal risks review
- Review of the 2024 TCFD disclosures
- Material Controls update (in readiness for Provision 29 of the UK Corporate Governance Code)
- Private meetings with the external auditor and the Head of Risk & Internal Audit
- Introduction of new EY lead partner Adrian Roberts

## Governance

Carol Chesney, Committee Chair, is specifically identified as the Committee member having recent and relevant financial experience, thereby complying with Provision 24 of the UK Corporate Governance Code 2024 (the 'Code').

Carol is a qualified Chartered Accountant and previously held the position of Company Secretary, and prior to that, Group Financial Controller of Halma plc from 1995 to 2018. She is a Non-executive Director and Chair of the Audit Committees of Hunting plc, IQE plc, and Imagination Technologies Group Limited.

During the year, the Chair of the Audit Committee has maintained regular contact with the CFO, the external audit partner at EY and the Group Head of Risk & Internal Audit, the latter two outside Committee meetings and without the management of the business present. In these meetings, a wide range of matters are discussed, including specific issues encountered in their work across the Group as well as changes in financial reporting and governance landscape, the Company's readiness to accommodate these developments, and our approach to managing risk and assurance generally.

During the year, the Committee met on four occasions according to the requirements of the Company's financial calendar, covering the agenda items set out below.

## Primary areas of judgement considered by the Committee in relation to the 2025 accounts

To discharge its responsibility to consider accounting and financial reporting integrity, the Committee carefully considers key judgements applied in the preparation of the consolidated financial statements, which are set out on pages 147 to 209. The Committee's review included consideration of the following key accounting judgements:

### Valuation of goodwill and indefinite life assets

The value of goodwill and indefinite life assets amounted to £139.1m at 31 December 2025. The review of such assets is based on a calculation of value in use, using cash flow projections based on financial budgets and strategic plans prepared by senior management and approved by the Board. The economic conditions experienced in the UK and the US are reflected in the assessment of the future performance of businesses across the Group. The Committee reviews and challenges the half-yearly and annual impairment testing carried out on the carrying value of goodwill and other intangible assets across the relevant cash generating units. Business plans, which are signed off by the Board, are reviewed and challenged as part of the audit by the external auditor, EY, which then reports to the Committee on this work. As part of this review, the Committee considered the assessments made in respect of National Signal, Prolectric and ATG Access.

### August

- Key issues and judgements relating to the Interim Results
- Internal Audit update including ERP post-implementation reviews
- Summary of findings from operating company balance sheet reviews
- External auditor planning report for the 2025 audit
- Assessment of the external auditor's objectivity, independence and effectiveness
- Private meetings with the external auditor and the Head of Risk & Internal Audit

### October

- External auditor update and confirmation of their 2025 audit fee
- Internal audit update
- Group risk and principal risks review
- Material Controls update (in readiness for Provision 29 of the UK Corporate Governance Code)
- Group Non-Audit Services Policy
- Private meetings with the external auditor and the Head of Risk & Internal Audit

## Audit Committee Report *continued*

### National Signal

Following a strong performance in 2023, National Signal's results in 2024 and 2025 have been impacted by lower demand, particularly from its largest customer, leading to lower revenues and profitability. While the Group's strategy continues to be one of customer diversification and product innovation, market demand for solar products has been impacted by some shift in sentiment away from sustainability-focused products, together with a slower than anticipated market penetration from newer products. The combination of these factors led the Board to reassess the business' future prospects, which in addition to reflecting a more muted outlook for solar lighting, concluded that the pace of growth across other elements of the product range was likely to be slower than previously anticipated, and that future gross margins were likely to be impacted by pricing pressures given the weaknesses in demand. Consequently, the impairment review based on this revised assessment concluded that National Signal's future cash flows were not sufficient to support its carrying value, resulting in a full impairment of the acquisition goodwill of £6.7m and the acquisition intangible assets of £6.7m. After reviewing management's forecasts for future performance, focusing on the reasons for the changes in outlook on each of the business's product lines, and challenging the assumptions adopted, the Committee agreed with management's conclusions.

### Prolectric

Following a strong performance subsequent to the Group's acquisition of the business in 2021, Prolectric's results in 2023 were impacted by a downturn in the UK construction market as well as operational challenges, which led to lower revenues and profitability. As expected, performance in 2024 remained subdued while the operational challenges were resolved, however, recent order intake rates have improved and the result for 2025 was more positive. Management's projections assume that medium term revenue growth will be above long-term averages due to a combination of a recovery in UK construction, the ongoing shift in Prolectric's focus towards more resilient sectors, and tailwinds from corporate sustainability initiatives. The resulting impairment calculations indicated headroom of £15.0m (2024: £4.4m), the increase reflecting Prolectric's improved performance in 2025 and a more encouraging outlook. The Committee challenged management on the basis for their projections and on the rates of recovery assumed in Prolectric's key end markets. In conclusion, the Committee concurred with management's view that no impairment was required. The Committee agreed with management, however, that it was plausible that projected revenue growth rates may not be achieved and that the calculations were also sensitive to the assumed gross margins. The Committee studied the sensitivities to the revenue and margin forecasts that management had prepared, together with the disclosure of those sensitivities in the financial statements, concluding that they were appropriate.

### ATG Access

Following several years of growth, in 2025 ATG experienced a downturn in performance, principally reflecting lower UK demand due to the weak economic backdrop. Management's projections for the business result in calculated headroom of £6.1m, slightly lower than the prior year (£8.3m). The Committee noted management's acknowledgement that there could be variations in the pace of recovery in underlying UK markets and in growth across ATG's other markets, challenging them on the assumptions underpinning the model including the rates of growth in both domestic and export markets, and the margins assumed across the product range. In conclusion, the Committee concurred with management's view that no impairment was required but agreed that it was plausible that projected revenue growth rates and product gross margin improvements may not be achieved. The Committee studied the sensitivities to the revenue and margin forecasts that management had prepared, together with the disclosure of those sensitivities in the financial statements, concluding that they were appropriate.

The disclosures made in respect of the sensitivities around impairment calculations can be found in note 12 to the financial statements on pages 175 to 182.

### Defined benefit pension scheme valuation

The net defined benefit pension surplus under IAS 19 amounted to £4.6m at 31 December 2025, including gross liabilities of £49.2m. The Committee reviews benchmarks and assumptions that are provided by the Group's actuaries and used to value the liabilities for the Group's defined benefit pension schemes. The underlying assumptions based on market conditions and the characteristics of the schemes are reviewed by management and the external auditor and reported to the Committee.

### Taxation

The Group makes judgements in relation to uncertain tax positions, regarding the outcome of negotiations with and enquiries from HM Revenue & Customs and other tax authorities in other jurisdictions. Judgements have been made by management following discussion with the Group's tax advisors and internal review. The Committee has reviewed the analysis behind these judgements and confirms its agreement that the Group's tax provisions are appropriate.

### Other areas of judgement

While not considered to be a primary area of judgement, given the relatively significant value of non-underlying items in 2025, the Committee challenged management on the presentation of those items. The discussion focused largely on business reorganisation costs resulting from strategic actions taken in the US message board operation, and the net losses on disposal of two of the Group's smaller businesses in the early part of the year. The Committee concurred with management's view.

## Going concern

The Committee advises the Board on whether it believes it appropriate to adopt the going concern principle in preparing the Group's financial statements. In making this assessment, the Committee received and reviewed management forecasts for the Group's future cash flow performance, challenging the assumptions on which those forecasts are based. In 2025, the Committee received forecasts based on various scenarios and considered what would be required for the Group to breach its borrowing covenants or extinguish its borrowing facilities in the next 18 months, following the balance sheet date. Following a robust assessment of the forecasts, the Committee concluded that adoption of the going concern principle was appropriate for both the half year and full year results. The Committee also reviewed and approved the going concern disclosures that are included in the financial statements.

## Internal audit

### Internal audit function

The internal audit function is overseen by the Group Head of Risk & Internal Audit. The Audit Committee annually reviews and approves the Internal Audit Charter that sets out:

- The function's purpose: to evaluate the effectiveness of internal controls, risk management and governance processes independently and objectively
- How the function will discharge its responsibilities: primarily by preparing and executing a risk-based audit plan, identifying opportunities to improve internal control, risk management and governance processes, and by verifying that improvements agreed with management are implemented within a reasonable timeframe

In accordance with the Internal Audit Charter, the Audit Committee and executive management ensure that the internal audit function has free and unrestricted access to the Group's records, physical properties, and personnel pertinent to conducting its activities and remains free from inappropriate management influence or other restrictions on its ability to perform its work in an objective and effective manner.

### Internal control

The Audit Committee is responsible for ensuring that the Group's system of internal control is embedded within all operating companies. The Committee monitors the adequacy and effectiveness of the Group's internal control processes through review and discussion of:

- The proposed internal audit plan, ensuring that it is aligned to the Principal Risks of the business, adjusted to respond to unexpected events, and receives regular progress updates on the delivery of the objectives of the plan
- The 17 internal audit reports and associated findings presented throughout the year, together with the progress made by management in addressing the issues identified on a timely basis

- Executive management reports and presentations, including updates on specific areas provided at the request of the Committee
- Accounting judgements, including the carrying value of goodwill and intangible assets
- External audit reports, including the results of early audit procedures and the audit findings in relation to the year-end audit

The 2025 Internal Audit Plan balanced the focus of the function between groupwide Principal Risks and operating company level risks. It included post implementation reviews for new ERP systems at two operating companies. The lessons learned from these reviews have been shared across the Group for the further ERP implementations planned for 2026. During 2025 work was also completed to identify and document the Group's material controls in preparation for Provision 29 of the revised UK Corporate Governance Code.

Operating company level reviews, focusing on baseline internal controls, were conducted during the year (eight in relation to financial controls and six in relation to IT controls). Where internal audit work found instances of control weakness or non-compliance with Group policy, the findings were discussed with the Audit Committee. Such control weaknesses are taken seriously by management, and the Audit Committee seeks to ensure that their cause is understood, and mitigating actions are taken to limit the potential for recurrence. Plans are discussed and timelines agreed with the relevant businesses, and these are monitored by the Internal Audit function to ensure compliance. Where operating companies fail to implement such corrective actions within a reasonable period as agreed, the Audit Committee is informed and further escalation measures are taken.

The decentralised business model of the Group means that it is considered unlikely that a weakness at an individual operating company would have a material impact when taken in the context of the Group as a whole.

### Effectiveness of internal audit

The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal audit function.

As noted above, the Audit Committee reviewed and approved the risk-based audit plan and monitored progress with its completion. Changes to the plan arising in the year, including the completion of additional work, were discussed and approved by the Audit Committee.

Throughout the year, the Audit Committee discussed the internal audit function's outputs with the Group Head of Risk & Internal Audit and executive management. The Audit Committee was satisfied that the internal audit function is operating effectively and that the level of experience within the department was appropriate to meet the Group's needs during the year.

## Audit Committee Report *continued*

### Risk management

#### Risk management process

The risk management process is continually kept under review to ensure that outcomes from the operating companies' risk submissions provide the necessary information for the Audit Committee to conduct a robust assessment of the risks affecting the Group as a whole. The risk management and reporting process provides the Committee with information on how operating companies perceive their risks and how they relate to the Group's Principal Risks.

Every year, the Committee seeks to improve the Group's risk management processes to ensure that the Group's Principal Risks and uncertainties are correctly identified by virtue of a top-down/bottom-up approach using the experiences of the Audit Committee and the Group's operating companies. In this, the Audit Committee is supported by the Group's Risk Committee, whose membership can be found on page 62.

#### Risk Committee

The Risk Committee reviews, discusses and validates the risk submission data received from the operating companies in addition to the Group-level risk register. The Audit Committee has received reports from the Risk Committee, detailing the groupwide risk assessment process, the movements in major risks, and updates on operating companies' risk mitigation activity, together with their attitude to risk as measured by a 'target' risk score. The Committee uses this information to determine operating company risk appetite and help inform the Board's overall risk appetite.

During 2025, the Risk Committee directed particular attention to Health and Safety, IT security, succession planning, and innovation. The Committee noted that the prevention of harm or injury to employees was a major area of focus across the Group and that it was a regular topic of discussion within the Executive Committee as well as the Board itself. During the year, the Committee received updates regarding IT resilience and cyber security from the Group IT Director and Chief Information Security Officer. Regular updates on operating company compliance with the Group IT Controls Manual were provided by Internal Audit.

More information on the activities of the Risk Committee and the Group's Principal Risks can be found on pages 60 to 66.

### TCFD

The TCFD (Task force on Climate-related Financial Disclosures) recommendations, published in 2017, encourage companies to disclose information on their financial risks and opportunities arising from climate change, and how these are being managed.

During 2025, PwC was engaged to perform analysis on the Group's climate-related risks, by identifying transitional and physical risks and opportunities in future climate scenarios, building on and updating its previous detailed analysis in 2021. The results were incorporated into the Group's 2025 TCFD disclosures, as reviewed at the March 2026 Audit Committee meeting. The Group's TCFD disclosures can be found in the Sustainability Report on pages 37 to 59.

### Whistleblowing

The Group has a written policy which states that if any employee in the Group has reasonable grounds to believe that the Group's Code of Business Conduct is being breached by any person or group of people, they are able to report such incidents through an externally hosted internet reporting system and/or a telephone-based whistleblowing hotline or, if necessary, to the Group Company Secretary, a Group President or the Audit Committee Chair. This policy can be found on the Group's website.

Any incidents reported, whether through the whistleblowing hotline or direct to the Group Company Secretary or any other member of Group management, are investigated under the supervision of the Group Company Secretary and resolved appropriately. Reports raised on these cases, including the investigative process, the conclusions, and any lessons to be learned from these events, are shared with the Board. During the year, the whistleblowing procedures were reinforced to clarify that whistleblowing cases raised directly with operating company management teams should also be reported centrally to Group.

### Assessment of effectiveness of external audit

The areas that the Committee considers in relation to the external auditor are performance in discharging the audit of the financial statements, independence and objectivity, and reappointment and remuneration.

### Performance in discharging the audit

The external auditor, EY, provided the Committee with its plan for undertaking the 2025 audit during the Committee meeting in August 2025. This highlighted the proposed approach and scope of the audit and identified the key issues in detail, being the valuation of goodwill in relation to National Signal and Proelectric, the risk of fraud in revenue recognition, inventory provisioning, pension valuation, and the assumptions applied to the fair value of defined contingent consideration for the 2024 Trident acquisition. The Committee debated and appropriately challenged the basis for these areas before agreeing the proposed approach and scope of the external audit. As events evolved through the year, the audit risks have, accordingly, been revisited by EY.

The external auditor prepared a detailed report of its findings in respect of the 2025 audit. The Committee discussed the issues raised in the report, particularly in relation to the areas highlighted, at their meeting in March 2026. The Committee questioned and challenged the work undertaken, the findings and the key assumptions made, with particular attention to the areas of audit risk identified.

### Independence and reappointment of the external auditor

The external auditor confirmed its policies on ensuring auditor independence and provided the Committee with a report on their audit and quality procedures. This report was considered and the Committee was satisfied of the auditor's independence.

To help maintain independence, the Group has a policy that before any former employee of the external auditor may be employed by the Group, careful consideration is given to whether auditor independence will be adversely affected, and approval of the Audit Committee is required. There were no such instances during the year.

The Committee reviewed the independence and objectivity of the external auditor during the year and confirmed that it considers EY to remain independent. The Committee also considers that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for 2025.

The Committee maintained the approach of minimising the non-audit work carried out by the external auditor.

The Committee's Non-audit Services Policy meets the detailed requirements of audit legislation, which restricts the use of the external auditor for activities including compiling accounting records, certain aspects of Internal Audit, IT consultancy, tax services except in exceptional circumstances, and advice to the Remuneration Committee. For any non-audit/additional services set out in section 5.40 of the FRC's ethical standard 2019, the policy provides for approval by the Audit Committee. A report is submitted to the Audit Committee of any non-audit services carried out by the external auditor, irrespective of value, to ensure that the aggregated spend with the external auditor will not exceed 70% of the audit fee.

EY was appointed as the Group's auditors in June 2020. Helen McLeod-Jones was the lead partner up to and including the audit for 2024 and was then compelled to rotate off to ensure continued independence. Adrian Roberts became the lead partner for the 2025 audit.

### Auditor remuneration

At the October 2025 meeting, the Committee discussed and approved the proposed audit fee for 2025. The c.10% reduction in the fee compared to 2024 primarily reflected the Group's decision to take parental guarantee exemptions from statutory audit at six UK operating companies, which the Committee agreed had negligible impact on the overall quality and coverage of the Group audit, and the absence of acquisitions in 2025.

During 2025, no fees were paid to the auditor for non-audit services relating to other assurance services (2024: £nil).

Further details of these amounts are included in note 8 of the financial statements.

### Carol Chesney

Chair of the Audit Committee

10 March 2026

# Remuneration Committee Report

Our Remuneration Policy review during the year confirmed the Policy is working effectively in aligning pay and performance while supporting our values and long-term strategic goals.

On behalf of the Remuneration Committee (the 'Committee'), I am pleased to share with you our Directors' Remuneration Report for the year ended 31 December 2025. This report is divided into three sections: my statement, the revised Directors' Remuneration Policy to be put to shareholders at the 2026 Annual General Meeting, and our Annual Report on Remuneration for the year ended 31 December 2025.

## Business context

In 2025, the Group has delivered a record set of full year results. Within our US business both Engineered Solutions and Galvanizing Services have delivered excellent results in the context of strong infrastructure demand in the US. Our UK businesses saw a reduction in revenues and profitability and continue to face a more challenging market backdrop. In the light of this we are reviewing opportunities to improve the resilience of our UK businesses.

The Group is reporting revenue of £868.8m and underlying operating profit of £151.3m. Underlying operating margin continued to increase at 17.4% with underlying earnings per share showing an 8% increase to 132.2p per share.

In addition to delivering strong financial performance, 2025 has been a year of continued strategic progress with the divestment of two non-core small-scale businesses, which improved the quality of our portfolio, at the same time as optimising our organisation structure, to ensure that we are set up to maximise the opportunities in our growth markets.

## 2025 remuneration outcomes

### Workforce remuneration

The Committee remains cognisant of the ongoing scrutiny in relation to executive remuneration and the need to ensure that remuneration outcomes are appropriate within the context of the wider stakeholder experience.

In 2025, the Group set salary increase budgets at between 2% and 8%, depending on country and local circumstances. We continued to focus on measures within our operating companies that enable a good standard of living, targeted salary adjustments, financial education, and voucher programmes.



Tony Quinlan  
Chair

**“The Remuneration Policy has operated as intended with a strong relationship between performance and reward.”**

### Annual bonus outcomes

For 2025, the annual bonus was based on financial measures (80% weighting) and personal objectives (20% weighting).

Along with our CEO, our recently appointed CFO, Chris McLeish, was entitled to a bonus for 2025 albeit on a pro-rata basis subject to performance for the proportion of the year he was in employment. Hannah Nichols, our former CFO, was not entitled to a bonus following her resignation and cessation of employment in April 2025.

Aligned to the strong financial performance delivered during 2025, the formulaic outcome from the financial targets was 81.6% of maximum. The Committee determined that this formulaic outcome represents a fair reflection of the financial and strategic performance of the business during the year, and agreed that no discretion should be applied to adjust it.

Details of the outturns against individual financial performance measures and personal objectives are set out on pages 120 and 121. Bonuses earned as a percentage of the maximum were 80% for the CEO and 82% for the CFO. Given the financial performance and strategic progress delivered during 2025, and the overall stakeholder experience, the Committee did not consider it necessary to use any discretion in relation to the operation of the bonus plan. In line with the Policy, half of the bonuses earned will be deferred into shares for two years, to ensure long-term alignment with the interests of shareholders.

### Long-term incentive outcomes

There were no Executive Directors eligible to receive vested share awards from the 2023 awards, with neither our CEO nor our new CFO in post at the time the awards were granted. Our former CFO's award lapsed on the cessation of her employment. The awards granted in 2023 were subject to performance against Underlying Earnings Per Share ('UEPS') and relative Total Shareholder Return ('TSR') targets tested over the period from 1 January 2023 to 31 December 2025.

In relation to TSR performance, the Company was measured against the FTSE 250, excluding financial services companies and investment trusts, and ranked 11 out of 106 companies. The UEPS, at 31 December 2025 was 132.2p, which resulted in a compound annual growth rate in UEPS of 12.9% over the performance period. With regard to both TSR and UEPS, the maximum targets were exceeded resulting in full vesting.

Considering the financial performance of the Company and taking into account the disposals and acquisitions made in the three-year performance period and the progress against non-financial metrics achieved during the performance period, the Committee is comfortable that the formulaic outturn of the 2023 long-term incentive is appropriate. The Committee also considered the impact of share buybacks during the performance period and concluded that the level of out-performance of the UEPS target was such that the share buybacks did not impact vesting. As such, the Committee agreed that no discretion should be applied to adjust the formulaic outcome.

The Committee is satisfied that the Remuneration Policy has operated as intended, and in reaching this conclusion took into account overall Company performance and other information, such as internal pay ratios and shareholder feedback.

### Leadership changes

Chris McLeish joined the Board as CFO on 13 October 2025, replacing Hannah Nichols who ceased employment with the Company on 14 April 2025.

Chris McLeish was appointed on a base salary of £450,000, positioning him at the market median base salary level for a FTSE 250 company. Given the calibre and experience of the individual, and the fact that Hill & Smith is an international business ranked well into the top half of the FTSE 250, the Committee was comfortable that setting his salary at this level was appropriate.

For 2025, Mr McLeish was eligible to receive a pro-rated bonus based on an annual maximum of up to 125% of salary, and in line with the Policy, and as agreed in connection with his recruitment, he received an LTIP award with a value at grant of 60% of salary (versus normal Policy for the CFO of 150% of salary) in 2025. This award is subject to the same performance targets applicable to wider participants, including the CEO, in the long-term incentive plan. In addition, to facilitate the recruitment of Mr McLeish, it was agreed that replacement awards would be granted in relation to awards forfeited in connection with joining Hill & Smith. The replacement awards included converting shares in his former employer, Ibstock, into Hill & Smith shares on joining. With regard to his Ibstock 2023 and 2024 long-term incentive plan awards that were replaced, the replacement awards will vest based on applying the original Ibstock performance targets to these awards at the normal vesting date. Vested shares will be subject to a two year holding period. Replacement 2023, 2024 and 2025 deferred share bonus awards were also granted that will vest on their original vesting dates.

### Directors' Remuneration Policy review

The Committee undertook a comprehensive review of the effectiveness of the current Policy during the year and concluded that the current pay model was working effectively and so no material changes to the Policy structure were needed. In reaching this conclusion the Committee noted the positive feedback from our executive leadership and the robust relationship between performance and reward. However, to take account of the growth in the size of Hill & Smith relative to market since the last Policy renewal at the 2023 AGM, the Committee concluded that it would be appropriate to increase the annual award opportunity under our long-term incentive plan at the same time as updating our Policy for recent developments in 'best practice'.

## Remuneration Committee Report *continued*

Shareholder support for 2025 Remuneration Report:

99.9%

2025 annual bonus max for CEO:

150%

of salary

2025 annual bonus max for new CFO (pro-rated for period of employment):

125%

of salary

CEO and CFO salary increase for 2026:

3%

2026 Executive Committee salary increase range:

3% to 8%

Non-executive Director 2026 base fee increase:

12%

The main changes that we are proposing are as follows:

- 1. An increase to the annual award limit under our long-term incentive plan to 200% of salary from 175% of salary.** At the time of our last Policy review, Hill & Smith was ranked around 150<sup>th</sup> in the FTSE 250 Index (with a market cap of circa £900m). Since then, the Company has grown significantly relative to market with our ranking in the FTSE 250 Index now around 70<sup>th</sup> (with a market cap of circa £1.9bn). In this context, and with a heavy US footprint, the Committee concluded that it was appropriate to have the flexibility to grant awards at up to 200% of salary in line with standard FTSE 250 market practice. This change will enable the Committee to manage internal pay compression pressures for the next three-year period.
- 2. Clarifying that our policy maximum for annual bonus opportunity is set at 150% of salary for all Executive Directors.** There is no change to our intended application of Policy for FY26 which will remain a maximum annual bonus opportunity of 150% of salary for the CEO and 125% of salary for the CFO.
- 3. Introducing flexibility to reduce bonus deferral (e.g., by 50%) once our 200% of salary share ownership guidelines have been met.** This follows the additional flexibility included in the 2024 Investment Association's Principles of Remuneration. With incentives at Hill & Smith purposefully weighted towards long-term performance, and 200% of salary share ownership guidelines, the Committee was comfortable that this approach balances alignment with shareholders and flexibility for executives.
- 4. A broadening of our clawback and malus provisions** to enable the Committee to lapse the share awards of a 'good leaver' should they take up comparable employment with another company (e.g., following leaving by way of retirement).
- 5. Clarifying the Policy wording on the treatment of deferred share bonus awards on cessation of employment.** This is that deferred bonus awards will be retained until their normal vesting date following cessation of employment unless the Committee determines otherwise in which case they may accelerate vesting (e.g., on death) or lapse the award (e.g., gross misconduct).

## Looking forward to 2026

### Base salary

The salary of the CEO was increased by 3% to £703,500 effective 1 January 2026. This compares to an average budgeted salary increase for the indirect workforce in our UK operating companies of 3.1%. The base salary of the CFO, set at £450,000 on appointment, was also increased by 3% to £463,500.

### Variable remuneration

The annual bonus arrangements for 2026 will have maximum opportunities of 150% and 125% of salary respectively for the CEO and CFO. The performance measures for the annual bonus have been updated for 2026 with organic revenue growth to be introduced to better align with our current short-term priorities and our published financial framework. The metrics that will apply are underlying operating profit (60%), organic revenue growth (20%, this is a new measure), cash conversion (10%, previously 20%) and non-financial targets aligned with strategy and individual role (10%, previously 20%).

Our intention with regard to the 2026 long-term incentive awards is to grant at 200% of salary to the CEO, being aligned to the revised Policy maximum as detailed above, and 175% of salary for the CFO, recognising current FTSE 250 market grant levels for companies of a comparable size. The Committee has taken the higher quantum (+25% of salary for both roles) into account when setting the performance targets. Performance targets remain challenging, UEPS (50%), relative TSR (40%) and greenhouse gas emissions which align with our adoption of science-based carbon reduction targets (10%). The specific target ranges are detailed on page 129.

### Non-executive Director fees

The Non-executive Director base fee has been realigned following benchmarking against three distinct Groups: a bespoke sector peer group, a peer group with similar market capitalisations, and a high-growth peer group. It is considered important that the Group continues to attract high-performing Non-executive Directors, and given the fee levels specifically for our sector, the Non-executive Director fees have been increased to £67,000 (12% increase) with additional Committee Chair fees being increased by 22% to £13,500 with effect from 1 January 2026. The increase to the fees is also considered commensurate with the increased time commitment of the role given the current size and complexity of the Group.

As announced on 19 November 2025, Nick Anderson will become Non-executive Board Chair with effect from May 2026. His fee has been set at £320,000 with effect from his assumption of the Chair role, with his initial fee on joining the Board being the standard NED base fee of £67,000.

## Employee and shareholder engagement

With regard to the renewal of the Directors' Remuneration Policy at the 2026 AGM, the Committee consulted shareholders totalling over 50% of the shareholder register. The feedback received during those discussions was generally supportive, noting that the proposals were well justified. During consultation, the choice of performance metrics was discussed, including the weighting in the annual bonus on cash and whether there was scope to include ROIC. The Committee concluded that retaining cash conversion with a 10% weighting alongside organic revenue growth at a 20% weighting best reflected priorities for 2026. However, the Committee resolved to review the choice of metrics prior to the start of 2027. The Committee would like to thank shareholders for their feedback during its discussions on the 2026 Policy renewal.

Our Board members visited a number of operating companies in both the US and UK during the year and solicited feedback on a broad range of topics that included remuneration, operational performance and structure, and how our structures align with strategy. We additionally ran a full and anonymised employee survey. These mechanisms enabled the Board to better understand the views of our employees, which then inform Board discussions.

As outlined more fully on page 77, the Chair of the Remuneration Committee and the Group Company Secretary make themselves available to discuss with investors any aspect of Remuneration that they wish to discuss. Additionally, the Chair of the Remuneration Committee makes himself available at the Company's AGM to discuss matters of remuneration with the Company's shareholders. The Company also engages with each of the proxy agencies prior to the AGM.

## Conclusion

The Committee recognises the strong performance that has been delivered during 2025 and believes that remuneration outcomes fairly reflect this performance.

The whole Directors' Remuneration Report (excluding the Policy) is subject to the advisory vote. The 2026 Policy is subject to a binding shareholder vote. I hope it is clear from the new Policy and the way we are proposing to apply policy in 2026 that we continue to take account of the feedback of our shareholders, and we look forward to receiving your support for the Policy and Remuneration Report at the upcoming Annual General Meeting.

**Tony Quinlan**  
Chair

10 March 2026

## Remuneration Committee Report *continued*

### Remuneration at a glance

To incentivise our employees to achieve our strategy, we provide market competitive remuneration which is aligned with our shareholders' experience.

#### Remuneration Policy and structure summary

Element	Purpose/structure	Operation for 2026
<b>Base salary and benefits</b>	Enables the Group to recruit and retain Executive Directors	CEO – £703,500 (3% increase) CFO – £463,500 (3% increase)
<b>Pension</b>	To provide post-retirement benefits for Executive Directors	CEO – 6.5% of salary CFO – 6.5% of salary
<b>Annual bonus</b>	To incentivise the achievement of short term Group targets  Performance measures and targets are reviewed and set annually by the Remuneration Committee. At least 50% of bonus will be based on financial measures. 50% of any bonus is deferred into shares for two years.  Once the Executive Directors have met the shareholding requirement (i.e. have a shareholding of 200% of salary), the bonus deferral requirement may be reduced (e.g. to 50% of the current level of deferral requirement). Any such decision would be taken having had regard to emerging market practice at the time.	<b>2026 performance measures:</b> <ul style="list-style-type: none"> <li>• Underlying operating profit (60%)</li> <li>• Organic revenue growth (20%, new)</li> <li>• Cash conversion (10%, previously 20%)</li> <li>• Non-financial aligned with strategy and individual role (10%, previously 20%)</li> </ul> <b>Maximum opportunity:</b> <ul style="list-style-type: none"> <li>• CEO 150% of salary</li> <li>• CFO 125% of salary</li> </ul>
<b>LTIP</b>	To incentivise the achievement of longer term Group targets  Three-year performance period, with a further two-year holding period	<b>2026 performance measures:</b> Relative TSR (40%), growth in UEPS (50%) and greenhouse gas emissions reduction (10%) targets <b>Grant size:</b> CEO – 200% of salary CFO – 175% of salary
<b>Shareholding guidelines</b>	To encourage shareholder alignment both during and after employment	200% shareholding for Executive Directors during employment and for two years after employment ends

More details can be found on pages 102 to 129.

# Directors' Remuneration Policy

## Directors' Remuneration Policy

This report has been prepared in accordance with the provisions of the Companies Act 2006, The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 and the subsequent amendments, and the UK Listing Authority Listing Rules. In addition, the report has been prepared on a "comply or explain" basis with regard to the UK Corporate Governance Code 2024. The Remuneration Policy described in this section is intended to apply for three years and will be applicable from the date of approval by shareholders at the Company's 2026 AGM.

## Determining the Remuneration Policy

The Committee is responsible for the development, implementation, and review of the Directors' Remuneration Policy. In addressing this responsibility, the Committee works with management and external advisors to develop proposals and recommendations. The Committee considers the source of information presented to it, takes care to understand the detail and ensures that independent judgement is exercised when making decisions. The Remuneration Committee works alongside other Board Committees as needed.

When setting the Remuneration Policy, the Committee considered the Company's strategic objectives over both the short and the long term, the external market and market best practice. In addition, the Committee also considered the alignment across the business as well as stakeholder views.

## Summary of the proposed changes: 2026 Remuneration Policy

The Remuneration Committee undertook a comprehensive review of the effectiveness of the current Policy and as a result of the Policy achieving a strong alignment between pay and performance concluded that no major changes were needed. As a result, there is no change to the pay model. However, in recognition of the Company's growth in size relative to the market, as evidenced by delivering upper quartile total shareholder return over the past three years and the Company ranking around 70<sup>th</sup> out of the 250 companies within the FTSE 250 Index as at the end of February 2026, the Company is to increase the long-term incentive opportunity available within the Policy.

In addition to the above, a number of minor amendments to the Policy are also to be made which include (i) to introduce flexibility to review the level of bonus deferral once the Company's share ownership guidelines are met (ii) an update to the trigger events included in our clawback and/or malus provisions (i.e., recovery and/or withholding) in the annual bonus and long-term incentive plans and (iii) to clarify the treatment of deferred bonus shares on cessation of employment. These changes are being made as a result of the updates included in the 2024 UK Corporate Governance Code and the additional flexibility afforded to companies in the Investment Association Principles of Remuneration 2024. Other changes are limited to minor modifications to wording, to better reflect amendments to share plan rules and the practical operation of the Policy.

A summary of the changes is included in the table overleaf.

## Directors' Remuneration Policy *continued*

### Summary of proposed changes

	Summary of current Policy	Proposed changes
<b>Annual Bonus</b>	<p><b>Maximum:</b></p> <ul style="list-style-type: none"> <li>• CEO: 150%</li> <li>• Other Executive Directors: 125%</li> </ul> <p><b>Deferral:</b> 50% of any bonus awarded will be deferred into shares for two years.</p> <p><b>Pay-out schedule:</b> The level of payout at threshold will normally be limited to 0% of maximum.</p> <p><b>Discretion:</b> Committee may override the formulaic outcome.</p> <p><b>Recovery &amp; withholding trigger events:</b> misstatement of financial results, misconduct, error, reputational damage, corporate failure and failure of acceptable health and safety standards.</p> <p><b>Timeline:</b> Applies for up to two years following the payment of the cash bonus.</p>	<p><b>Maximum:</b></p> <ul style="list-style-type: none"> <li>• 150% of salary for Executive Directors</li> </ul> <p>For 2026, there is no proposed change to the operation of Policy and so the maximum opportunity for the CFO will remain at 125% of salary in 2026.</p> <p><b>Deferral:</b> Once the Executive Directors have met the shareholding requirement (i.e., have a shareholding of 200% of salary), the bonus deferral requirement may be reduced (e.g., to 50% of the current level of deferral). Any such decision would be taken having had regard to emerging market practice at the time.</p> <p><b>Recovery &amp; withholding trigger events:</b> add recovery following retirement if another comparable role is taken.</p> <p><b>Timeline</b> considered appropriate in light of market practice and the nature of the Hill &amp; Smith business.</p>
<b>LTIP</b>	<p><b>Vehicle:</b> Performance Share Plan.</p> <p><b>Maximum</b></p> <ul style="list-style-type: none"> <li>• CEO 175% of salary</li> <li>• Other Executive Directors 150% of salary</li> </ul> <p><b>Performance conditions</b></p> <ul style="list-style-type: none"> <li>• Based on financial metrics and/or shareholder return metrics and/or strategic metrics.</li> <li>• No more than 20% of maximum will vest for threshold performance</li> </ul> <p><b>Vesting &amp; holding period:</b> Three-year performance period with a two-year holding period.</p> <p><b>Discretion:</b> Committee may override the formulaic outcome.</p> <p><b>Recovery &amp; withholding trigger events:</b> the same trigger events as above.</p> <p><b>Timeline:</b> up to two years following the end of the relevant holding period for LTIP awards.</p>	<p><b>Maximum:</b></p> <ul style="list-style-type: none"> <li>• 200% of salary for Executive Directors</li> </ul> <p>For 2026, as a result of the Company's growth relative to market, and aligning with typical FTSE 250 award levels, the award sizes will be:</p> <ul style="list-style-type: none"> <li>• CEO 200% of salary</li> <li>• CFO 175% of salary</li> </ul> <p><b>Recovery &amp; withholding trigger events:</b> add recovery following retirement if another comparable role is taken.</p> <p><b>Timeline</b> considered appropriate in light of market practice and the nature of the Hill &amp; Smith business.</p>
<b>Other</b>	<p>Where a deferred bonus award is granted, if the participant leaves as a "good leaver" during the deferral period, the award will ordinarily continue and be released at the ordinary release date, although the Remuneration Committee retains discretion to release the award at the date of cessation or to shorten the deferral period.</p>	<p>Deferred bonus awards will be retained until their normal vesting date following cessation of employment unless the Committee determines otherwise in which case they may accelerate vesting (e.g., on death) or lapse the award (e.g., gross misconduct).</p>

## Policy table for Directors' base salary

<b>Purpose and link to strategy</b>	To recruit and retain Executive Directors. Provides fixed remuneration for the Executive Directors, which reflects the individual's experience and the size and scope of the Executive's responsibilities.
<b>Operation</b>	<p>Normally reviewed annually and fixed for 12 months. Salaries are determined by the Remuneration Committee taking into account a range of factors, which may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• the size and scope of the role;</li> <li>• individual and Group performance;</li> <li>• the range of salary increases (in percentage terms) applied to the wider workforce;</li> <li>• total organisational salary budgets; and</li> <li>• pay levels for comparable roles in companies of a similar size and complexity.</li> </ul> <p>Any salary increases may be implemented over such time as the Remuneration Committee deems appropriate.</p>
<b>Maximum opportunity</b>	<p>Ordinarily salary increases will not exceed the range of salary increases awarded to other employees in the Group (in percentage of salary terms). However, salary increases may be above this level in certain circumstances as required, for example to reflect:</p> <ul style="list-style-type: none"> <li>• increase in scope or responsibility;</li> <li>• performance in role; or</li> <li>• an Executive Director being moved to market positioning over time.</li> </ul> <p>No maximum salary opportunity has been set out in this Policy report to avoid setting expectations for Executive Directors.</p>
<b>Performance metrics</b>	Not applicable.

## Benefits

<b>Purpose and link to strategy</b>	To recruit and retain Executive Directors. Ensures the overall package is competitive. Participation in the SAYE promotes staff alignment with the Group and a sense of ownership.
<b>Operation</b>	<p>Executive Directors are entitled to various benefits, including but not limited to, membership of the Group's healthcare scheme, personal accident insurance, ill-health, life assurance and car (or equivalent cash allowance). Other benefits may be provided based on individual circumstances. Such benefits may include, but are not limited to expatriate housing, relocation allowances, or overseas tax support. Directors may receive tax reimbursement if they are reimbursed for expenses incurred in connection with performing their duties and those expenses are considered taxable benefits.</p> <p>The SAYE is a tax-qualifying monthly savings scheme facilitating the purchase of shares at a discount as permitted by the applicable legislation (currently up to a maximum discount of 20%). SAYE options may be exercised in the event of a change of control to the extent permitted by the rules of the scheme. Executive Directors may also participate in any other all-employee share plan adopted by the Company, on the same basis as other qualifying employees.</p>
<b>Maximum opportunity</b>	<p>Whilst the Remuneration Committee has not set an absolute maximum on the level of benefits Executive Directors receive, the value of benefits is set at a level which the Remuneration Committee considers is appropriately positioned against companies of a similar size and complexity in the relevant market, and at rates competitive in the area of life accident and health insurance. SAYE scheme contribution is as permitted in accordance with the relevant tax legislation. The level of participation in any other all-employee share plan will be determined in accordance with the rules of that plan and will be the same for Executive Directors as for other qualifying employees.</p>
<b>Performance metrics</b>	Not applicable.

## Directors' Remuneration Policy *continued*

### Pension

<b>Purpose and link to strategy</b>	To recruit and retain Executive Directors and to provide post-retirement benefits.
<b>Operation</b>	The Group may make a payment either into a defined contribution plan or as a separate cash allowance. Group contributions or cash allowances are determined as a percentage of base salary.
<b>Maximum opportunity</b>	An amount as a percentage of base salary not exceeding the typical contribution available in respect of the location of employment of the Director (e.g., currently the typical rate available to the UK-based workforce is 6.5% of salary).
<b>Performance metrics</b>	Not applicable.

### Annual bonus

<b>Purpose and link to strategy</b>	Rewards the achievement of annual financial targets and/or the delivery of strategic/individual objectives.
<b>Operation</b>	<p>Performance measures and targets are reviewed and set annually by the Remuneration Committee. Bonus pay-out is determined by the Remuneration Committee after the year end, based on audited performance, where appropriate, against those targets.</p> <p>The Remuneration Committee has the discretion to amend the bonus pay-out should any formulaic output not produce an appropriate result for either the Executive Directors or the Company, taking account of overall performance, or because the formulaic output is inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the performance period.</p> <p>Where an annual bonus is earned, normally 50% of the amount earned will be delivered in the form of shares in the Company, deferred for a period of two years. Deferral of any bonus is subject to a de minimis limit of £5,000. Once the Executive Directors have met the shareholding requirement (i.e., have a shareholding of 200% of salary), the bonus deferral requirement may be reduced (e.g., to 50% of the current level of deferral). Any such decision would be taken having had regard to emerging market practice at the time.</p> <p>At its discretion, the Remuneration Committee may award dividend equivalents to reflect dividends that would have been paid over the deferral period on shares subject to deferred bonuses. These dividend equivalents will ordinarily be paid in shares and may assume the reinvestment of dividends.</p> <p>Deferred bonus awards will vest in the event of a change of control.</p> <p>Malus and clawback provisions apply to the annual bonus as described below this table (see page 113).</p>
<b>Maximum opportunity</b>	<p>The maximum bonus opportunity is up to 150% of base salary.</p> <p>For 2026, the maximum limits that will apply will be:</p> <ul style="list-style-type: none"> <li>• CEO: 150% of salary</li> <li>• CFO: 125% of salary</li> </ul>
<b>Performance metrics</b>	<p>The bonus will be based on the achievement of targets related to key business objectives, with the performance measures and respective weightings each year dependent on the Group's strategic priorities. Financial performance measures may include, for example:</p> <ul style="list-style-type: none"> <li>• measures based on earnings per share</li> <li>• budgeted revenue and profit</li> <li>• operating margins</li> <li>• cash conversion</li> <li>• return on invested capital</li> </ul> <p>At least 50% of bonus will be based on financial measures. Subject to the Remuneration Committee's discretion to amend formulaic outputs, for financial targets, normally 0% of the maximum is payable for achieving the threshold performance target (normally 0% below threshold), 50% at the target level of performance and 100% at maximum. Performance between the relevant points increases on a graduated scale. For strategic and individual performance measures, bonus will be earned between 0% and 100% of the opportunity based on the Remuneration Committee's assessment of the extent to which the relevant measure has been achieved.</p>

## Long Term Incentive Plan ('LTIP')

<b>Purpose and link to strategy</b>	<p>Incentivises Executive Directors to achieve higher returns for shareholders over a longer timeframe. A clawback applies to unvested awards enabling the Company to mitigate risk. The post-vesting holding period aligns the interests of Executive Directors with those of the shareholders over a further period.</p>
<b>Operation</b>	<p>The Remuneration Committee may grant awards as conditional share awards, nil cost share options or forfeitable shares, or such other form as has the same economic effect.</p> <p>Awards are typically granted annually and vesting is subject to achievement of performance measures, normally assessed over at least three years. The Remuneration Committee has the discretion to adjust the vesting outcome should any formulaic output not reflect overall performance, or because the formulaic output is inappropriate in the context of circumstances that were unexpected or unforeseen at the grant date, or if there exists any other reason why an adjustment is appropriate.</p> <p>Vested shares are subject to an additional two-year holding period before they are released to the Executive Directors (so that they can exercise the award and acquire them). Alternatively, the Remuneration Committee may grant an award on the basis that the Executive Director can acquire shares following vesting, but that, other than as regards sales of shares to cover tax liabilities, the Executive Director is not permitted to dispose of shares until the end of the two-year holding period.</p> <p>Unvested LTIP awards will vest and be released early on a change of control (or other relevant events), taking into account the extent to which the performance conditions have been satisfied and pro-rating to reflect the proportion of the performance period that has elapsed, although the Remuneration Committee has discretion not to apply time pro-rating. Vested LTIP awards which are subject to a holding period are released, to the extent vested, in the event of a change of control.</p> <p>At its discretion, the Remuneration Committee may award dividend equivalents to reflect dividends that would have been paid over the vesting period and holding period on shares that vest. These dividend equivalents will ordinarily be paid in shares and may assume the reinvestment of dividends.</p> <p>The Remuneration Committee may, at its discretion, structure awards as approved LTIP awards comprising both a tax-qualifying option granted under the Executive Share Option Scheme ('ESOS') and an LTIP award. Approved LTIP awards enable the participant and the Company to benefit from tax-qualifying option treatment in respect of part of the award, without increasing the pre-tax value delivered to the participant. The approved LTIP awards consist of a tax qualifying option and an LTIP award with the vesting of the LTIP award scaled back to take account of any gain made on exercise of the tax-qualifying option. Other than to enable the grant of up to £60,000 (from April 2023) in value of HMRC-approved options as part of an approved LTIP award, the Company will not grant awards to Executive Directors under the ESOS.</p> <p>Malus and clawback provisions apply to the entire LTIP as described below this table.</p>
<b>Maximum opportunity</b>	<p>The annual LTIP maximum opportunity is up to 200% of base salary.</p> <p>For 2026, the maximum limits that will apply will be:</p> <ul style="list-style-type: none"> <li>• CEO: 200% of base salary</li> <li>• CFO: 175% of base salary</li> </ul> <p>Shares subject to a tax-qualifying option granted as part of an approved LTIP award are not taken into account for the purposes of this limit, because, as referred to in the box under the heading 'Operation', the unapproved LTIP option is scaled back to reflect the gain made on the exercise of the tax qualifying ESOS option.</p>
<b>Performance metrics</b>	<p>Awards vest subject to the achievement of performance measures assessed over the performance period (normally three financial years). The performance measures are reviewed annually to ensure they remain relevant and aligned to the Group's strategy.</p> <p>Performance measures will be based on financial metrics, and/or share price growth-related metrics, and/or strategic metrics.</p> <p>Subject to the Remuneration Committee's discretion to amend formulaic outputs, for achievement of the threshold level of performance (the minimum level of performance for vesting to occur) normally up to 20% of the maximum opportunity will vest for each element.</p> <p>For achievement of maximum performance, 100% of the maximum opportunity will vest; there is usually graduated vesting between threshold and maximum performance.</p> <p>Where an option under the ESOS is granted as part of an Approved LTIP award, the same performance condition applies to the ESOS option as applies to the LTIP award, save as required by the applicable tax legislation.</p>

## Directors' Remuneration Policy *continued*

### Shareholding guidelines

<b>Purpose and link to strategy</b>	To encourage strong shareholder alignment both during and after employment with the Company.
<b>Operation</b>	<p>Each Executive Director is required to hold 50% of the shares acquired through the LTIP and any deferred bonus plan award (after sales to cover tax and any exercise price) until the value of their total shareholding is equal to 200% of their annual base salary.</p> <p>Shares subject to award under the deferred bonus plan and vested shares subject to awards under the LTIP, which are subject to a holding period, count towards the shareholding requirement on a net of assumed tax basis. Shares subject to LTIP awards which are capable of exercise count towards the limit on a net of assumed tax basis.</p> <p>In addition, a post-employment shareholding requirement will apply only to shares acquired pursuant to LTIP and the deferred bonus, but will not apply to shares purchased or acquired pursuant to all-employee share plans. Post-employment, each Executive Director is normally expected to maintain such of their shares, which are subject to the post-employment shareholding policy, as have a value equal to the in-service shareholding guideline (which requires the holding of shares during employment with a value equal to 200% of salary) for a period of two years after leaving. In either case, the number of relevant shares held at leaving must be retained if this is less than the in-service guideline.</p> <p>Share ownership guidelines only apply to permanent Executive Director positions, and in exceptional circumstances the Committee may disapply the post-employment share ownership guideline (e.g., death).</p>
<b>Maximum opportunity</b>	Not applicable.
<b>Performance metrics</b>	Not applicable.

### Chair and Non-executive fees

<b>Purpose and link to strategy</b>	Fees are set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.
<b>Operation</b>	<p>Fees are reviewed periodically and are determined by the Board. The fee structure is as follows:</p> <ul style="list-style-type: none"> <li>• fees may be paid wholly or partly in shares</li> <li>• the Chair is paid a single consolidated fee</li> <li>• the Non-executive Directors are paid a basic fee plus additional fees for Chairship of a Committee</li> <li>• the Senior Independent Director also receives an additional fee in respect of this role</li> <li>• additional fees may be paid for taking on additional roles or for additional time commitments and may include allowances in relation to non-executives travelling from overseas to attend Board meetings.</li> </ul> <p>The Non-executive Directors do not participate in any of the Group's share incentive plans, nor do they receive any pension contributions. Non-executive Directors may be eligible for benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. These benefits may include the reimbursement of any tax liability if they are reimbursed for expenses incurred in the performance of their duties and those expenses are considered taxable benefits.</p>
<b>Maximum opportunity</b>	<p>Fees are subject to an overall cap as set out in the Company's Articles of Association from time to time. Fees are based on the time commitment and responsibilities of the role.</p> <p>Fees are appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market.</p>
<b>Performance metrics</b>	Not applicable.

## Recovery and withholding provisions

The Committee may, at any time within two years following the determination of the annual bonus, or two years following vesting of the LTIP, determine that malus and/or clawback shall apply in the event of:

- a material misstatement in the Group's financial results for the bonus year
- the Remuneration Committee reasonably determining that the participant has been guilty of gross misconduct
- an error in assessing any applicable performance condition
- reputational damage to the Group
- corporate failure
- a failure of acceptable health and safety standards
- where an individual was treated as a 'good leaver' within a Company incentive plan by reason of retirement but subsequently became employed elsewhere in a paid executive role.

Before the vesting of an LTIP award, the Remuneration Committee may also decide to reduce or cancel the award if any of the above events occur.

## Explanation of chosen performance measures and how targets are set

Performance measures are selected that reflect the Group's strategy. Stretching performance targets are set each year for the annual bonus and LTIP awards. In setting these stretching performance targets, the Remuneration Committee will take into account a number of different reference points such as the Group's business plans and strategy.

With regard to annual performance, a majority of the bonus is normally linked to underlying profit-growth performance and other key short-term measures such as cash conversion and revenue growth, in addition to personal and/or strategic targets. The precise measures and targets are selected and set each year based on the Company's objectives at that time.

With regard to long-term performance, the Remuneration Committee normally links awards to shareholder return and underlying EPS as metrics that are aligned with the Company's growth strategy and shareholders. In addition, other metrics, such as sustainability targets, are also often utilised to ensure that growth is delivered sustainably. The precise measures and targets are selected and set each year based on the Company's medium to long-term objectives at that time.

The UEPS and TSR performance conditions attaching to the LTIP align management's objectives to those of shareholders and rewards for the delivery of year-on-year growth and delivery of value to shareholders.

The Remuneration Committee retains the discretion to adjust the performance targets and measures where it considers it appropriate to do so. For example, to reflect changes in the strategy or structure of the business or in prevailing market conditions and to assess performance on a fair and consistent basis from year to year.

## Operation of share plans

The Remuneration Committee retains discretion to operate the Company's share plans in accordance with their rules, including the ability to adjust awards in the event of a variation of capital or other relevant corporate event, and settle awards, in whole or in part, in cash. The Remuneration Committee would only settle an Executive Director's award in cash in exceptional circumstances (such as where there was a regulatory restriction on the delivery of shares) or in connection with the settlement of tax liabilities arising in respect of the acquisition of shares.

## Differences in the Group's policy for the remuneration of employees generally

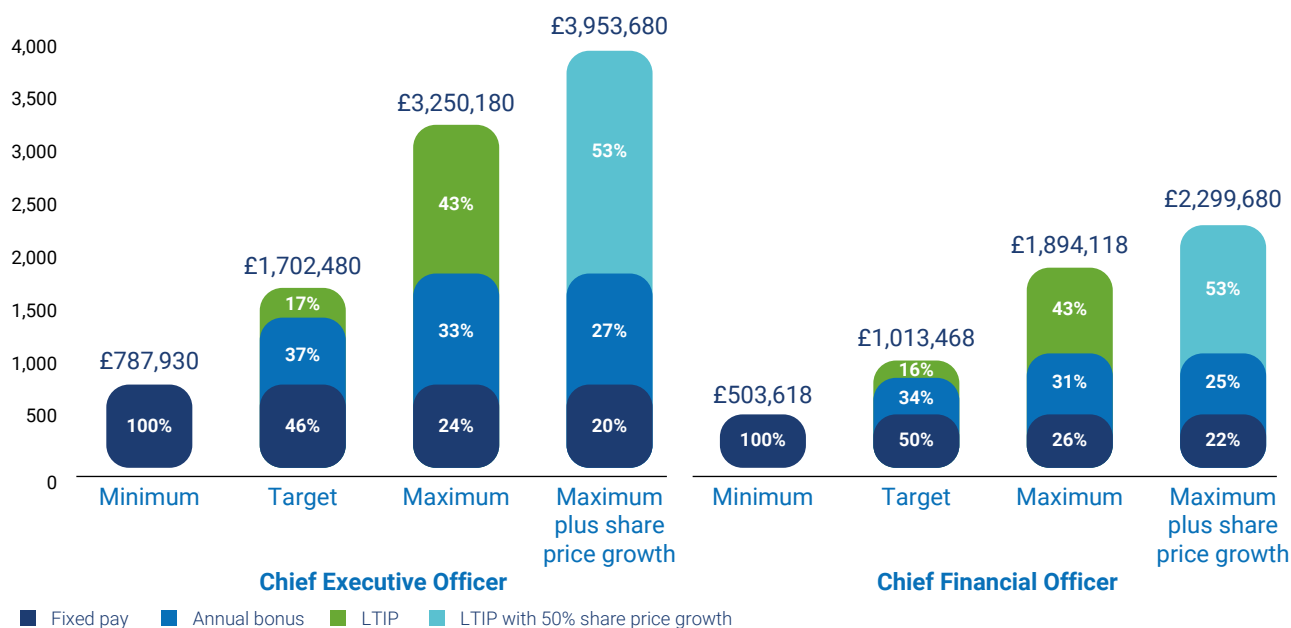
The Group aims to provide a remuneration package that is market-competitive in the employee's jurisdiction of employment and which:

- is appropriate to attract, retain, motivate and reward, without paying more than necessary;
- is fairly and consistently applied; and
- includes an element of incentive to share in the financial success of the Group through: annual bonuses, based upon the performance of individual business units; executive share options; and a UK SAYE scheme/US Employee Share Purchase Plan, all of which are aligned to the strategic objectives and performance of the Group.

Similar principles of reward apply to employees with performance-related pay operated widely through the Company, at levels appropriate to each role, and designed to reward for delivering the Company's plans.

## Directors' Remuneration Policy *continued*

### Illustrative Performance scenarios for 2026



The illustrative performance charts above are based on the proposed Remuneration Policy as set out on pages 107 to 118. In developing the scenarios, the following assumptions have been made:

<b>Minimum</b> CEO – £787,930 CFO – £503,618	Consists of total fixed pay – i.e., base salary, benefits and pension <ul style="list-style-type: none"> <li>• Base salary is the latest salary effective at 1 January 2026.</li> <li>• Taxable benefits as per single figure table for the year ended 31 December 2025.</li> <li>• Pension is based on base salary effective at 1 January 2026.</li> </ul>
<b>In-line with expectations (Target)</b> CEO – £1,702,480 CFO – £1,013,468	Consists of: <ul style="list-style-type: none"> <li>• Total fixed pay, as set out above.</li> <li>• Annual bonus pays out at 60% of maximum for target performance (i.e., 90% of base salary based on a CEO maximum potential for 2026 of 150% of base salary, and 75% of salary based on a CFO maximum of 125% of salary).</li> <li>• LTIP pays out at 20% of maximum for threshold vesting (i.e., 40% of base salary based on a CEO maximum for 2026 of 200% of base salary, and 35% of base salary based on a CFO maximum for 2026 of 175% of base salary).</li> </ul>
<b>Maximum</b> CEO – £3,250,180 CFO – £1,894,118	Consists of: <ul style="list-style-type: none"> <li>• Total fixed pay, as set out above.</li> <li>• Full pay-out of annual bonus – i.e., CEO: 150% of base salary, CFO: 125% of base salary.</li> <li>• Full vesting of LTIP awards – i.e., CEO: 200% of base salary and CFO: 175% of base salary.</li> </ul>
<b>Maximum plus share price growth</b> CEO – £3,953,680 CFO – £2,299,680	Consists of: <ul style="list-style-type: none"> <li>• Total fixed pay, as set out above.</li> <li>• Full pay-out of annual bonus – i.e., CEO: 150% of base salary, CFO: 125% of base salary.</li> <li>• Full vesting of LTIP awards – CEO: 200% of base salary and CFO: 175% of base salary.</li> <li>• 50% share price growth.</li> </ul>

## Approach to recruitment remuneration

The objective of this Policy is to allow the Remuneration Committee to offer remuneration packages which:

- facilitate the recruitment of individuals of sufficient calibre to develop and deliver the business strategy and shareholder value;
- reflects the key principles of the Group's wider remuneration philosophy; and
- seek to ensure that arrangements are in the best interests of the Company, and not to pay more than is appropriate.

Typically the individual will be transitioned onto a remuneration package that is consistent with the Policy set out above. However, the Remuneration Committee retains the discretion to make remuneration decisions or include other remuneration components or awards which are outside the Policy elements set out on pages – 107 to 118 where it considers it necessary. However, this discretion is not uncapped; in determining appropriate remuneration arrangements:

- the Remuneration Committee will not offer non-performance related incentive payments;
- the quantum of variable remuneration will be limited as set out below;
- the quantum and structure of the package on offer will be determined taking into account that for similar positions in the market; and
- the package will be determined having due regard to the experience of the candidate and the interests of the Company and its shareholders.

The following elements may also be considered by the Remuneration Committee for inclusion in a recruitment package for an Executive Director:

<b>Compensation for forfeited awards on leaving a previous employer</b>	The Remuneration Committee may make awards on hiring an external candidate to compensate the candidate for the forfeiture of any award entered into with a previous employer. In determining any such 'buy-out' the Remuneration Committee will consider all the relevant factors regarding the forfeited arrangements, which may include the likelihood of the awards vesting should the external candidate have remained in their previous employment, the form in which they were granted (e.g., cash or shares) and the time over which they would have vested. Generally, buy-out awards will be made on a comparable basis to those remuneration arrangements forfeited.  Where considered appropriate, buy-out awards will be subject to forfeiture or claw back on early departure.
<b>Initial incentive awards</b>	The maximum remuneration for a newly appointed Executive Director, excluding any compensation for forfeited awards as detailed above, is as set out below.  The Remuneration Committee may also alter the performance measures, performance period and any deferral arrangements or holding period applying to the annual bonus and LTIP if the circumstances of the recruitment merit such an alteration; the rationale will be clearly explained in a subsequent Directors' Remuneration Report.
<b>Maximum variable remuneration (excluding buy-out awards)</b>	The maximum level of variable remuneration which may be awarded to any Director is 350% of base salary (consisting of 150% annual bonus and 200% LTIP).

The Remuneration Committee would seek to implement any share awards referred to in this section under the Company's existing share plans. However, in connection with the recruitment of an Executive Director, the Remuneration Committee may implement a new arrangement in accordance with paragraph 9.3.2(2) of the Listing Rules.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms, with the exception of pension contributions which will be reduced in line with this policy. Where necessary, the Group will pay appropriate relocation costs and the Remuneration Committee will seek to ensure that no more than necessary is paid.

Fees payable to a newly appointed Chair or Non-executive Director will be in line with the fee policy in place at the time of appointment.

## Directors' Remuneration Policy *continued*

### Service contracts and loss of office payments

#### Executive Directors' service contracts

The letters of appointment for Non-executive Directors and service contracts for Executive Directors are available for inspection at the Company's registered office during normal office hours. The current Executive Directors have service contracts with the Company, all with a rolling 12-month notice period and are not fixed term. Details are included in the following table and their remuneration for FY25 is included in the single figure table on page 120.

	Service contract date	Date of appointment	Notice period/unexpired term
Rutger Helbing	18 September 2024	19 September 2024	12 months
Chris McLeish	29 April 2025	13 October 2025	12 months

#### Non-executive Directors' letters of appointment

The Chair and each of the Non-executive Directors are appointed for an initial three-year term under terms set out in their letters of appointment. Their appointment can be terminated by the Board without compensation for loss of office subject to the notice periods in their respective letters. The notice periods, applicable from either party is three months. The Chair and each of the Non-executive Directors usually serve a second three-year term, subject to performance review, and can serve a further term of three years subject to rigorous review by the Nomination Committee.

Details of the Non-executive Directors' letters of appointment are shown in the table below.

	Date first appointed to the Board	Date last appointed to the Board	Date elected/re-elected at AGM	Unexpired period of service contract/letter of appointment
<b>Non-executive Directors</b>				
Alan Giddins	3 October 2017	19 September 2024 <sup>1</sup>	22 May 2025	6 months
Farrokh Batliwala	1 April 2022	1 April 2025	22 May 2025	24 months
Carol Chesney	1 January 2024	1 January 2024	22 May 2025	9 months
Gillian Tomlinson	25 March 2025	25 March 2025	22 May 2025	24 months
Tony Quinlan	2 December 2019	2 December 2025	22 May 2025	32 months
Pete Raby	2 December 2019	2 December 2025	22 May 2025	32 months

1. Reflects the date that Alan Giddins reverted to the role of Non-executive Chair

The policy on Executive Director service contracts and payment for loss of office is summarised below. For the avoidance of doubt, the leaver provisions summarised below in relation to the LTIP apply to LTIP awards in respect of 2023 and later years, with earlier awards being subject to the policy applying at the date of the award.

<b>Notice period for termination by the company</b>	Each current Executive Director is entitled to 12 months' notice. The Remuneration Committee may set a notice period of between six months and 12 months for any future Executive Director.
<b>Notice period for termination by the employee</b>	Each current Executive Director is required to give 12 months' notice of termination. The Remuneration Committee may set a notice period of between six months and 12 months for any future Executive Director.
<b>Payment in lieu of notice</b>	Base salary, pension contributions and benefits for the duration of the notice period or a payment in lieu of notice may be made at the discretion of the Company.
<b>Other incentives</b>	<p>The Remuneration Committee also has discretion to incorporate payments under the performance-linked elements of the package under 'good leaver' scenarios.</p> <ul style="list-style-type: none"> <li>If the Executive Director leaves during the annual bonus performance year, a bonus payment may be made at the Remuneration Committee's discretion. Typically for 'good leavers', bonus amounts (as determined by the Remuneration Committee) will be pro-rated for time in service during the bonus year and will be, subject to performance, paid at the usual time, although the Remuneration Committee retains discretion not to apply time pro-rating and to accelerate the payment of bonuses in appropriate circumstances. Where bonus deferral would otherwise apply, the Remuneration Committee retains discretion to pay the whole of the bonus for the year of cessation in cash.</li> <li>Under the Company's LTIP: <ul style="list-style-type: none"> <li>If a participant leaves as a "good leaver" before an award has vested, that award will ordinarily continue until the ordinary vesting date, when the extent of vesting will be determined by reference to the extent to which the performance conditions have been satisfied, although the Remuneration Committee retains discretion to vest the award sooner (and assess performance conditions accordingly). The extent to which the award vests will ordinarily be reduced to reflect the proportion of the performance period for which the Executive Director was employed, but the Remuneration Committee has discretion not to apply this proportionate reduction. The award will ordinarily be released to the participant at the end of the originally anticipated holding period, although the Remuneration Committee retains discretion to release the award sooner, but would do so only in exceptional circumstances (including cessation due to death or ill-health).</li> <li>If a participant leaves for any reason (other than summary dismissal, in which case the award will lapse) after an award has vested but before it has been released (i.e. if the participant leaves during that holding period), the award will ordinarily be released to them on the ordinary release date, although the Remuneration Committee retains discretion to release the award sooner.</li> </ul> </li> <li>Where a deferred bonus award is granted the award will ordinarily continue and be released at the ordinary release date, although the Remuneration Committee retains discretion to release the award at the date of cessation, shorten the deferral period (e.g. on death) or lapse the award (e.g. in the event of gross misconduct).</li> <li>For the purposes of the LTIP and any deferred bonus award, 'good leaver' means cessation due to death, injury, ill-health, redundancy, or any other circumstance that the remuneration committee deems appropriate.</li> <li>Were an award to be made in accordance with Listing Rule 9.3.2(2), then the leaver provisions would be determined at the time of the grant.</li> </ul>
<b>Other payments</b>	In appropriate circumstances, other payments may be made in the event of a termination of an Executive Director's employment in respect of, for example, accrued holiday and legal and outplacement fees. SAYE options may be exercised on termination of employment to the extent permitted by the rules of the scheme, which do not provide discretion for the Remuneration Committee in respect of the treatment on termination. Awards under any other all employee share plan would be treated in accordance with the rules of that plan.

Appointments for Non-executive Directors are governed by letters of engagement. Under the terms of their engagement, the notice period to be given by the Non-executive Directors to the Company is three months and the Company is obliged to give the same length of notice. Discretion is retained to terminate with or without due notice or paying any payment in lieu of notice dependent on what is considered to be in the best interests of the Company in the particular circumstances.

Where the Remuneration Committee retains discretion, as outlined above, it will be used to provide flexibility in certain situations, taking into account the particular circumstance of the Director's departure and recent performance of the company.

## Directors' Remuneration Policy *continued*

### Statement of considerations elsewhere in the Company

When setting the policy for Directors' remuneration, the Remuneration Committee has regard to the pay and employment conditions elsewhere within the Group, although employees are not formally consulted on Directors' remuneration policy.

This includes consideration of:

- salary increases for the general employee population;
- overall spend on annual bonus;
- participation levels in the annual bonus, long term incentive and share option plans;
- Company-wide benefits (including pension) offerings; and
- any other relevant factors as determined by the Remuneration Committee.

The Remuneration Committee takes into account ad-hoc information as provided to it from time to time as required by the UK Corporate Governance Code.

### Discretion and existing contractual arrangements

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (and to exercise any discretion in respect of any such payment) notwithstanding that they are not in line with the policy, set out above, where the terms of the payment were agreed:

- i. before the policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or
- ii. at a time when the relevant individual was not a Director of the Company (or other person to whom the policy set out above applies) and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company (or other such person).

For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

### Statement of consideration of shareholder views

The Company is committed to ongoing dialogue and seeks shareholder views ahead of making significant changes to its remuneration policies. The Remuneration Committee consulted with major shareholders in connection with the determination of this policy and took into account feedback received when finalising its approach.

# Directors' Annual Remuneration Report

During the year to 31 December 2025, the Remuneration Committee consisted of Tony Quinlan (Chair), Farrokh Batliwala, Carol Chesney, Pete Raby, Leigh-Ann Russell (until 12 March 2025), Gillian Tomlinson (from 25 March 2025) and Alan Giddins.

During the year, the Committee considered the following:

## January to March

- Consideration of the leaver terms of our departing CFO
- Determination of variable pay outturns for the 2024 bonus and 2022 LTIP
- Confirmation of the Executive Directors' annual bonus targets and objectives for 2025
- Approval of LTIP 2025 award
- Approved the Directors' Remuneration Report

## April to August

- Consideration of the remuneration terms of our new CFO
- Consideration of the 2026 Directors' Remuneration Policy
- Engaged with investors on the 2025 implementation of the Remuneration Policy
- Approval of SAYE 2025 award
- Consideration of market update as provided by the Committee's advisor

## September to December

- Consideration of remuneration for the role of Board Chair
- Ongoing work on the 2026 Directors' Remuneration Policy
- 2026 salary review for Executive Directors and members of the Group's Executive Committee, having considered the range of increases applied to the wider workforce
- Executive Directors' bonus plan for 2026
- Consideration of market update as provided by the Committee's advisor
- Consideration of metrics to be used in Executive Directors' short and long term incentive plans
- Consideration of the Group's Gender Pay Gap

## Reward linked to performance

Underlying Operating Profit<sup>1</sup>

**£153.6m Actual**

£149.8m Target

1. at budgeted exchange rates

Underlying Cash Conversion<sup>1</sup>

**90% Actual**

83.2% Target

1. at budgeted exchange rates

## Total annual bonus plan – outcome, including achievement of personal objectives

Rutger Helbing:

**80%**

of maximum opportunity

Chris McLeish:

**82%**

of maximum opportunity

## Directors' Annual Remuneration Report *continued*

### Implementation of the Remuneration Policy during 2025

#### Single remuneration figure

	Year	Base salary/ fees <sup>1</sup>	Taxable benefits <sup>2</sup>	Pension <sup>3</sup>	Total fixed pay	Annual bonus <sup>4</sup>	LTIP <sup>5</sup>	Other <sup>9</sup>	Total variable pay	Total 'Single Figure'
Rutger Helbing <sup>6</sup>	2025	683,400	38,702	44,421	766,523	823,053	–	–	823,053	1,589,576
	2024	188,115	11,755	12,228	212,098	235,898	–	–	235,898	447,996
Chris McLeish <sup>7</sup>	2025	100,962	6,161	6,563	113,686	101,091	–	217,820	318,911	432,597
	2024	–	–	–	–	–	–	–	–	–
<b>Former Directors</b>										
Alan Giddins <sup>6</sup>	2025	–	–	–	–	–	–	–	–	–
	2024	512,500	–	–	512,500	–	–	–	–	512,500
Hannah Nichols <sup>7</sup>	2025	116,827	3,829	7,594	128,250	–	–	–	–	128,250
	2024	405,000	13,045	26,325	444,370	413,682	633,410 <sup>8</sup>	–	1,047,092	1,491,462
Hooman Caman Javvi	2025	–	–	–	–	–	–	–	–	–
	2024	374,578	12,726	24,871	412,175	219,426	321,422 <sup>8</sup>	–	540,848	953,023
<b>Totals</b>	2025	901,189	48,692	58,578	1,008,459	924,144	–	217,820	1,141,964	2,150,423
	2024	1,480,193	37,526	63,424	1,581,143	869,006	954,832	–	1,823,838	3,404,981

- The amount of base salary received in the year.
- The taxable value of benefits received in the year: Membership of the Company's healthcare scheme, income protection scheme, personal accident insurance, car (or cash allowance), ill health and life assurance. A total of £22,558.78 and £2,795.70 was paid to Rutger Helbing and Chris McLeish respectively in lieu of subsistence, which is subject to PAYE and NIC deductions.
- Pension was provided as a cash allowance paid in lieu of pension at 6.5% base salary.
- Annual bonus is the value of the bonus earned in respect of the financial period under review, including the amount deferred into shares. A description of how the bonus pay out was determined can be found below.
- Represents the value of shares vested under the rules of the Hill & Smith LTIP, in respect of the performance period ended 31 December 2025. A description of the basis on which awards vested and the value can be found on page 121.
- The amounts paid to Rutger Helbing and Alan Giddins represent the value paid in relation to time served as an Executive Director (or in Alan Giddins' case, Executive Chair) during the year.
- Chris McLeish joined the Board on 13 October 2025 and Hannah Nichols resigned from the Board on 14 April 2025.
- These LTIP awards have been recalculated based on the share price on the date of vesting (12 March 2025) of £18.72.
- Chris McLeish received compensation and buyout awards to reflect awards that were forfeited as a result of him taking up his appointment with the Group. The buyout awards set out in the table above include replacement share awards for his unvested Ibstock Deferred Bonus Awards, being, 2023 deferred bonus buyout of 5,088 shares, 2024 deferred bonus buyout of 1,782 shares and 2025 deferred bonus buyout of 3,552 shares all valued at £20.90 being the average mid-market close price for the day immediately preceding the date of grant (£106,339, £37,244 and £74,237 respectively). Each buyout award was calculated using the relative value of Ibstock plc shares to those of the company's shares valued over a 30 day period prior to the date of grant. The value of the LTIP Buyout awards for Chris McLeish will be included in the single figure table for the year in which they vest. Details of shares awarded are set out on page 123.

#### 2025 Annual Bonus

Rutger Helbing and Chris McLeish were eligible to earn bonuses for 2025 of up to 150% and 125% of salary respectively. The bonus to be paid to Chris McLeish will be pro-rated based on time in office.

In line with the Policy, 50% of any bonus is paid in cash and the remaining 50% is deferred into shares for two years, with no performance conditions, and subject, ordinarily, to continued employment.

The extent to which bonuses were earned is summarised below:

Measure	Weighting	Target – 50% of maximum	Maximum – 100% of maximum	Actual performance	Actual bonus earned (% of maximum)
Underlying operating profit <sup>1</sup>	60%	£149.8m	£157.3m	£153.6m	75.5%
Underlying cash conversion	20%	83.2%	90%	90%	100%
Personal objectives	20%	The bonus earned by reference to the satisfaction of personal objectives was determined by the Committee based on its assessment of the extent to which the objectives were achieved, as described below			

- For the purposes of calculating the annual bonus, underlying operating profit and underlying cash conversion are calculated at budgeted rates of exchange.

The personal objectives set for each Executive Director are summarised below, along with the key achievements (adjusted as necessary as a result of commercial sensitivities).

Executive Director	Objectives	Key achievements
Rutger Helbing	<ul style="list-style-type: none"> <li>Present an updated Group strategic and financial framework and set out a clear vision and agreed definition of strategic focus in adjacent markets.</li> <li>Continue the Group's M&amp;A strategy (including divestments) and develop the pipeline for acquisitions.</li> <li>Review senior succession planning, including leading the recruitment of a high quality CFO.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic and financial frameworks fully defined and incorporated in the strategic planning process and review of multiple adjacent markets.</li> <li>The exit of Parking Facilities and Australia was completed and the pipeline for acquisitions refreshed with updated plan.</li> <li>Succession planning for the Executive Committee and Managing Director roles undertaken.</li> <li>Successful recruitment of CFO.</li> </ul>
Chris McLeish	<ul style="list-style-type: none"> <li>Build relationships across both the Group companies and finance functions in support of improved budgeting process</li> <li>Complete budget process and deliver to the Board</li> </ul>	<ul style="list-style-type: none"> <li>Strong early engagement with Group companies and finance team.</li> <li>Budget delivered ahead of Board schedule with clarity and groupwide buy-in to the process</li> </ul>
Achievement (personal objectives)		
Rutger Helbing	75% of maximum	
Chris McLeish	82% of maximum	

The Committee considered the formulaic outturn of the annual bonus for 2025 to be appropriate and reflected the financial and non-financial performance of the business during the year (with the extent of achievement against the financial and non-financial targets being broadly consistent); therefore, no discretion was applied. In confirming the bonus outcomes, the Committee noted the positive shareholder return generated during 2025 and the 7% growth in underlying profit before tax.

The cash bonus and deferred bonus earned in respect of 2025 are as follows.

Executive Director	Total bonus earned	Bonus paid in cash	Bonus paid as an award of deferred shares
Rutger Helbing	£823,053	£411,526	£411,527
Chris McLeish <sup>1</sup>	£101,091	£50,545	£50,546

1. The bonus paid to Chris McLeish has been pro-rated for time served on the Board during the year

### LTIP awards vesting in respect of 2025

Rutger Helbing and Chris McLeish were not in post when the 2023 awards were granted and so were not eligible for vesting. The award granted to Hannah Nichols in 2023 over 36,067 shares lapsed on her cessation of employment.

With regard to performance against the conditions set at grant, this is set out below. The awards were subject to performance conditions based on UEPS growth over the three-year performance period ended 31 December 2025 (as regards 50% of the award) and TSR relative to the FTSE 250, excluding investment trusts and financial services companies (as regards 50% of the award).

On 6 March 2026, the Remuneration Committee approved the extent to which the awards vested for participants other than Executive Directors as set out below:

Performance targets		Vesting	Actual performance	Actual vesting
UEPS annual compound growth rate over three years	Threshold 4%	20%	12.9%	100%
	Maximum 12%	100%		
TSR	Median	20%	TSR ranked 11 out of 106	100%
	Upper quartile	100%		

Considering the financial performance of the Group and taking into account the disposals and acquisitions made in the three-year performance period, the Committee was comfortable that the targets were no more or less challenging than when they were originally set.

## Directors' Annual Remuneration Report *continued*

### Executive Director shareholding guidelines

The Company's guidelines are that Executive Directors must hold 200% of their base salary in shares.

In order to meet this requirement, Directors are required to build up such by retaining at least half of any shares earned through incentive arrangements until that shareholding requirement is met. Shares awarded as part of the deferred bonus arrangements also count towards this requirement.

	Rutger Helbing	Chris McLeish <sup>3</sup>	Hannah Nichols <sup>1</sup>
Shareholding requirement	200%	200%	200%
Shareholding on 31 December 2025	10,000	–	3,106
Vested LTIP awards and all deferred share awards on 31 December 2025 (net of tax and NIC)	3,580	5,523	73,433
Total shares	13,580	5,523	76,539
Share value <sup>2</sup>	£290,612	£118,192	£1,637,935
Current % of salary (based on salary on 31 December 2025) <sup>1</sup>	42%	26%	404%
Shareholding requirement met	No	No	Yes

1. Data shown at the date Hannah Nichols stood down from the Board on 14 April 2025.

2. Share value based on mid-market close price on 31 December 2025 of £21.40.

3. Chris McLeish joined on 13 October 2025.

Executive Directors are required to retain at least 50% of any shares earned under the LTIP and the deferred bonus scheme until the shareholding guideline is achieved. There was no change in these beneficial interests between 31 December 2025 and the date of publication of this report.

### Share awards granted during the year

#### LTIP awards

During the year to 31 December 2025, the Committee approved awards, under the rules of the LTIP, to the Executive Directors as follows:

	Date of award	Type of award	Number of shares	Maximum face value of award	Performance period <sup>3</sup>
Rutger Helbing	1 April 2025	Nil cost option	68,496	£1,195,940 <sup>1</sup>	31 December 2027
Chris McLeish	13 October 2025	Nil cost option	12,918	£269,986 <sup>2</sup>	31 December 2027

1. Calculated by reference to the share price of £17.46 being the average mid-market close price for the day immediately preceding the date of grant.

2. Calculated by reference to the share price of £20.90 being the average mid-market close price for the day immediately preceding the date of grant.

3. After the end of the performance period, the LTIP awards will be subject to an additional two-year holding period before they are released.

The performance conditions for these awards are as follows:

Vesting amount	UEPS compound annual growth rate over three years (50% of the award)	TSR (40% of the award) <sup>2</sup>	GHG reduction target (10% of the award) <sup>3</sup>
0% vesting	Less than 4%	Below median	Less than 17%
20% vesting <sup>1</sup>	4%	Median	17%
Maximum vesting <sup>1</sup>	14%	Upper quartile	26%

1. Straight line vesting will apply between these two points.

2. Relative to the FTSE 250 (excluding investment trusts and financial services companies).

3. GHG vesting schedule has an intermediate vesting step with 50% vesting at a 21% reduction with straight line vesting between threshold (20% vesting at a reduction of 17%), target (50% vesting at a 21% reduction) and maximum (100% vesting at a 26% reduction). Other targets vest on a straight line basis from the threshold performance level to maximum

### Chris McLeish Buyout awards

In addition to the above, to facilitate the recruitment of Chris McLeish, the following awards were granted to compensate for the awards forfeited in his previous employer, Ibstock PLC. The awards mirror the form and structure, along with the vesting periods, of what was given up. All awards that were subject to performance conditions and holding periods remain subject to the performance conditions and two year holding periods as detailed below.

	Date of award	Type of award	Number of shares	Maximum face value of award <sup>1</sup>	Exercisable from
2023 LTIP Buyout	13 October 2025	Nil cost option	19,789	£413,590	3 April 2028
2024 LTIP Buyout	13 October 2025	Nil cost option	24,082	£503,314	3 April 2029
2023 Deferred Bonus Buyout	13 October 2025	Nil cost option	5,088	£106,339	16 March 2026
2024 Deferred Bonus Buyout	13 October 2025	Nil cost option	1,782	£37,244	22 March 2027
2025 Deferred Bonus Buyout	13 October 2025	Nil cost option	3,552	£74,237	20 March 2028

1. Calculated by reference to the share price of £20.90 being the average mid-market close price for the day immediately preceding the date of grant.

With regard to the 2023 LTIP Buy-Out, this will vest to the extent that the 2023 Ibstock LTIP Award vests. This will depend on the extent to which the performance conditions are met and include Ibstock's relative TSR performance against a comparator group for 30% of the award, Ibstock's adjusted annual EPS for 25% of the award, Ibstock's average annual ROCE for 25% of the award and ESG metrics for the remaining 20% of the award. Details are set out in Ibstock's 2023 Annual Report.

With regard to the 2024 LTIP Buy-Out, this will vest to the extent that the 2024 Ibstock LTIP award vests. This will depend on the extent to which the performance conditions are met and include Ibstock's relative TSR performance against a comparator group for 20% of the award, Ibstock's adjusted EPS for 30% of the award, Ibstock's average annual ROCE for 30% of the award and ESG metrics for the remaining 20% of the award. Details are set out in Ibstock's 2024 Annual Report.

The above awards are subject to Hill & Smith's standard malus and clawback provisions and the replacement LTIP awards and deferred share bonus plan awards are subject to the standard leaver provisions in each of Hill & Smith's equivalent plans. These are as detailed on page 113. Vested shares (net of tax) are also expected to be retained towards the Company's share ownership guidelines.

### Deferred Share awards

Additionally, as previously announced, Rutger Helbing and Hannah Nichols received a Deferred Bonus share award in 2025 as shown in the following table:

Director	Date of Grant	Number of shares	Face value	Vesting date
Rutger Helbing	1 April 2025	6,755	£117,949	1 April 2027
Hannah Nichols	1 April 2025	11,846	£206,841	1 April 2027

### SAYE

The interests of Executive Directors who served in 2025 in options for ordinary shares in the Company, granted under the Company's SAYE schemes, are included in the following table:

Director	Year	Grant price	Awards held at 31 December 2023	Granted during the year	Exercised during the year	Lapsed during the year	Awards held at 31 December 2025 <sup>1</sup>	Period that option is exercisable	
								From	To
Hannah Nichols	2022	£7.94	3,778	—	—	—	3,778	1 Jan 2026	1 July 2026
Rutger Helbing	2025	£16.52	—	1,861	—	—	1,861	1 Jan 2031	1 July 2031

1. Or at the date of leaving the Board.

Chris McLeish does not currently participate in the SAYE.

## Directors' Annual Remuneration Report *continued*

### Statement of Executive Directors' shareholding and interest in shares

	Type	Owned outright	Vested but not exercised <sup>1,5</sup>	Unvested		Total at 31 December 2025
				Subject to performance conditions	Not subject to performance conditions	
Rutger Helbing	Shares	10,000	–	–	–	10,000
	LTIP <sup>1</sup>	–	–	93,048	–	93,048
	Deferred Share Plan	–	–	–	6,755	6,755
	Market value options <sup>2</sup>	–	–	–	–	–
	SAYE options <sup>3</sup>	–	–	–	1,861	1,861
Chris McLeish	Shares	–	–	–	–	–
	LTIP	–	–	12,918	–	12,918
	Buyout award	–	–	43,871	10,422	54,293
	Market value options	–	–	–	–	–
	SAYE options	–	–	–	–	–
Hannah Nichols <sup>4</sup>	Shares	3,106	–	–	–	3,106
	LTIP <sup>1</sup>	–	82,740	68,312	–	151,052
	Deferred Share Plan <sup>1</sup>	–	32,101	–	23,711	55,812
	Market value options <sup>2</sup>	–	1,078	–	–	1,078
	SAYE options <sup>3</sup>	–	–	–	3,778	3,778

1. Including those vested but still in holding period.

2. The market value options granted under the tax-advantaged part of the ESOS as part of the LTIP award granted in 2020 to Hannah Nichols are subject to the same performance conditions as those LTIP awards.

3. A breakdown of SAYE awards is shown on page 123.

4. All amounts shown for Hannah Nichols are at the date she stepped down from the Board (14 April 2025). All in flight LTIP awards lapsed on cessation (LTIP awards over 68,312 shares).

5. No options have been exercised during the year under review, or up to the date Hannah Nichols stepped down from the Board.

### Loss of office payments and payments to former Directors

#### Hannah Nichols

As announced on 7 January 2025 Hannah Nichols resigned and stepped down from the Board on 14 April 2025. The following payments, as disclosed in last year's Directors' Remuneration Report, were made after due consideration was given to her contractual rights, the relevant plan rules and associated discretions within those plan rules and the Directors' Remuneration Policy:

#### Salary and benefits

Hannah Nichols received her normal remuneration in accordance with her service agreement up to and including 14 April 2025, when she ceased to be employed by the Group. No further payments relating to salary or benefits will be made to Ms Nichols following her departure from the Group with the Committee determining, with the agreement of Ms Nichols, that there would be no payment in lieu of notice for the balance of her unexpired notice period.

#### Deferred Annual Bonus Plan Awards

Consistent with the provisions included in the Deferred Bonus Plan, and as a result of the Deferred Bonus Plan awards having been earned in connection with performance in prior years, the Committee determined that Hannah Nichols' unvested DBP awards granted on 1 April 2025 and 19 March 2024 over 11,846 and 11,865 shares respectively, will vest in full on the normal

vesting dates, subject to the rules of the DBP. Any dividend equivalents accrued in respect of these awards will be paid in the form of additional shares and capable of exercise thereafter. Any shares acquired in connection with these awards will remain subject to the rules of the Deferred Bonus Plan, including provisions relating to malus and clawback.

#### Long Term Incentive Plan Awards

The inflight awards under the Hill & Smith Long Term Incentive Plan (the 'LTIP') granted to Hannah Nichols on 19 March 2024 and 16 March 2023 in the form of nil-cost options over 32,245 and 36,067 shares respectively lapsed on cessation of employment.

Vested shares previously granted under the LTIP will be retained and remain subject to relevant holding periods. These shares are also subject to the terms of the clawback provisions as set out in the LTIP rules and Directors' Remuneration Policy.

There were no other loss of office payments made to past Directors during the year ended 31 December 2025.

#### External directorships

Details of external appointments held by Executive Directors and the fees retained during FY25 are outlined below:

Hannah Nichols was paid a fee of £19,987 in respect of her Non-executive Directorship at Oxford Instruments plc for the period to 14 April 2025 when she stepped down from the Board.

## Non-executive Directors

### Non-executive Director single figure comparison

Director	Role	Board fees	Other fees	Taxable benefits	Annual bonus	LTIP	Pension	Total 'Single Figure' 2025 <sup>1</sup>	Total 'Single Figure' 2024 <sup>1</sup>
Alan Giddins <sup>2</sup>	Chair	320,000	—	—	—	—	—	<b>320,000</b>	53,333
Tony Quinlan	Senior Independent Director	82,000	—	—	—	—	—	<b>82,000</b>	85,192
Farrokh Batliwala <sup>3</sup>	Non-executive Director	60,502	—	—	—	—	—	<b>60,502</b>	58,384
Carol Chesney	Non-executive Director	71,000	—	—	—	—	—	<b>71,000</b>	63,833
Pete Raby	Non-executive Director	60,000	—	—	—	—	—	<b>60,000</b>	58,000
Gillian Tomlinson <sup>4</sup>	Non-executive Director	46,154	—	—	—	—	—	<b>46,154</b>	—
Former Directors									
Leigh-Ann Russell <sup>5</sup>	Non-executive Director	15,000	—	—	—	—	—	<b>15,000</b>	58,000
Mark Reckitt	Non-executive Director	—	—	—	—	—	—	—	28,333
<b>TOTAL</b>		<b>654,656</b>	—	—	—	—	—	<b>654,656</b>	405,075

1. The Non-executive Directors do not participate in any variable arrangements. Separate sections for fixed and variable pay are not included.

2. Fees for Alan Giddins reflect those paid to him as Non-executive Chair.

3. Farrokh Batliwala's fee is set in GBP which is then converted to USD for payment. The total disclosed reflects the equivalent amount converted back to GBP.

4. Gillian Tomlinson was appointed to the Board on 25 March 2025.

5. Leigh-Ann Russell stepped down from the Board on 12 March 2025.

The Non-executive Directors do not have service contracts, only letters of appointment, and fees for Non-executive Directors are determined by the Executive Directors in light of market best practice and with reference to the time commitment and responsibilities associated with the role. The Non-executive Directors do not participate in any decision in relation to the determination of their fees and are not eligible for performance-related bonuses or the grant of awards under any Group incentive scheme. No pension contributions are made on their behalf.

### Non-executive Director shareholding

	2025	2024
Alan Giddins	<b>97,350</b>	93,125
Farrokh Batliwala	<b>4,000</b>	2,000
Carol Chesney	<b>1,054</b>	—
Tony Quinlan	<b>3,111</b>	3,111
Pete Raby	<b>5,020</b>	5,020
Leigh-Ann Russell <sup>1</sup>	<b>2,000</b>	2,000
Gillian Tomlinson	—	—

1. Leigh-Ann Russell stepped down from the Board on 12 March 2025 and the shareholding shown above is at that date.

There was no change in these beneficial interests between 31 December 2025 and 10 March 2026. The Non-executive Directors do not hold any share awards or share options.

Non-executive Directors do not have a shareholding guideline, but they are encouraged to buy shares in the Company.

## Directors' Annual Remuneration Report *continued*

### The following parts of the Remuneration Report are not subject to Audit

#### Annual percentage change in the remuneration of Directors and employees

The table below shows the annual percentage change in each Director's salary/fees, benefits and bonus between the year ended 31 December 2024 and the year ended 31 December 2025, and the average percentage change in the same remuneration over the same period in respect of the employees of the Company on a full-time equivalent basis. Although the regulations require us only to show the average percentage change for the employees of the Company, we have provided additional disclosure showing the average change for the Group's wider workforce.

The average employee change has been calculated by reference to the mean of employee pay.

	Average employee	Wider workforce	Alan Giddins	Rutger Helbing	Chris McLeish	Farrokh Batliwala	Carol Chesney	Tony Quinlan	Pete Raby	Hannah Nichols	Leigh-Ann Russell	Gillian Tomlinson	
Salary/fees	2024 – 2025	3.7%	2.0%-8.0%	(43.4)% <sup>2</sup>	263.3% <sup>6</sup>	n/a	3.6%	11.2%	(3.7)%	3.4%	(68.3)% <sup>5</sup>	(74.1)% <sup>4</sup>	n/a
	2023 – 2024	4.9%	2.0%-10.0%	(3.2)% <sup>2</sup>	n/a	n/a	4.6%	n/a	21.5% <sup>3</sup>	4.6%	8.1%	4.6%	n/a
	2022 – 2023	5.4%	1.3%-10.0%	4.0%	n/a	n/a	3.0%	n/a	3.0%	3.0%	5.0%	3.0%	n/a
	2021 – 2022	4.1%	2.0%-9.0%	3.0%	n/a	n/a	n/a	n/a	3.0%	3.0%	3.0%	3.0%	n/a
	2020 – 2021	2.9%	2.9%	2.0%	n/a	n/a	n/a	n/a	2.0%	2.0%	2.0%	n/a	n/a
Taxable benefits	2024 – 2025	n/a	n/a	n/a	229% <sup>6</sup>	n/a	n/a	n/a	n/a	n/a	(71)% <sup>5</sup>	n/a	n/a
	2023 – 2024	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.7%	n/a	n/a
	2022 – 2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.4%	n/a	n/a
	2021 – 2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.3%	n/a	n/a
	2020 – 2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.0%	n/a	n/a
Annual bonus	2024 – 2025	n/a	14.3% <sup>1</sup>	n/a	249% <sup>6</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2023 – 2024	n/a	153.0% <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(7.5)% <sup>5</sup>	n/a	n/a
	2022 – 2023	n/a	20.3% <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30%	n/a	n/a
	2021 – 2022	n/a	44.5% <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(8)%	n/a	n/a
	2020 – 2021	n/a	340.3% <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	454.4%	n/a	n/a

1. The bonus figures were taken from those senior executives operating on similar incentivised arrangements to the CEO and capable of influencing the Group's performance.
2. Alan Giddins' salary/fees include fees paid both as Executive and Non-executive Chair in the appropriate years.
3. Tony Quinlan was paid a fee for being Chair of the Remuneration and Nomination Committees from 1 January 2024. His fee for chairing the Nomination Committee ended when Alan Giddins took the Chair back on 19 September 2024.
4. Leigh-Ann Russell stepped down from the Board on 12 March 2025.
5. Hannah Nichols stepped down from the Board on 14 April 2025.
6. Rutger Helbing joined the Board on 19 September 2024.

### Single Figure of the Chief Executive Officer compared to the wider workforce

This is our seventh year of reporting the CEO pay ratio and the table below sets out our CEO pay ratio figures.

As in previous years, the Company has opted to use option B of the Pay Ratio regulations. Gender Pay Gap information has recently been collated to meet our Gender Related Pay Gap ('GRPG') reporting requirements for 2024/25, to identify the three relevant employees. The rationale behind adopting this option is that data required to meet both BEIS and GRPG regulations has to be collected for our UK-based employees and this option allows both to be completed, efficiently and effectively in the time allowed to make any relevant public statements.

Year	Method	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
<b>2025</b>	<b>Option B</b>	<b>25:1</b>	<b>20:1</b>	<b>21:1</b>
2024	Option B	25:1	20:1	23:1
2023	Option B	17:1	18:1	15:1
2022	Option B	39:1	37:1	32:1
2021	Option B	68:1	63:1	41:1
2020	Option B	26:1	44:1	33:1
2019	Option B	43:1	39:1	38:1

Pay details for the individuals are set out below.

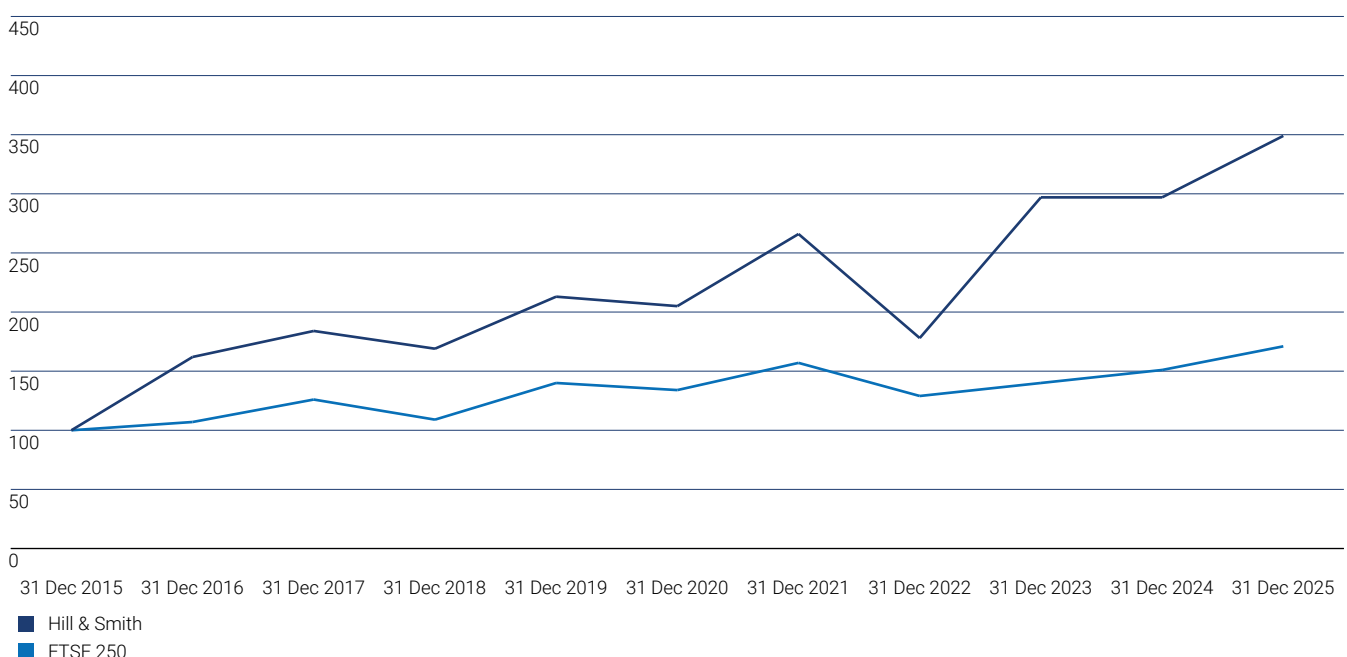
2025	CEO	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Salary	£683,400	£26,853	£34,581	£33,031
Total remuneration	£1,589,576	£27,704	£35,395	£33,835

The ratio has remained static at the 25<sup>th</sup> percentile and at median but reduced at the 75<sup>th</sup> percentile. The median pay ratio is less than the 75<sup>th</sup> pay ratio due to the individual at median working a larger number of hours. In this context, the Committee considers that the median ratio for 2025 is consistent with the pay, reward and progression policies for employees as a whole.

### Pay for performance

The graph below shows the Company's TSR performance over the 10 years to 31 December 2025 as compared to the FTSE 250. The Committee believes that this is the most appropriate broad index for comparison, because the Company is a member.

### Total shareholder return



## Directors' Annual Remuneration Report *continued*

The table below details the CEO/Executive Chair's single figure remuneration and actual variable pay outcomes over the same period.

	2016	2017	2018	2019	2020		2021		2022		2023		2024		2025
					Derek Muir	Paul Simmons	Paul Simmons	Paul Simmons	Alan Giddins	Alan Giddins	Alan Giddins	Rutger Helbing	Rutger Helbing	Rutger Helbing	Rutger Helbing
CEO/Executive Chair Single Figure (£000)	2,134	2,085	1,506	1,187	980	318	1,781	798	257	585	512	448	448	448	<b>1,590</b>
Annual bonus (% of max)	100	94	19	43	19	19	88	72	n/a	n/a	n/a	n/a	83	83	<b>80</b>
LTIP vesting (% of max)	100	100	100	31	36	n/a	100	Nil	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>

### Relative importance of spend on pay

	2025	2024	% Change
Dividends paid in respect of the financial year	<b>£42.4m</b>	£39.4m	7.6%
Share buyback <sup>1</sup>	<b>£20.2m</b>	N/A	N/A
Overall spend on pay <sup>2</sup>	<b>£234.3m</b>	£227.2m	3.1%

1. There were no shares repurchased in 2024.

2. This includes a -0.2% change in the average number of people employed by the Group. See note 6 to the accounts on page 170.

### Statement of shareholder voting

The following table shows the results of the vote on the Annual Remuneration Report at the 2025 AGM and the binding vote on the current Remuneration Policy at the 2023 AGM.

	For	Against	Withheld
Remuneration Policy (2023)			
% of votes cast	98.46%	1.54%	6,275 votes were withheld in relation to this resolution (<0.01%)
	61,858,119	967,984	
Remuneration Report (2025)			
% of votes cast	99.93%	0.07%	323,133 votes were withheld in relation to this resolution (<0.1%)
	62,555,563	41,954	

### Advisors

Korn Ferry were appointed as external advisor to the Remuneration Committee in 2022 following a competitive tender process.

Korn Ferry did not provide any services other than in relation to advising the Remuneration Committee during the year and the Committee is satisfied that no conflict of interest can arise as a result of these services. Korn Ferry has voluntarily signed up to the Remuneration Consultants Group Code of Conduct. In view of these factors, the Committee is satisfied that the advice it receives from Korn Ferry is objective and independent. For the year under review, Korn Ferry received fees of £101,682 in connection with its work for the Committee, which were charged on a time cost basis.

The Chief Executive Officer and Chief Financial Officer attend Remuneration Committee meetings by invitation to provide advice and respond to specific questions, but are not in attendance when their own remuneration is discussed. The Group Company Secretary acts as Secretary to the Remuneration Committee, but is similarly not in attendance when their own remuneration is discussed.

### How the Remuneration Policy will be implemented for 2026 (Subject to Audit)

#### Executive Directors

##### Salary

Base salaries as from 1 January 2026 are:

Rutger Helbing	<b>£703,500</b>
Chris McLeish	<b>£463,500</b>

As detailed in the Remuneration Committee Chair Review on pages 102 to 105, Rutger Helbing and Chris McLeish have both received a base salary increase of 3%. This compares to a range of salary increases provided to the wider workforce within our operating companies, of 2% to 8% for 2026.

##### Pension and benefits

The pension contribution for both Executive Directors is 6.5% of base salary.

## Annual bonus

The maximum opportunity for Rutger Helbing will be 150% of salary and Chris McLeish 125% of salary.

The bonus is structured so that 50% of the opportunity will be earned for achieving a stretching level of on-target performance and any bonus earned will be paid as to 50% in cash and 50% in deferred shares.

For the 2026 financial year the bonus metrics and weightings will be as follows, with revenue growth being introduced to better align with our current short-term priorities and our financial framework:

- Underlying operating profit (60%)
- Organic revenue growth (20%, this is a new measure for 2026)
- Cash conversion (10%, previously 20%)
- Non-financial aligned with strategy and individual role (10%, previously 20%)

The Committee does not consider it appropriate to prospectively disclose the targets under the annual bonus plan due to commercial sensitivity. However, detailed retrospective disclosure of the financial targets and the sustainability and individual strategic objectives, and performance against them, will be included in next year's Directors' Remuneration Report. As was the case in 2025, the range of financial targets approved for 2026 has been set in the context of current business planning and the current economic outlook. Overall, the targets are considered similarly challenging to those set in prior years in the current market context.

## LTIP

The 2026 LTIP award for Rutger Helbing will be 200% of salary and for Chris McLeish 175% of salary. The award will be subject to performance conditions based on relative TSR, UEPS growth and greenhouse gas reduction as set out below. As detailed in the Chair's introductory letter, the size of awards has been set to align with current market practice and the quantum has been considered as part of setting the target ranges for 2026.

UEPS compound annual growth rate over three years (50% of the award)	TSR <sup>1</sup> (40% of the award)	GHG reduction target <sup>2</sup> (10% of the award)	Vesting amount
Less than 4%	Below median	Less than 0%	0% vesting
4%	Median	0%	20% vesting
14%	Upper quartile	6%	100% vesting

1. Relative to the FTSE 250 (excluding investment trusts and financial services companies).

2. The GHG vesting schedule has an intermediate vesting step with 50% vesting at a 3% reduction with straight line vesting between threshold (20% vesting at a reduction of 0%), target (50% vesting at a 3% reduction) and maximum (100% vesting at a 6% reduction). Other targets vest on a straight line basis from the threshold performance level to maximum.

The range of UEPS targets was set having had regard to current business planning, driven by a combination of organic and inorganic growth, the current economic outlook, and market expectations for the future performance of the business. Overall, the targets are considered appropriately challenging in the current market context having taken into account the quantum of the awards. The greenhouse gas reduction targets were introduced for the first time for the 2025 LTIP award and have been set based on our 2032 and 2050 SBTi commitments.

The Committee will undertake a final review of the targets and broader terms of the awards prior to grant.

## Non-executive Directors

The fees of the Non-executive Directors are reviewed regularly to ensure they are in line with the market so the Company can attract and retain individuals of the highest calibre.

In December 2025, the Board approved a 12% increase to the base fee for the Non-executive Directors for 2026 following a market review of fees paid by similar companies and current and expected future time commitment of the roles. The fees for additional roles are also shown below:

	2026	2025
Chair	<b>£320,000</b>	£320,000
Non-executive Director	<b>£67,000</b>	£60,000
Senior Independent Director	<b>£13,500</b>	£11,000
Audit Committee Chair	<b>£13,500</b>	£11,000
Nomination Committee Chair	<b>£13,500</b>	£11,000
Remuneration Committee Chair	<b>£13,500</b>	£11,000

**Tony Quinlan**  
Chair

# Directors' Report (and other statutory disclosures)

The Directors present their report, together with the audited consolidated financial statements of the Group, for the year ended 31 December 2025.

This report contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. This Directors' Report, the Governance Report on pages 68 to 129 and the Strategic Report on pages 2 to 67 comprise the 'management report' for the purpose of the Financial Conduct Authority's Disclosure and Transparency Rule (DTR) 4.1.8R. Other information relevant to the Report is incorporated by reference, including information relevant pursuant to the UK Corporate Governance Code ('Code') and the UK Listing Rule 6.6.1R.

In accordance with Section 414C(11) of the Act, some matters have been included in our Strategic Report that would otherwise be required to be disclosed in this Directors' Report. Both the Strategic Report on pages 2 to 67 and the Governance Report on pages 68 to 129 are incorporated into the Directors' Report by reference.

Taken together, the Strategic and Governance Reports, along with this Directors' Report are intended to provide a fair, balanced and understandable assessment of the development and performance of the Group's business during the year and its position at the end of the year; our business model; strategy; likely future business developments; and any principal risks and uncertainties associated with our business.

The following specific information required in the Directors' Report is included either in the Directors' Report or in other sections of this Annual Report and is incorporated by reference as detailed below:

Information	Reported In	Pages
<b>Authority to purchase own shares</b>	Directors' report	132
<b>Board diversity targets</b>	Governance report	81
<b>Chief Executive Officer's review</b>	Strategic report	14 to 19
<b>Director's interests in the Company's shares</b>	Remuneration Committee report	124 to 125
<b>Emissions reporting</b>	Strategic report Our Sustainability section located on our corporate website	58 to 59
<b>Employee engagement</b>	Strategic report	30
<b>Employment of disabled persons</b>	Directors' report	133
<b>Engagement with suppliers, customers and others</b>	Strategic report	30 to 34
<b>Financial Instruments</b>	Consolidated financial statements – note 23	192 to 198
<b>Future business developments</b>	Strategic report	2 to 67
<b>Internal controls</b>	Audit Committee report	99
<b>Major shareholder's interests</b>	Directors' report	134
<b>Post balance sheet events</b>	Directors' report	131
<b>Results and dividends</b>	Directors' report	131
<b>Risk Management</b>	Strategic report	60 to 62
<b>Viability statement</b>	Governance report	84

## Principal activities

The principal activities of the Group are the manufacture and supply of Engineered Solutions and Galvanizing Services, mainly in the UK, USA and India. The principal activity of the Company is that of a holding company and its subsidiaries are listed on page 221. Further details of the Group's activities and future plans are set out in the Strategic Report on pages 2 to 67.

## Corporate governance statement

The corporate governance statement as required by the Financial Conduct Authority's Disclosure and Transparency Rules (DTR) 7.2.1 is set out on page 76 and is incorporated into this report by reference.

## Post balance sheet events

In March 2026 the Group reached agreement to acquire 80% of the equity of Freeberg Industrial Fabrication LLC for a headline cash consideration of \$36m on a debt free, cash free basis. Further consideration of up to \$50m is payable for the remaining 20% of equity, linked to the achievement of future profit targets. The acquisition is subject to US regulatory approvals, which the Group expects in the second quarter of 2026. Located in Escondido, California, Freeberg is a leading US designer and manufacturer of custom enclosures and other engineered solutions that serve data centre, power generation, and other infrastructure markets.

In March 2026 the Group also completed the acquisition of the trade and assets of Hentech Fabrication Limited for a headline consideration of €7.3m. Located in Wexford, Ireland, Hentech is a designer, manufacturer and installer of engineered steel solutions, focused on access flooring and other industrial fabrication.

## Financial results and ordinary dividends

The Group profit before taxation for the year amounted to £111.3m (2024: £104.5m). Group revenue at £868.8m, 2% up on 2024 (£855.1m). Operating profit at £120.1m, up 4% on 2024 (£115.4m).

The full results for the year and financial position at 31 December 2025 are shown in the Consolidated Income Statement on page 147 and Consolidated Statement of Financial Position on page 149 and the business segment information is given on pages 163 to 165.

The Directors recommend the payment of a final dividend of 35.0p per ordinary share (2024: 32.5p) which, together with the interim dividend of 18.0p per ordinary share (2024: 16.5p per ordinary share) paid on 7 January 2026, makes a total distribution for the year of 53.0p per ordinary share (2024: 49.0p per ordinary share). Subject to shareholders approving this recommendation at the AGM, the final dividend will be paid on 3 July 2026 to shareholders on the register at the close of business on 29 May 2026. The latest date for receipt of Dividend Re-investment Plan elections is 12 June 2026.

## Share capital summary

<b>Exchange trade</b>	The Company's ordinary shares are listed on the Main Market of the London Stock Exchange
<b>Class</b>	Single class of ordinary shares of 25p each
<b>Issued share capital 1 January 2025</b>	80,443,391
<b>Total new ordinary shares issued during the year</b>	235,272
<b>Number of shares purchased and cancelled during the year</b>	(940,913)
<b>Issued share capital 31 December 2025</b>	79,737,750
<b>Rights and obligations</b>	All issued shares rank equally. Rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association

Further details can be found in note 24 on pages 198 to 200 of the Group financial statements.

There are no restrictions on the transfer of shares in the Company provided they are fully paid up and the Company does not hold any lien over them, and, as the shares rank equally, none of them carry any special rights with regards to control of the Company. Such equal rights apply to shares acquired through any of the Company's employee share schemes and those shares so acquired carry no lesser or greater rights than shares acquired in the Company in any other way. Accordingly there are no restrictions on voting rights attaching to any shares, whether relating to the level of shareholding or otherwise.

The Company is not aware of any arrangements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights.

Resolutions are sought at each AGM to permit the Company to allot, subject to shareholder approval, new shares under specific circumstances. They are a function of addressing funding or share scheme needs and not a tool for employing anti-takeover measures.

## Directors' Report (and other statutory disclosures) *continued*

### Shareholder authority for purchase of own shares

Directors' powers to authorise the purchase by the Company of its own shares are subject to the Articles of Association, the provisions of the relevant statutes and also the UK Listing Authority requirements. No shares are held in treasury.

At the Company's AGM held on 22 May 2025, shareholders authorised the Company to buy back up to an aggregate of 4,023,960 ordinary shares of 25p each (representing approximately 5% of the Company's issued share capital). This authority will last until the 2026 AGM or if earlier, 22 August 2026. Under this authority there is a minimum and maximum price to be paid for such shares. Any shares that are bought back may be held as treasury shares or cancelled upon completion of the purchase, thereby reducing the Company's share capital. A further resolution requesting the authority to repurchase up to 10% issued share capital, will be put to shareholder vote.

On 13 August 2025 the Company announced its intention to return surplus capital of up to £100,000,000 to its shareholders through a share buyback programme. As part of this share buyback programme, as at 9 March 2026, the Company had purchased 1,481,212 ordinary shares of 25 pence each with a nominal value of £370,303, for a total consideration of £32,513,023 (including costs). All shares purchased have been cancelled.

### Directors

The Directors of the Company who served during the year, are set out on page 68. Details of their service contracts/letters of appointment can be found on page 116.

### Directors' interests

The interests of the Directors in the share capital of Hill & Smith PLC, as at 31 December 2025, are set out on page 124 and 125.

### Articles of Association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. The Company's Articles of Association were last amended at the general meeting held on 17 May 2018 with the updated articles being filed with the Registrar of Companies.

### Appointment and replacement of Directors

The appointment and replacement of Directors of the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Directors can be appointed by ordinary resolution at a general meeting or by the Board. If a Director is appointed by the Board, such Director will hold office until the next AGM and shall then be eligible for election at that meeting. All Directors are subject to annual election by shareholders at the AGM in line with the provisions of the UK Corporate Governance Code.

### Conflicts

Under the Companies Act 2006 and the provisions of the Company's Articles of Association, the Board is required to consider potential conflicts of interest. The Company has established formal procedures for the disclosure and review of any conflicts, or potential conflicts, of interest, which the Directors may have and for the authorisation of such conflict matters by the Board. More information can be found on page 80.

### Directors' and officers' liability

The Company maintains an appropriate level of Directors' and Officers' insurance whereby Directors are indemnified against liabilities to third parties to the extent permitted by the Companies Act 2006.

### Financial instruments

The financial risk management objectives and policies are detailed in note 23 on pages 192 to 193.

### Research and development

During the year, the Group spent a total of £2.1m (2024: £3.4m) on research and development.

### Political and charitable donations

The Company's policy is not to make any donations for political purposes in the UK or to donate to political parties or incur political expenditure outside the UK. Accordingly, neither the Company nor its subsidiaries made any political donations or incurred political expenditure in the financial period under review (2024: £nil).

The Company actively encourages each of its businesses to build strong relationships with the communities in which they operate and where they predominantly recruit from. As part of this focus the Company has in place a Charitable Donations Policy which supports locally focused charitable giving and community involvement by each of the Company's businesses, allowing local communities to benefit directly. An outline of the Company's approach to charitable donations is given as part of the Sustainability Report on page 32.

Charitable giving is undertaken through both monetary and product donations to good local causes. Monetary donations made during the year in support of charitable causes nationally, and those of interest to employees amounted to £135,619 (2024: £119,618).

### Employment policies

Details of the Group's employment policies are available on the Company's website.

## Modern Slavery Act

The Board fully supports the aims of the Modern Slavery Act and the Company has a zero tolerance approach to slavery and human trafficking.

Our suppliers are expected to engage and adhere to the Hill & Smith Code of Business Conduct and the Company will work with all suppliers to ensure compliance. If any supplier is found to be involved in any form of Modern Slavery or unethical behaviour, the Company will look to suspend or cease trading with that supplier. Full information can be found in the Company's Modern Slavery Statement which is published on the Company's website and which details the actions undertaken to prevent slavery and human trafficking in both its organisation and supply chain.

## Human rights

We support the United Nations' Universal Declaration of Human Rights and have policies and processes in place to ensure that we act in accordance with our cultural values which encompass areas such as equal opportunities, diversity, inclusion and respect, anti-corruption and bribery, whistleblowing and fraud. We do not believe this to be a material issue in our business.

## Code of Business Conduct

The Hill & Smith Code of Business Conduct sets out the standards we expect with respect to: health, safety and the environment; fair, honest and ethical business practices (including bribery and corruption); gifts and entertainment; competition laws; export controls and sanctions; and people (including equal opportunities, conflicts of interest, harassment, labour laws and anti-slavery). This Code of Business Conduct applies to everyone engaged by the Group including: Directors and officers; employees; contractors, consultants, representatives and agents; and commercial intermediaries.

## Employment of disabled persons

It is our policy that people with disabilities should have full and fair consideration for vacancies within the Group having regard for their aptitudes and abilities. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development.

## Equal opportunities

We are committed to the elimination of unlawful and unfair discrimination, and the fair and equal treatment of all. The heart of the Company's approach to its people is the provision of an environment where everyone can fulfil their potential and where colleagues from all backgrounds can feel confident in their ability to achieve their best. The Company has in place various policies to ensure this is reflected in the culture of the business (including an Equal Opportunities policy and a Dignity at Work policy). Contravention of these policies is treated as a disciplinary matter and may result in dismissal.

## Change of control/significant agreements

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a change of control.

The Group has a revolving credit facility and unsecured notes, which include change of control provisions. Under these provisions, a change in ownership/control of the Company could result in the withdrawal of these facilities.

All of the Company's share schemes contain provisions relating to a change in control. Outstanding options and awards normally vest and become exercisable on a change of control subject to the satisfaction of any performance conditions at that time.

The Directors consider that there are no contractual, or other, arrangements, such as those with major suppliers, which are likely to materially influence, directly or indirectly, the performance of the business and its values. Furthermore, there are no contracts of significance subsisting during the financial year between any Group undertaking and a controlling shareholder or in which a Director is or was materially interested.

## Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware: there is no relevant audit information of which the Company's auditor is unaware; each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and have established that the Company's auditor is aware of that information.

A statement by the Directors on their responsibilities in respect of the Annual Report and Accounts is given on page 135 and a statement by the Auditor on their responsibilities is given on page 145.

## Directors' Report (and other statutory disclosures) *continued*

### External auditor

Ernst & Young LLP have indicated their willingness to continue as Auditor and their reappointment has been approved by the Audit Committee. Resolutions to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the 2026 AGM.

### Annual General Meeting

The Annual General Meeting of the Company will be held at Cranmore Park Conference, Event & Exhibition Centre, Cranmore Avenue, Shirley, West Midlands, B90 4LF at 11.00am on Thursday, 21 May 2026. Notice is sent to shareholders separately with this Report, together with an explanation of the special business to be considered at the meeting, which is also available on the Company's website at [www.hsgroup.com](http://www.hsgroup.com).

Other important dates can be found in the Financial Calendar on page 223.

### Rights under employees' share schemes

As at 31 December 2025, VG, as trustee of the Hill & Smith Group Employee Benefit Trust ('Trust'), held 46,842 shares, approximately 0.06% of the issued share capital of the Company (excluding treasury shares) for the purpose of satisfying options and awards under the various employee share schemes operated by the Company. VG waives dividends due on all of their total holding. Details of employee share schemes are set out in note 24 to the financial statements. Details of long term incentive schemes for the Directors are shown in the Remuneration Report on pages 102 to 129.

### Employee Share Plans

The Company offers an HMRC approved all-employee sharesave plan available to all UK employees. For the first time the Company has offered a US employee Share Purchase Plan available to all its US employees.

273 of our people have an interest in long term share awards.

### Securities carrying special rights

There are no requirements for prior approval of any transfers and no person holds securities in the Company carrying special rights with regard to control of the Company.

### Major shareholders

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by major shareholders pursuant to the DTRs is published via the Regulatory Information Service and is available on our website at [www.hsgroup.com](http://www.hsgroup.com). As at 31 December 2025, the Company had been notified under Rule 5 of the DTRs of the following holding of voting rights in its share.

On 3 March 2026, the Company received notification from BlackRock that the number of ordinary shares they now hold is below 5% of the issued share capital at the time of notification.

Shareholder	Number of ordinary shares <sup>1</sup>	% of issued share capital <sup>2</sup>
BlackRock	4,199,517	5.00%
Aberdeen Group plc	Below 5%	Below 5%
Vanguard Group	3,778,735	4.71%
Norges Bank	2,445,397	3.067%

1. Based on the total shares held in the Company as at the notification date

2. The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made

By order of the Board

**Karen Atterbury**

Group Company Secretary

10 March 2026

# Statement of Directors' responsibilities

## Statement of Directors' Responsibilities in respect of the Annual Report, Strategic Report, Directors' Report and the financial statements

The Directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the Group and Parent Company financial statements 2025 in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare Parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

## Responsibility statement of the Directors in respect of the Annual Report and Accounts 2025

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy

By order of the Board

**Karen Atterbury**  
Group Company Secretary

10 March 2026

# Independent auditor's report to the members of Hill & Smith PLC

## Opinion

In our opinion:

- Hill & Smith PLC's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hill & Smith PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2025 which comprise:

Group	Parent Company
Consolidated Statement of Financial Position as at 31 December 2025	Company Balance sheet as at 31 December 2025
Consolidated Income Statement for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Related notes 1 to 16 to the financial statements including material accounting policy information
Consolidated Statement of Changes in Equity for the year then ended	
Consolidated Statement of Cash Flows for the year then ended	
Related notes 1 to 28 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process undertaken by management to perform the going concern assessment, including the evaluation of current global macro-economic factors on the Group and the Group's access to available sources of liquidity;
- Evaluating the appropriateness of the duration of the going concern assessment period to 30 June 2027 (the 'going concern period') and considering the existence of any significant events or conditions beyond this period, based on our inquiries of management, our review of the Group's four-year strategic plan and knowledge arising from other audit procedures;
- Obtaining management's assessment for the going concern period, including the cash flow forecasts and covenant calculations, and assessing whether the cash flows were both consistent with the board approved 2026 budget and forecasts through 30 June 2027, and with the assumptions used in the Group's impairment assessments;
- Testing the clerical accuracy of the models used to prepare the Group's going concern assessment through re-computation of the models;
- Obtaining the signed agreements for the Group's credit facilities and, through inspection, confirming the terms of these, including the level of facilities and basis of covenants were consistent with those considered in management's assessment;
- Assessing the reasonableness of the key assumptions underpinning the Group's forecasts in the context of other supporting evidence gained from our audit procedures on goodwill and other intangible assets impairment reviews. This included consideration of trends in Group performance and other external market studies and data, such as analyst and industry forecasts. In particular, we assessed the achievability of the revenue projections in management's base case to the Group's performance and external industry forecasts;
- Assessing the historical accuracy of management's forecasting for the past six years, by comparing the Group's actual results to board approved budgets and re-forecasts, to further challenge the prospective financial information included in the going concern assessment;

- Scrutinising the results of management's reverse stress test scenario and assessing whether the changes to key assumptions which resulted in the Group either exhausting all of its liquidity or breaching covenants on the Group's borrowing facilities were plausible. This was achieved by considering the drop in revenues required for the Group to either run out of liquidity or breach covenants and comparing this reduction to the fall in the Group's actual results achieved through the course of the COVID-19 pandemic (being when the Group had the lowest level of revenues and profits in the past six years). We also considered mitigating actions, assessing whether they were within management's control and whether they were supported by actual mitigations achieved historically;
- Performing sensitivity analysis to challenge management's assessment of the impact of climate change based on their latest costed plan; and
- Assessing the appropriateness of the Group's disclosures concerning the going concern basis of preparation by whether these met regulatory and legislative requirements.

Key observations:

- The going concern period is appropriate, having given due consideration to the covenant testing dates which are tested every six months;
- Management's forecasts appropriately include the repayment of a portion of the Senior Unsecured Notes totalling \$35m which is due to be repaid in June 2026; and
- Our consideration of other evidence, including analyst and industry forecasts, did not contradict the assumptions in management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period to 30 June 2027.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

# Independent auditor's report to the members of Hill & Smith PLC *continued*

## Overview of our audit approach

Audit scope	<ul style="list-style-type: none"><li>• We performed an audit of the complete financial information of 5 components and the Parent Company, and audit procedures on specific balances for a further 18 components.</li><li>• We performed central procedures over: goodwill and other intangible assets impairment, loans and borrowings and the associated financial expenses, retirement benefit obligations, equity, intercompany eliminations, dividend and distributable reserves, and consolidation journals.</li><li>• For certain accounts the audit procedures were completed by a combination of the primary audit team and by component auditors. These included: cash and cash equivalents, right-of-use assets and lease liabilities, current tax assets and liabilities, deferred taxes assets and liabilities, taxation in the income statement and statement of comprehensive income, and the classification of underlying/non-underlying items.</li></ul>
Key audit matters	<ul style="list-style-type: none"><li>• Revenue recognition – the risk of management override through inappropriate manual journals to revenue or inappropriate assumptions in calculating over-time revenue leading to acceleration of revenue recognition.</li><li>• Inappropriate assumptions used in the impairment models of cash generating units where an impairment is within a plausible scenario resulting in an incorrect carrying value of goodwill and other intangible assets.</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall Group materiality of £6.7m which represents 5% of adjusted Operating profit.</li><li>• Parent Company materiality is determined to be £5.3m, which is 1.5% of equity.</li></ul>

## An overview of the scope of the Group and Parent Company audits

### Tailoring the scope

We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that centralised audit procedures can be performed on all as detailed in the overview of our audit approach.

We then identified 21 components as individually relevant to the Group due to the events and conditions underlying the identified risks of material misstatement of the Group financial statements being associated with the reporting components or a pervasive risks of material misstatement of the Group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the Group financial statements being associated with the components. No components of the Group were identified as individually relevant due to materiality or financial size relative to the Group, that have not been already as identified as individually relevant from a risk perspective.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the Group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We selected 3 components of the Group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the 24 components selected, we designed and performed audit procedures on the entire financial information of 6 components ("full scope components"), which included the Parent Company. For 7 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 11 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the key audit matters section of our report.

### Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Primary audit engagement team, or by component auditors operating under our instruction. Of the 6 full scope components, audit procedures were performed on 2 of these directly by the primary audit team. Of the 18 components where we perform specific audit procedures, 12 of these were performed directly by the primary audit team.

For the remaining 10 components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits the overseas full scope component locations on a rotational basis. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in the United States of America. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, visiting subsidiary operational sites, attending closing meetings and reviewing key audit working papers.

In addition to these visits, the primary audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### Climate change

Stakeholders are increasingly interested in how climate change will impact Hill & Smith PLC. The Group has determined that the most significant future impacts from climate change on their operations will be from failing to adapt to and manage threats and opportunities from climate change and transitioning to a lower carbon economy (transition risk). These are explained on pages 49-55 in the required Task Force on Climate Related Financial Disclosures and on pages 63-66 in the principal risks and uncertainties. They have also explained their climate commitments on page 52. All of these disclosures form part of the "Other information," rather than the audited financial statements. Therefore, our procedures on these unaudited disclosures consisted solely of considering whether they are

materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we review management's assessment of the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 1 how they have reflected the impact of climate change in their financial statements. Additionally, in their Sustainability Plan management disclose how this aligns with their commitment to the aspirations of the Paris Agreement and long-term targets of a 90% reduction in scope 1 and 2 greenhouse gas emissions by 2040 from a 2020 base year which is maintained through 2050. These disclosures, alongside information in the strategic report, explain how emerging regulatory requirements have been considered within management's "costed plan". Management concluded that no issues were identified which would impact the carrying value of long and indefinite lived assets nor have any other material impact on the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 49-55 and whether these have been appropriately reflected in the judgements and estimates following the requirements of UK adopted international accounting standards. This included challenging management's assessment that the most relevant impact of climate risks related to assets with indefinite and long lives and whether the carrying value of these assets could be impacted by measures taken to address global warming. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matter: "Inappropriate assumptions used in the impairment models of cash generating units where an impairment is within a plausible scenario resulting in an incorrect carrying value of goodwill and other intangible assets". Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

## Independent auditor's report to the members of Hill & Smith PLC *continued*

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Revenue recognition – the risk of management override through inappropriate manual journals to revenue (£868.8m, 2024: £855.1m)	Procedures performed to address this fraud risk are performed by component teams at 5 full scope and 7 specific scope components where revenue is in scope. Revenue at these components represents 81% of the total consolidated revenue balance of £868.8m. Revenue procedures were additionally performed at 8 components designated as specified procedures representing a further 15%. We performed centralised procedures over the eliminations of intercompany revenues which comprised (4%) of total revenue.
Revenue is a key performance indicator for external stakeholders and a key driver in influencing earnings on which management incentives are based.	At each of these components we performed walkthroughs of the process by which revenue is recognised and recorded to understand the standard flow of transactions and the design and implementation of controls in place to address the risk of material misstatement to revenue.
We identified a risk of management override through inappropriate manual topside revenue journal entries being processed.	We obtained and reviewed breakdowns of all manual journals. For all individually material revenue journals outside of the standard flow of transactions and a sample of individually immaterial journals outside of our expectations where the cumulative impact of a trend exceeded our testing thresholds, we agreed the journal entries to underlying documentation to assess the appropriateness of the revenue being recognised.  For all relevant components we performed data analytics procedures over the correlation of sales to debtors and to cash receipts to test the existence and occurrence of revenue being recorded in the correct period.  For the remaining components, to address the residual risk of material misstatement, we performed analytical review procedures to identify anything unusual or outside our expectation.

#### Key observations communicated to the audit committee

Our procedures performed did not identify any unsupported manual adjustments to revenue or any unexplained anomalies from our revenue analytics.

Risk	Our response to the risk
<p>Revenue recognition – the risk of management override through inappropriate assumptions in calculating over-time revenue leading to acceleration of revenue recognition (£288.6m, 2024: £269.7m)</p> <p>There is a risk of inappropriate revenue recognition if revenue from the provision of services is recorded in the wrong period. Our key audit matter principally focuses on where there is estimation in the calculation of revenue recorded over time and completion of projects.</p> <p>Our risk in the current year has been revised to isolate the population of revenue to over-time revenue as that has a higher level of cut-off risk due to the level of judgement involved in the determination of whether revenue should be recorded.</p>	<p>Procedures covering revenue recognised over time are performed by component teams at 4 full scope, 3 specific scope and 2 specified procedures components, comprising 94% of the over-time revenue of £288.6m.</p> <p>We performed cut-off testing procedures at all components where revenue is in scope to confirm the transactions had been appropriately recorded in the income statement with reference to IFRS 15 and assesses whether control of the products had been transferred to the customer by:</p> <ul style="list-style-type: none"> <li>• analysing the contract and terms of the sale to determine that the Group had fulfilled the requirements of the contract and earned the right to revenue at the balance sheet date;</li> <li>• assessing whether revenue could be reliably measured by reference to underlying documentation; and</li> <li>• obtaining third party evidence such as delivery documentation and evidence of customer acceptance at the year end date to assess whether the revenue had been recorded in the correct period.</li> </ul> <p>We also performed the following additional procedures where applicable:</p> <ul style="list-style-type: none"> <li>• Provision of installation services – for a sample of items we obtained evidence from the customer to confirm the stage of completion of the installation at the year end to assess whether revenue was recognised in the correct period and reflective of the level of installation that has taken place in the year.</li> <li>• Non-standard products – we confirmed for a sample of transactions the Group's right to payment for these products by agreeing to the terms and conditions of the signed sales contract to assess whether the requirements of IFRS 15 had been met to recognise revenue in the current period. We also enquired of non-finance personnel and inspected inventory ledgers and bill of materials to confirm for a sample of products that they were non-standard/bespoke and hence can be recognised over time under IFRS 15.</li> <li>• We examined post year end credit notes to assess any evidence of inappropriate revenue recognition cut-off for the year ended 31 December 2025.</li> </ul>

#### Key observations communicated to the audit committee

Our audit procedures did not identify evidence of material misstatements related to revenue recognition and we found no evidence of management bias.

Risk	Our response to the risk
<p>Inappropriate assumptions used in the impairment models of cash generating units where an impairment is within a plausible scenario resulting in an incorrect carrying value of goodwill and other intangible assets</p> <p>In accordance with note 12 of the financial statements, Prolectric, National Signal and ATG cash generating units ('CGUs') have plausible scenarios where an impairment of the goodwill and intangibles assets could occur.</p>	<p>Procedures to respond to this risk were performed by the primary audit team.</p> <p>We performed walkthroughs of the process by which management undertake to assess impairment of goodwill and other intangible assets to understand the standard flow of transactions and the design and implementation of controls in place to address the risk of material misstatement.</p> <p>We performed the following procedures to gain assurance that the carrying values of the CGUs were fairly stated:</p> <ul style="list-style-type: none"> <li>• Examining management's methodology for determining the value in use of the CGUs;</li> <li>• Understanding the composition of management's future cash flow forecasts and the process undertaken to prepare them;</li> <li>• Checking for each CGU that the underlying cash flows were consistent with the Budget and strategic plan submitted to, and approved by, the Board; and</li> <li>• Re-performing the calculations in each CGU impairment model to test the mathematical integrity.</li> </ul>

## Independent auditor's report to the members of Hill & Smith PLC *continued*

<i>Risk continued</i>	<i>Our response to the risk continued</i>
<p>The carrying value of goodwill and intangibles associated with the Prolectric, National Signal and ATG CGUs was £9.5m, £13.7m and £9.8m, respectively, as at 31 December 2025. These CGUs operate in markets where there is limited third party market data and headroom in the models is sensitive to reasonably plausible changes in assumptions, which could result in a material impairment occurring. Our risk was specific to these CGUs.</p> <p>A significant risk arises due to the higher level of estimation uncertainty associated with the significant assumptions in determining the value in use of the CGUs.</p>	<p>We performed detailed testing to critically assess the key inputs of the forecast cash flows including:</p> <ul style="list-style-type: none"> <li>• With support from our valuation specialists, independently constructing our own expectation of the discount rates for a market participant;</li> <li>• Analysing the historical accuracy of budgets versus actual results to determine the reliability of cash flow forecasting based on past experience;</li> <li>• Assessing the achievability of the budget and strategic plan results by benchmarking the significant assumptions to comparable, independent, third-party benchmarks and considering factors including historical results, drivers of growth and the reasonableness of margins;</li> <li>• Challenging the budget and strategic plan support for the cashflow projections for each CGU by understanding key drivers such as level of recurring revenue and sources of forecast growth;</li> <li>• Analysing available information to identify any contrary evidence, including consideration of competitor performance and views provided in analyst reports; and</li> <li>• Assessing the impact of climate change on future forecasts, and how it has been included in each assessment. This included challenging the completeness of management's climate change "costed plan" which considers the financial impact of their climate related commitments.</li> </ul> <p>For all CGUs, we calculated the degree to which the discount rate and operating profit would need to fluctuate before an impairment was identified and considered the likelihood of this occurring.</p> <p>Specifically, we further focused on:</p> <ul style="list-style-type: none"> <li>• For Prolectric and ATG, we independently developed a range of alternative scenarios by considering plausible changes to significant assumptions included in the budget and strategic plans for each CGU. This included: revenue, gross margins and overheads. Additionally, we benchmarked the long-term growth rate to third-party benchmarks to conclude on the reasonableness of the rate applied.</li> <li>• We challenged the completeness of range of scenarios considered in the sensitivity analysis undertaken by management and assessed whether the disclosures in relation to the key assumptions around Prolectric and ATG were adequate given the sensitivity of the level of headroom to possible changes in these key assumptions.</li> <li>• For National Signal, we assessed whether the impairment charge was appropriately allocated to the remaining assets of the CGU in accordance with IAS 36, Impairment of Assets.</li> <li>• Our risk assessment also considered whether there was an incentive by management to overstate the impairment charge for National Signal, challenging whether there were indicators of an over conservative estimate through benchmarking growth rates to externally available industry reports, historical performance of the CGU and the trailer-mounted message boards previously manufactured by Hill &amp; Smith Inc.</li> </ul> <p>We assessed the disclosures in respect of goodwill and other intangible assets with reference to the requirements of IAS 36 and evaluated their consistency with the audited impairment models.</p>

### Key observations communicated to the audit committee

Our year end audit procedures did not identify evidence of material misstatement regarding the carrying value of goodwill or other intangible assets. We consider the impairment recognised in relation to the National Signal CGU to be materially stated and appropriately disclosed in non-underlying items.

Management has appropriately included sensitivity analysis disclosures in note 12 to the financial statements to reflect the level of estimation uncertainty for Prolectric and ATG.

In the prior year, our auditor's report included a key audit matter in relation to the valuation of inventory provisions (gross inventory balance £97.2m, 2024: £100.1m). Given the turnover of inventory, the consistent policy applied which has a low level of complexity and management judgement, and with no material errors in the prior year, we no longer consider this accounting estimate to be a key audit matter.

As there have been no acquisitions in the current year, the key audit matter on the valuation and completeness of goodwill and acquisition intangibles is not applicable.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £6.7m (2024: £6.6m), which is 5% (2024: 5%) of adjusted operating profit. We believe that adjusted operating profit provides us with the most relevant performance measure to the stakeholders of the Group as it excludes material non-recurring items.

We determined materiality for the Parent Company to be £5.3m (2024: £5.5m), which is 1.5% (2024: 1.5%) of equity.

During the course of our audit, we reassessed initial materiality and revisited our scoping assessments to ensure that sufficient appropriate evidence has been obtained to address the risk of material misstatement.

#### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £5.0m (2024: £4.9m). We have set performance materiality at this percentage due to our expectation of misstatements being low.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.1m to £3.0m (2024: £0.7m to £2.8m).



# Independent auditor's report to the members of Hill & Smith PLC *continued*

## Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the audit committee that we would report to them all uncorrected audit differences in excess of £0.3m (2024: £0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report set out on pages 1-135, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

## Matters on which we are required to report by exception

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

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

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

## Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 83;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 84;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 84;
- Directors' statement on fair, balanced and understandable set out on page 84;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 82;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 82; and
- The section describing the work of the audit committee set out on page 95.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 135, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant to the financial statements are those that relate to the reporting framework (UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the UK Corporate Governance Code). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the UK Listing Rules and those laws and regulations relating to data privacy, health & safety and employee matters.
- We understood how Hill & Smith PLC is complying with those frameworks by making enquiries of management at the Group and Component level, Internal Audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board minutes, papers provided to the audit committee and correspondence received from regulatory bodies. We also observed the oversight of those charged with governance, the culture of honest and ethical behaviour and whether a strong emphasis is placed on fraud prevention and deterrence, which may reduce opportunities for fraud to take place.

## Independent auditor's report to the members of Hill & Smith PLC *continued*

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals to revenue and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; scrutiny of management specialist reports; enquiries of internal and external legal counsel, Group management, Internal Audit, Component management at the relevant components; and focused testing, as referred to in the key audit matters section above. As appropriate, we also involved EY specialists to assist with our procedures.
- Component teams reported any non-compliance with laws and regulations through their audit deliverables based on the procedures detailed in the previous paragraph. Further, the Group team communicated any instances of non-compliance with laws and regulations to component teams through regular interactions with local EY teams.

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

### Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 14 July 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 December 2020 to 31 December 2025.

- The audit opinion is consistent with the additional report to the audit committee.

### Use of our report

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

### Adrian Roberts (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham  
10 March 2026

# Consolidated Income Statement

Year ended 31 December 2025

	Notes	2025			2024		
		Underlying £m	Non- underlying* £m	Total £m	Underlying £m	Non- underlying* £m	Total £m
Revenue	3	<b>868.8</b>	–	<b>868.8</b>	855.1	–	855.1
Cost of sales		<b>(515.3)</b>	–	<b>(515.3)</b>	(513.3)	–	(513.3)
<b>Gross profit</b>		<b>353.5</b>	–	<b>353.5</b>	341.8	–	341.8
Distribution costs		<b>(26.4)</b>	–	<b>(26.4)</b>	(26.8)	–	(26.8)
Administrative expenses		<b>(176.1)</b>	<b>(31.2)</b>	<b>(207.3)</b>	(172.0)	(28.1)	(200.1)
Other operating income		<b>0.3</b>	–	<b>0.3</b>	0.5	–	0.5
<b>Operating profit</b>	3,4	<b>151.3</b>	<b>(31.2)</b>	<b>120.1</b>	143.5	(28.1)	115.4
Financial income	7	<b>0.8</b>	–	<b>0.8</b>	0.5	–	0.5
Financial expenses	7	<b>(9.6)</b>	–	<b>(9.6)</b>	(11.4)	–	(11.4)
<b>Profit before taxation</b>		<b>142.5</b>	<b>(31.2)</b>	<b>111.3</b>	132.6	(28.1)	104.5
Taxation	9	<b>(36.3)</b>	<b>7.5</b>	<b>(28.8)</b>	(34.0)	5.9	(28.1)
<b>Profit for the year attributable to the owners of the parent</b>		<b>106.2</b>	<b>(23.7)</b>	<b>82.5</b>	98.6	(22.2)	76.4
<b>Basic earnings per share</b>	10			<b>102.7p</b>			95.0p
<b>Diluted earnings per share</b>	10			<b>101.6p</b>			93.9p

\* The Group's definition of non-underlying items is included in the Group Accounting Policies on page 160 and further details on non-underlying items are included in note 5.

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Notes	2025 £m	2024 £m
<b>Profit for the year</b>		<b>82.5</b>	76.4
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of overseas operations	23	(30.4)	5.6
Exchange differences on foreign currency borrowings designated as net investment hedges	23	4.1	(0.6)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial gain/(loss) on defined benefit pension schemes	26	1.7	(0.2)
Taxation on items that will not be reclassified to profit or loss	9	(0.5)	–
<b>Other comprehensive (loss)/income for the year</b>		<b>(25.1)</b>	4.8
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>57.4</b>	81.2

# Consolidated Statement of Financial Position

Year ended 31 December 2025

	Notes	2025 £m	2024 £m
<b>Non-current assets</b>			
Intangible assets	12	202.5	236.0
Property, plant & equipment	13	185.4	185.1
Right-of-use assets	15	36.8	43.2
Retirement benefit surplus	26	5.2	–
Deferred tax assets	16	0.1	0.1
		<b>430.0</b>	<b>464.4</b>
<b>Current assets</b>			
Assets held for sale	14	–	12.7
Inventories	17	97.2	100.1
Trade and other receivables	18	161.9	162.5
Current tax assets		2.4	1.3
Cash and cash equivalents	19	70.4	55.0
		<b>331.9</b>	<b>331.6</b>
<b>Total assets</b>		<b>761.9</b>	<b>796.0</b>
<b>Current liabilities</b>			
Liabilities held for sale	14	–	(6.9)
Trade and other liabilities	20	(129.6)	(133.5)
Current tax liabilities		(2.8)	(0.7)
Provisions	22	(11.6)	(7.1)
Lease liabilities	15	(8.6)	(9.1)
Loans and borrowings	20	(26.4)	(0.8)
		<b>(179.0)</b>	<b>(158.1)</b>
<b>Net current assets</b>		<b>152.9</b>	<b>173.5</b>
<b>Non-current liabilities</b>			
Other liabilities	21	(7.0)	(11.2)
Provisions	22	(2.3)	(2.3)
Deferred tax liabilities	16	(11.8)	(12.3)
Retirement benefit obligations	26	(0.6)	(0.8)
Lease liabilities	15	(31.3)	(36.9)
Loans and borrowings	21	(54.9)	(98.7)
		<b>(107.9)</b>	<b>(162.2)</b>
<b>Total liabilities</b>		<b>(286.9)</b>	<b>(320.3)</b>
<b>Net assets</b>		<b>475.0</b>	<b>475.7</b>
<b>Equity</b>			
Share capital	24	19.9	20.1
Share premium		49.0	47.0
Other reserves		5.1	4.9
Translation reserve		1.6	27.9
Retained earnings		399.4	375.8
<b>Total equity</b>		<b>475.0</b>	<b>475.7</b>

Approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

RA Helbing  
Director

CM McLeish  
Director

# Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Notes	Share Capital £m	Share Premium £m	Other Reserves £m	Translation Reserve £m	Retained Earnings £m	Total Equity £m
<b>At 1 January 2024</b>		20.0	44.6	4.9	22.9	332.1	424.5
<b>Comprehensive income</b>							
Profit for the year		–	–	–	–	76.4	76.4
Other comprehensive income for the year		–	–	–	5.0	(0.2)	4.8
<b>Transactions with owners recognised directly in equity</b>							
Dividends	11	–	–	–	–	(34.5)	(34.5)
Credit to equity of share-based payments	24	–	–	–	–	3.4	3.4
Own shares held by employee benefit trust		–	–	–	–	1.6	1.6
Satisfaction of long-term incentive and deferred bonus awards		–	–	–	–	(2.8)	(2.8)
Tax taken directly to the Consolidated Statement of Changes in Equity	9	–	–	–	–	(0.2)	(0.2)
Shares issued	24	0.1	2.4	–	–	–	2.5
<b>At 31 December 2024</b>		20.1	47.0	4.9	27.9	375.8	475.7
<b>Comprehensive income</b>							
Profit for the year		–	–	–	–	82.5	82.5
Other comprehensive loss for the year		–	–	–	(26.3)	1.2	(25.1)
<b>Transactions with owners recognised directly in equity</b>							
Dividends	11	–	–	–	–	(39.4)	(39.4)
Credit to equity of share-based payments	24	–	–	–	–	2.9	2.9
Own shares held by employee benefit trust		–	–	–	–	0.3	0.3
Satisfaction of long-term incentive and deferred bonus awards		–	–	–	–	(4.8)	(4.8)
Tax taken directly to the Consolidated Statement of Changes in Equity	9	–	–	–	–	1.1	1.1
Shares issued	24	–	2.0	–	–	–	2.0
Repurchase of shares	24	(0.2)	–	0.2	–	(20.2)	(20.2)
<b>At 31 December 2025</b>		19.9	49.0	5.1	1.6	399.4	475.0

At 31 December 2024 a total of 70,318 shares were held in an employee benefit trust for the purpose of settling awards granted to employees under equity-settled share based payment plans. The cost of these shares, amounting to £1.3m, was included within retained earnings at that date. During 2025, 248,476 shares have been issued in settlement of awards to employees and a further 225,000 shares purchased, leaving 46,842 shares held at 31 December 2025, at a cost of £1.0m included within retained earnings.

All shares repurchased by the Group under its share buyback programme were cancelled at the point of repurchase.

# Consolidated Statement of Cash flows

Year ended 31 December 2025

	Notes	2025 £m	2024 £m
Profit before tax		111.3	104.5
Add back net financing costs	7	8.8	10.9
<b>Operating profit</b>	3,4	<b>120.1</b>	<b>115.4</b>
Adjusted for non-cash items:			
Share-based payments	6,24	2.9	3.4
Loss on disposal of subsidiaries	5	0.4	–
Gain on disposal of non-current assets	8	(0.4)	(0.4)
Loss on disposal of assets held for sale	8,14	–	0.2
Depreciation of owned assets	8,13	20.5	20.8
Amortisation of intangible assets	8,12	12.1	11.1
Right-of-use asset depreciation	8,15	10.1	10.4
Gain on lease termination	15	–	(0.6)
Gain on lease modification	15	(0.6)	–
Release of accrued contingent consideration		–	(1.7)
Research & development expenditure credit		(0.2)	(0.5)
Impairment of non-current assets	8,12,13,15	14.7	14.0
Loss on remeasurement of assets held for sale	5,14	–	3.1
<b>Operating cash flow before movement in working capital</b>		<b>179.6</b>	<b>175.2</b>
(Increase)/decrease in inventories		(2.3)	9.3
Increase in receivables		(2.4)	(11.8)
Increase in payables		1.6	3.1
Increase in insurance reimbursement asset	18,22	(3.6)	(3.8)
Increase/(decrease) in provisions and employee benefits		0.2	(3.4)
Net movement in working capital		(6.5)	(6.6)
<b>Cash generated by operations</b>		<b>173.1</b>	<b>168.6</b>
Purchase of assets for rental to customers		(1.3)	(2.3)
Income taxes paid		(27.3)	(26.5)
Interest paid	7	(6.6)	(8.8)
Interest paid on lease liabilities	15	(2.0)	(2.0)
<b>Net cash from operating activities</b>		<b>135.9</b>	<b>129.0</b>
Interest received	7	0.8	0.5
Proceeds on disposal of non-current assets		1.1	1.1
Proceeds on disposal of assets held for sale		–	2.3
Purchase of property, plant and equipment		(29.2)	(21.3)
Purchase of intangible assets	12	(3.7)	(5.0)
Acquisitions of subsidiaries	12	–	(44.5)
Deferred consideration in respect of prior year acquisitions		(3.1)	(2.1)
Disposals of subsidiaries	5	7.4	–
<b>Net cash used in investing activities</b>		<b>(26.7)</b>	<b>(69.0)</b>
Issue of new shares	24	0.8	2.5
Repurchase of shares	24	(20.2)	–
Purchase of shares for employee benefit trust	19	(4.5)	(1.2)
Dividends paid	11	(39.4)	(34.5)
Costs associated with refinancing during the year	19	(1.3)	–
Repayment of lease liabilities	15,19	(9.5)	(9.0)
Cash paid on early termination of lease contract		–	(0.1)
New loans and borrowings	19	42.0	62.5
Repayments of loans and borrowings	19	(55.4)	(63.7)
<b>Net cash used in financing activities</b>		<b>(87.5)</b>	<b>(43.5)</b>
<b>Net increase in cash and cash equivalents net of bank overdraft</b>		<b>21.7</b>	<b>16.5</b>
Cash and cash equivalents net of bank overdraft at the beginning of the year		51.3	34.4
Effect of exchange rate fluctuations		(3.3)	0.4
<b>Cash and cash equivalents net of bank overdraft at the end of the year</b>	<b>19</b>	<b>69.7</b>	<b>51.3</b>

# Notes to the Consolidated Financial Statements

## 1. Group Accounting Policies

Hill & Smith PLC is a company incorporated in the UK. The consolidated financial statements of Hill & Smith PLC and its subsidiaries (the "Group") are presented for the year ended 31 December 2025.

The Group Financial Statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards. The Company has elected to prepare its Parent Company Financial Statements, which are presented on pages 210 to 221, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Accounting Policies set out below have, unless otherwise stated, been applied consistently in all periods presented in these Group Financial Statements. Judgements made by the Directors in the application of these Accounting Policies that have a significant effect on the Group Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

### Basis of preparation

The consolidated financial statements comprise the financial statements of the Company, Hill & Smith PLC, and its subsidiaries as at 31 December 2025. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the Group Financial Statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures. This included an assessment of assets with indefinite and long lives and how they could be impacted by measures taken to address global warming. As outlined in the Operational and Financial Review on page 24, physical climate change presents a relatively low risk to the Group's future business operations and transition risks are also expected to have a relatively low impact when considered together with the mitigating actions that the Group intends to take. As such, no issues were identified that would impact the carrying values of such assets or have any other impact on the financial statements.

### Measurement convention

The Group Financial Statements are prepared on the historical cost basis except where the measurement of balances at fair value is required as explained below. The Group Financial Statements are presented in Sterling and all values are stated in million (£m) rounded to one decimal place, except where otherwise indicated.

### Going concern and liquidity risk

In determining the appropriate basis of preparation of its financial statements, the Directors are required to assess whether the Group can continue in operational existence for the foreseeable future, at least 12 months from the date of approval of these financial statements. The Group's going concern assessment period is the 18-month period from the balance sheet date to 30 June 2027 (referred to throughout as 'the going concern period'. When making this assessment, the Group considers whether it will be able to maintain adequate liquidity headroom above the level of its borrowing facilities and to operate within the financial covenants on those facilities.

At 31 December 2025, the Group had £353.5m of committed borrowing facilities, and a further £6.2m of on-demand facilities. The Group refinanced its revolving credit facility in November 2025, entering into an 'Amend and Extend' addendum to the original agreement signed in November 2022. The amendments include increasing the total facility to £300m and extending the term for another two years to November 2029. The Group also holds \$70m of Senior Unsecured Notes, one tranche (\$35m) of which is due to expire in June 2026 and the second tranche (\$35m) is due to expire in June 2029; and other local committed borrowing facilities of £1.7m. The amount drawn down under these committed facilities at 31 December 2025 was £82.9m, which together with cash and cash equivalents of £69.7m gave total headroom of £346.5m (£340.3m committed, £6.2m on demand). The Group has not made any changes to its principal borrowing facilities between 31 December 2025 and the date of approval of these financial statements.

## 1. Group Accounting Policies *continued*

### Going concern and liquidity risk *continued*

The principal borrowing facilities are subject to covenants that are measured biannually in June and December, being net debt to EBITDA of a maximum of 3.0x and interest cover of a minimum of 4.0x, based on measures as defined in the facilities agreements which are adjusted from the equivalent IFRS amounts. The ratio of net debt to EBITDA at 31 December 2025 was 0.1 times and interest cover was 28.4 times. Note 23 to the Financial Statements sets out more information on the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit and liquidity risk.

The Group has carefully modelled its cash flow outlook for the period to 30 June 2027, taking account of the current global economic conditions. In this 'base case' scenario, the forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and financial covenants will be met throughout the period, including the covenant tests at 30 June 2026, 31 December 2026 and 30 June 2027.

The Group has carried out stress tests against the base case to determine the performance levels that would result in a breach of covenants or a reduction of headroom against its borrowing facilities to nil. For a breach of covenants to occur during the relevant period, the Group would need to experience a sustained revenue reduction of 29% compared with current expectations throughout the 18-month period ending 30 June 2027. A reduction in headroom against borrowing facilities to nil would occur if the Group experienced a sustained revenue reduction of 28% compared with current expectations for the 18-month period ending 30 June 2027, noting that the stress test assumes repayment of \$35m of Senior Unsecured Notes on expiry of the agreement in June 2026. The Directors do not consider any of these scenarios to be plausible given the generally positive outlook across the infrastructure markets in which the Group operates. The Directors also noted the Group's ability to continue its operations throughout the COVID-19 pandemic, noting that revenues fell by only 22% in the second quarter of 2020, the worst-affected period. Furthermore, the Group has several mitigating actions under its control including minimising capital expenditure to critical requirements, reducing levels of discretionary spend, rationalising its overhead base and curtailing future dividend payments which, although not forecast to be required, could be implemented in order to be able to meet the covenant tests and to continue to operate within borrowing facility limits.

After making these assessments, the Directors have reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence during the going concern period. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

### New IFRS standards and interpretations adopted during 2025

The following amendments and interpretations apply for the first time in 2025, and therefore were adopted by the Group:

- Amendments to IAS 21 – Lack of exchangeability

The amendment noted above has not had a material impact on the financial statements.

### New IFRS standards and interpretations to be adopted in the future

The following standards and interpretations, which are not yet effective and have not been early adopted by the Group, will, where relevant, be adopted in future accounting periods:

To be adopted for year-ending 31 December 2026:

- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
- IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

To be adopted for year-ending 31 December 2027:

- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability

The above changes are not expected to have a material impact on the Group.

# Notes to the Consolidated Financial Statements continued

## 1. Group Accounting Policies continued

### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in non-underlying costs (see accounting policy 'non-underlying items'). Fair value adjustments are always considered to be provisional at the first year end date after the acquisition to allow the maximum time to elapse for management to make a reliable estimate.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Where it meets the definition of a financial liability, the fair value will be re-measured at each subsequent reporting period and the re-measurement will be recognised as a non-underlying charge or credit in the consolidated income statement. The determination of fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see note 23 for further details).

### Intangible assets – Goodwill

Goodwill on acquisition of subsidiaries is initially measured at cost and comprises the excess of the fair value of the purchase consideration paid for subsidiaries over the Group's share of the fair value of the identifiable assets and liabilities acquired. After initial recognition, goodwill is measured at cost less impairment losses (see accounting policy 'Impairment of assets').

### Intangible assets – Other

Other intangible assets that are acquired by the Group as part of a business combination, such as brands, patents and customer lists, are stated at cost less accumulated amortisation and impairment losses (see accounting policy 'Impairment of assets'). Cost reflects management's judgement of the fair value of the individual intangible asset calculated by reference to the net present value of future benefits accruing to the Group from the utilisation of the asset, discounted at an appropriate discount rate.

Certain US brands are considered to have an indefinite life and are therefore subject to annual impairment testing (see accounting policy 'Impairment of assets'). In determining that these brands have indefinite lives, consideration was given to the extent of their trading history, which in all cases exceeds 50 years, their prominence in the markets in which they operate and the nature of the products sold under those brands in the context of potential for future development. For other brands, patents and customer lists, amortisation is provided equally over the estimated useful economic life of the assets concerned, currently up to 20 years. Amortisation of such items is recorded as a non-underlying item within administrative expenses (note 5).

Where computer software is non-cloud based and not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring into use the specific software. Where software is cloud-based (stored, managed and available through the cloud), the associated licence costs generally do not meet the criteria for recognition of an intangible asset since cloud-based arrangements generally do not provide a resource that the Group can control. Accordingly, such licenses are expensed to the Consolidated Income Statement. The development and implementation of a cloud-based system could give rise to an intangible asset. Each cloud-based computing arrangement is considered on a case-by-case basis. Where it is determined that a cloud computing arrangement does not include an intangible asset, the implementation costs are expensed to the Consolidated Income Statement.

An internally generated intangible asset arising from the Group's development of computer systems (including websites) is recognised if, and only if, the costs are directly associated with the production of identifiable and unique software products controlled by the Group, and it is probable that future economic benefits will flow to the Group. Amortisation is provided equally over the estimated useful economic life of the assets concerned, currently up to seven years.

Trade licences are amortised over the specific term granted to each individual licence.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement.

## 1. Group Accounting Policies *continued*

### Intangible assets – Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate amount of directly attributable overheads. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses (see accounting policy 'Impairment of assets'). Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses. During the period of development, the asset is tested for impairment annually. Other development expenditure is recognised in the Consolidated Income Statement as an expense as incurred.

### Property, plant, equipment and depreciation

Property, plant and equipment are recorded in the Group's Consolidated Statement of Financial Position at cost less accumulated depreciation and any recognised impairment loss. Cost includes, where appropriate, directly attributable costs incurred in bringing each asset to its present condition and location.

Assets in the course of construction are stated at cost, net of any accumulated impairment losses.

Certain of the Group's Roads businesses routinely generate revenue from the rental of assets to customers. Such assets are accounted for as plant and equipment. If an asset that is held for rental is sold, the asset is transferred from property, plant and equipment to inventories at the carrying amount when the asset ceases to be rented. The proceeds from the sale of such assets are recognised as revenue in the Consolidated Income Statement.

Depreciation is provided to write off the cost or deemed cost less the estimated residual value of property, plant and equipment (excluding assets in the course of construction) by equal instalments over their estimated useful economic lives as follows:

Buildings and leasehold improvements	5 to 50 years
Plant, machinery and vehicles	up to 20 years

No depreciation is provided on freehold land.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement when the asset is derecognised.

Repair and maintenance costs are recognised in the Consolidated Income Statement as incurred.

### Impairment of assets

For goodwill and intangible assets that have an indefinite life, the recoverable amount is assessed at each year end date, or when indicators of impairment exist, and an impairment loss is recognised, where appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment reviews are undertaken at the level of each significant cash generating unit, which are no larger than operating segments as defined in IFRS 8 – Segmental reporting.

The carrying amounts of the Group's other non-financial assets, other than inventories (see accounting policy 'Inventories') and deferred tax balances (see accounting policy 'Deferred taxation'), are reviewed at each year end date to determine whether there is an indication of impairment. If such an indication exists, the relevant asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount.

# Notes to the Consolidated Financial Statements continued

## 1. Group Accounting Policies continued

### Impairment of assets continued

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of the previous carrying amount and fair value less costs to sell with any adjustments taken to the Consolidated Income Statement. The same applies to gains and losses on subsequent remeasurement. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that

the decision to sell will be withdrawn. The Group must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment, intangible assets and right-of-use assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Group's Consolidated Statement of Financial Position.

### Financial instruments

Financial assets and liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

Trade receivables and trade payables are initially measured at fair value. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, and in the case of trade receivables, less any impairment losses. Impairment losses are measured using an expected credit loss model. The Group uses the simplified approach to measure expected credit losses for trade receivables and therefore does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Further details are provided in note 23(e).

Derivative financial instruments of the Group are used to hedge its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments, as follows:

- Derivative financial instruments are stated at fair value. The unhedged gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement.
- The fair value of foreign exchange contracts is the estimated amount that the Group would receive or pay to terminate such contracts at the year end date, taking into account the forward exchange rates prevailing at that date.

To qualify for hedge accounting the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, at hedge inception and on a half yearly basis, as to whether the derivatives that are used in hedging transactions have been, and are likely to continue to be, effective in offsetting changes in fair value or cash flows of hedged items.

Interest bearing borrowings are recognised initially at fair value. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis.

## 1. Group Accounting Policies *continued*

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are, where there is a right of offset, included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows. The Group's bank arrangements and facilities with Barclays Bank plc provide the legally enforceable right to offset and the Group demonstrates its intention to offset by routinely sweeping cash balances within each bank. Consequently, the balances have been offset in the financial statements.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Any gain or loss on translation of monetary foreign currency assets and liabilities arising from a movement in exchange rates subsequent to initial measurement is included as an exchange gain or loss in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of overseas subsidiary undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the closing exchange rate. Income statements and cash flows of such undertakings are translated into Sterling at weighted average rates of exchange, other than substantial transactions that are translated at the rate on the date of the transaction. The adjustments to period end rates are taken to the cumulative translation reserve in equity and reported in the Consolidated Statement of Comprehensive Income. When an overseas operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised and reported in the Consolidated Statement of Comprehensive Income, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in the translation reserve is transferred to profit or loss as an adjustment to the profit or loss on disposal.

The principal exchange rates used were as follows:

	2025		2024	
	Average	Closing	Average	Closing
Sterling to US Dollar (£1 = USD)	1.32	1.35	1.28	1.25
Sterling to Indian Rupee (£1 = INR)	114.93	120.85	106.95	107.22

### Inventories

Inventories are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, either the FIFO or average cost method is used depending on the nature of the inventory. Cost for work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of attributable overheads.

### Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the reduction in the provision due to the passage of time is recognised as a finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

# Notes to the Consolidated Financial Statements continued

## 1. Group Accounting Policies continued

### Provisions continued

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised as an obligation arises.

Provisions relating to legal claims or disputes are recognised when it is probable that the Group will be required to settle claims against it as a result of a past event and the amount of the obligation can be reliably estimated. The Group recognises a provision based on the expected settlement amount for the claim. A separate receivable (or 'reimbursement asset') from insurers is recognised within other receivables to the extent it is virtually certain of being received.

### Leases

To the extent that a right-of-control exists over an asset subject to a lease and with a lease term exceeding one year, the Group recognises a right-of-use asset, representing the underlying lease asset, and a lease liability, representing the Group's obligation to make lease payments. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the dismantling, removal and restoration costs as required by the terms of the lease contract.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to review for impairment (see accounting policy 'Impairment of assets').

The lease liability is measured at the present value of the future lease payments discounted using the Group's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Future lease payments include: fixed payments, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual guarantee and the exercise price of purchase options where it is reasonably certain that the option will be exercised. Finance charges, representing the unwinding of the discount rate, are recognised in the Consolidated Income Statement over the period of the lease.

Lease payments for low value assets and short term leases (less than 12 months) are recognised as an expense on a straight-line basis over the lease term.

### Revenue

Revenue is measured based on the consideration specified in a contract with a customer for the provision of goods and services. The amount recognised excludes sales taxes and is adjusted for any discounts or volume rebates that are included in the contract. It includes consideration received from the customer for freight activities only if the transportation activities are required to fulfil a performance obligation. If the transportation activities are determined to be a separate performance obligation, an entity will only recognise the consideration as revenue if the entity is determined to be acting as principal in the agreement, otherwise the consideration received from the customer for transport costs is recognised net of the related cost, rather than as revenue. The Group's contracts with customers do not contain significant financing components and payment terms are generally customary to the jurisdictions in which each subsidiary operates.

The Group recognises revenue when it transfers control over a good or service to a customer. The following information sets out the Group's approach to the nature and timing of the satisfaction of performance obligations in contracts with customers in each of its operating segments and the related revenue recognition policies.

### UK & India and US Engineered Solutions

For standard products that are manufactured, revenue is recognised when goods are accepted by customers, which is usually on delivery depending on the Incoterms defined in the contract. The Group also enters into certain contracts which require customers to inspect and accept goods that have been manufactured but retained in the Group's facilities; in these cases the customer is deemed to have accepted the product when they have provided evidence of their acceptance and revenue is therefore recognised at that point, assuming that the other criteria set out in IFRS 15 have been met.

## 1. Group Accounting Policies *continued*

### UK & India and US Engineered Solutions *continued*

Certain of the Group's businesses in the Engineered Solutions segments manufacture non-standard products that are specific to customer requirements and therefore require a high degree of customisation. The Group has determined that in these cases a product with no alternative use is created. Where the contractual terms are such that if the contract is terminated by the customer then the Group has a right to reimbursement of the costs incurred including a reasonable margin, revenue is recognised over time i.e. before the completed goods are delivered to the customer's premises. Progress is generally determined using input methods (such as costs incurred), unless the circumstances of the contract are such that output methods (such as milestones reached) are considered more appropriate.

In some cases the Group provides installation of its products to customers as an additional service. Revenue from installation services is recognised over the period that the installation takes place, which is generally less than one month.

Certain of the Group's businesses in these segments engage in contracts with customers which include variable consideration. This occurs where the Group provides retrospective sales volume rebates to certain customers once, amongst other matters, the quantity of goods purchased during a predetermined period exceeds thresholds specified in the sales contract. To estimate the variable consideration for these expected future rebates, the Group applies the most likely amount method to reflect the consideration that the Group is entitled to. Variable consideration is only recognised to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future.

Certain of the Group's businesses in these segments routinely generate revenue from the rental of assets to customers. Revenue from these rental agreements is recognised over the period over which the assets are available to the customer. If an asset that is held for rental is sold, the asset is transferred from property, plant and equipment to inventories at the carrying amount when the asset ceases to be rented. The proceeds from the sale of such assets are recognised as revenue in the Consolidated Income Statement. Transportation costs relating the rental of temporary road barrier are included in cost of sales.

The Group classifies proceeds from the sale of scrap products generated in the manufacturing process within revenue.

### Galvanizing Services

Contracts with customers in the Galvanizing Services segment are generally simple. Revenue is recognised at a point in time, which is when the galvanized goods are either despatched to, or collected by, the customer.

The Group classifies proceeds from the sale of by-products generated during the galvanizing process within revenue.

### Contract assets

Contract assets primarily relate to the rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

### Contract liabilities

Contract liabilities arise when the Group receives consideration from customers based on an agreed billing schedule, as established in the contract, which may not correspond with the pattern of performance under the contract. Where consideration has been received but a performance obligation not satisfied at the reporting date, a contract liability is recorded in the Consolidated Statement of Financial Position.

### Retirement benefits

The Group operates pension schemes under which contributions by employees and by the sponsoring companies are held in trust funds separated from the Group's finances.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the Consolidated Income Statement as incurred.

The Group's net surplus or obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The discount rate is the yield at the year end date on AA rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method. Scheme assets are valued at bid price. The terms of the scheme give the Group the right to recover any surplus assets and therefore the Group recognise any calculated IAS 19 surplus in the Consolidated Statement of Financial Position. Tax calculated on pension movements during the year is recognised in the Consolidated Statement of Other Comprehensive Income.

In the Consolidated Income Statement, current and past service costs are recognised in operating profit and the interest cost on the net defined benefit obligations is included in financial expense.

# Notes to the Consolidated Financial Statements continued

## 1. Group Accounting Policies continued

### Retirement benefits continued

All actuarial gains and losses in calculating the Group's surplus or obligation in respect of defined benefit schemes are recognised annually and reported in the Consolidated Statement of Comprehensive Income.

### Share-based payment transactions

The Group issues equity settled share-based payments to certain employees, including those in the form of buy-out awards or deferred bonus awards. The fair value of shares/options granted is recognised as an employee expense, with a corresponding increase in equity reserves. The fair value is calculated at the grant date and spread over the period during which the employees become unconditionally entitled to the shares/options. The Black-Scholes model has been adopted as the method of evaluating the fair value of the options where vesting is based on non-market conditions, while a Monte Carlo Simulation is used where vesting is based on market conditions. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

The fair value of amounts payable to employees in respect of share appreciation rights settled in cash is recognised as an employee expense and corresponding increase in liabilities. The fair value of the liability is remeasured at each reporting date and spread over the period during which employees become unconditionally entitled to the payment.

### Financial income and expense

Financial income comprises interest income on funds invested and gains on the fair value of financial assets and liabilities at fair value through profit or loss. Interest income is recognised as it accrues in the Consolidated Income Statement using the effective interest method.

Financial expense comprises interest expense on borrowings, interest cost on net pension scheme obligations, unwinding of discounts, losses on the fair value of financial assets and liabilities at fair value through profit or loss, the interest expense on lease liabilities, and financial expenses related to refinancing. All borrowing costs are recognised in the Consolidated Income Statement using the effective interest method.

### Non-underlying items

Non-underlying items are presented separately in the Consolidated Income Statement where, in the Directors' judgement, the quantum, nature or volatility of such items gives further information to obtain a fuller understanding of the underlying performance of the business. The following are included by the Group in its assessment of non-underlying items:

- Gains or losses arising on disposal, closure, restructuring or reorganisation of businesses that do not meet the definition of discontinued operations
- Amortisation of intangible fixed assets arising on acquisitions, which can vary depending on the nature, size and frequency of acquisitions in each financial period
- Expenses associated with acquisitions and disposals, comprising professional fees incurred, any consideration which, under IFRS 3 (Revised) is required to be treated as a post-acquisition employment expense, and changes in contingent consideration payable on acquisitions
- Impairment charges in respect of tangible or intangible fixed assets, or right-of-use assets
- Changes in the fair value of derivative financial instruments
- Significant past service items or curtailments and settlements relating to defined benefit pension obligations resulting from material changes in the terms of the schemes.

The non-underlying tax charge or credit comprises the tax effect of the above non-underlying items.

Details in respect of the non-underlying items recognised in the current and prior year are set out in note 5 to the Financial Statements.

### Income tax

Income tax on the profit or loss for the year represents the sum of the tax currently payable and deferred tax. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items either recognised in other comprehensive income or directly in equity.

## 1. Group Accounting Policies continued

### Income tax continued

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the year end date, and any adjustments to tax payable in respect of previous years.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, with effect from 1 January 2024. An assessment of the potential exposure to Pillar Two income taxes has been performed, noting that the Group primarily operates in the UK and US where Pillar Two effective tax rates are higher than 15%. Currently the only jurisdiction identified where the transitional safe harbour relief may not be available is in respect of the Group's small trading operation in Ireland, however the Group does not expect a significant exposure to Pillar Two income taxes to result given the relatively low level of profitability in the Irish entity.

### Deferred taxation

Deferred tax is provided in full using the Consolidated Statement of Financial Position liability method and represents the tax expected to be payable or recoverable on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities not resulting from a business combination that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Ordinary dividends

Dividends are recognised as a liability in the period in which they are approved by the Company's shareholders.

# Notes to the Consolidated Financial Statements continued

## 2. Accounting judgements, estimates and assumptions

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

### Impairment of goodwill (note 12)

#### Estimates

The determination of whether goodwill and other indefinite life intangible assets should be impaired requires the estimation of future cash flows and growth factors adopted by each cash generating unit. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate and are risk adjusted to reflect risks and opportunities existing for each cash generating unit. These factors are all affected by prevailing market and economic factors outside the Group's control. Further information on this issue, including sensitivity analyses, is included in note 12.

### Actuarial assumptions on pension obligations (note 26)

#### Estimates

In determining the valuation of the UK defined benefit pension deficit, certain estimates and assumptions about the scheme have been made, notably the inflation rates, discount rates, mortality and pension increases. The factors affecting these assumptions are influenced by wider macro-economic factors that are largely outside of the Group's control. A sensitivity analysis of the impact of changes in key assumptions is set out in note 26.

### Taxation (notes 9 and 16)

#### Judgements

Liabilities for uncertain tax positions require management judgements in respect of tax audit issues and exposures in each of the jurisdictions in which the Group operates. Where management judges that a tax position is uncertain, a current tax liability is held for anticipated taxes that are considered to be probable based on the information available. The key judgement area for the Group is the pricing of intercompany goods and services and other cross border transactions between subsidiaries in different countries.

#### Estimates

Management is required to make an estimate of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. Liabilities for uncertain tax positions also require management estimates in respect of the amount of tax that may become payable. Management engages with professional advisors in making its assessment and, if appropriate, will liaise with the relevant tax authorities to resolve the matter. The tax liability is reassessed in each period to reflect management's best estimate in light of the information available. Included in the current tax payable is a liability of £6.7m (2024: £6.0m) for uncertain tax positions. In addition, £nil (2024: £0.6m) of the deferred tax liability relates to uncertain tax positions. Depending on the conclusions of any tax audits conducted by the tax authorities in the various jurisdictions in which the Group operates, management estimate the range of possible outcomes to be between £nil and £8.2m (2024: £nil and £8.4m) and therefore it is possible that, if the outcomes are different to those estimated by management, the difference may materially impact the income tax charge / (credit) in the year in which the matter is concluded.

### Non-current assets held for sale (note 14)

#### Judgements

The criteria for held for sale classification are regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Determining whether a sale is highly probable requires judgement and analysis of all relevant facts and circumstances as at the balance sheet date.

### 3. Segmental information

#### Business segment analysis

The Group previously reported three operating segments: Engineered Solutions, Galvanizing Services and Roads & Security. During the year ended 31 December 2025, the Group has reassessed its reportable segments under IFRS 8 Operating Segments and has determined that these are now US Engineered Solutions, UK & India Engineered Solutions, and Galvanizing Services. The Board concluded these changes better reflect the way the Group is now managed, enabling closer focus on geographic end markets and growth opportunities. The Group's internal management structure and financial reporting systems differentiate between these segments, and, in reporting, management have taken the view that they comprise a reporting segment on the basis of the following characteristics:

- **The US Engineered Solutions** segment comprises all US operating companies excluding Galvanizing Services;
- **The UK & India Engineered Solutions** segment comprises all UK operating companies and India, excluding Galvanizing Services; and
- **The Galvanizing Services** segment contains a group of companies supplying galvanizing and related materials coating services.

Corporate costs are allocated to reportable segments in proportion to the revenue of each of those segments.

The revised segmental structure was effective from 1 January 2025. As required by IFRS 8, comparative segment information for the US Engineered Solutions and the UK & India Engineered Solutions segments for the year ended 31 December 2024 has been restated, as indicated by "restated" throughout these Consolidated Financial Statements. The restatement does not result in any change to the results of the Galvanizing Services segment or the consolidated Group.

	2025			2024 (restated)		
	Revenue £m	Reported Operating Profit £m	Underlying operating profit £m*	Revenue £m	Reported Operating Profit £m	Underlying operating profit £m*
US Engineered Solutions	416.6	49.0	75.0	390.3	49.5	69.4
UK & India Engineered Solutions	239.4	16.8	20.9	267.0	16.7	23.8
Galvanizing Services	212.8	54.3	55.4	197.8	49.2	50.3
<b>Group</b>	<b>868.8</b>	<b>120.1</b>	<b>151.3</b>	<b>855.1</b>	<b>115.4</b>	<b>143.5</b>
Net financing costs		(8.8)	(8.8)		(10.9)	(10.9)
<b>Profit before taxation</b>		<b>111.3</b>	<b>142.5</b>		<b>104.5</b>	<b>132.6</b>
Taxation		(28.8)	(36.3)		(28.1)	(34.0)
<b>Profit after taxation</b>		<b>82.5</b>	<b>106.2</b>		<b>76.4</b>	<b>98.6</b>

\* Underlying operating profit is stated before non-underlying items as defined in the Group Accounting Policies on page 160 and is the measure of segment profit used by the Chief Operating Decision Maker, who is the Chief Executive Officer. The reported operating profit columns are included as additional information.

Transactions between operating segments are on an arm's length basis similar to transactions with third parties. Galvanizing Services sold £1.0m (2024 (restated): £0.9m) of products and services to US Engineered Solutions and £6.8m (2024 (restated): £7.4m) of products and services to UK & India Engineered Solutions. UK & India Engineered Solutions sold £0.2m (2024 (restated): £0.2m) of products and services to US Engineered Solutions. These internal revenues, along with revenues generated from within their own segments, have been eliminated on consolidation.

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market, major product/service lines and timing of revenue recognition. Revenue by primary geographical market is defined as the end location of the Group's product or service. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

# Notes to the Consolidated Financial Statements continued

## 3. Segmental information continued

Primary Geographical Markets	US Engineered Solutions		UK & India Engineered Solutions		Galvanizing Services		Total	
	2025 £m	2024 (restated) £m	2025 £m	2024 (restated) £m	2025 £m	2024 £m	2025 £m	2024 £m
UK	0.1	–	188.8	221.2	85.2	80.9	274.1	302.1
Rest of Europe	0.2	0.2	27.0	22.7	–	–	27.2	22.9
North America	414.5	388.2	1.7	2.7	127.6	116.9	543.8	507.8
The Middle East	1.5	1.3	7.9	9.9	–	–	9.4	11.2
Rest of Asia	–	0.1	11.9	6.6	–	–	11.9	6.7
Rest of the world	0.3	0.5	2.1	3.9	–	–	2.4	4.4
	<b>416.6</b>	<b>390.3</b>	<b>239.4</b>	<b>267.0</b>	<b>212.8</b>	<b>197.8</b>	<b>868.8</b>	<b>855.1</b>
<b>Major product/service lines</b>								
Manufacture, supply and installation of products	411.7	385.3	225.7	248.4	–	–	637.4	633.7
Galvanizing Services	–	–	–	–	212.8	197.8	212.8	197.8
Rental of assets to customers	4.9	5.0	13.7	18.6	–	–	18.6	23.6
	<b>416.6</b>	<b>390.3</b>	<b>239.4</b>	<b>267.0</b>	<b>212.8</b>	<b>197.8</b>	<b>868.8</b>	<b>855.1</b>
<b>Timing of revenue recognition</b>								
Products and services transferred at a point in time	200.0	210.4	156.1	177.2	212.8	197.8	568.9	585.4
Products and services transferred over time	216.6	179.9	83.3	89.8	–	–	299.9	269.7
	<b>416.6</b>	<b>390.3</b>	<b>239.4</b>	<b>267.0</b>	<b>212.8</b>	<b>197.8</b>	<b>868.8</b>	<b>855.1</b>

The Group has no material unsatisfied or partially satisfied performance obligations at the balance sheet date that have an expected duration of more than one year and therefore has taken the practical expedient under IFRS 15 not to disclose such details.

### Additional segmental analysis

#### Capital expenditure and amortisation/depreciation

	2025 £m		2024 (restated) £m	
	Capital expenditure £m	Impairment losses, amortisation and depreciation £m	Capital expenditure £m	Impairment losses, amortisation and depreciation £m
US Engineered Solutions	13.5	28.6	13.4	25.7
UK & India Engineered Solutions	11.0	10.6	8.4	12.1
Galvanizing Services	10.1	7.6	5.6	7.7
<b>Total Group</b>	<b>34.6</b>	<b>46.8</b>	<b>27.4</b>	<b>45.5</b>
Property, plant and equipment (note 13)	30.9	20.9	22.4	22.5
Intangible assets (note 12)	3.7	25.9	5.0	23.0
<b>Total Group</b>	<b>34.6</b>	<b>46.8</b>	<b>27.4</b>	<b>45.5</b>

The 2025 amounts for impairment losses, amortisation and depreciation relating to the US Engineered Solutions segment included asset impairments of £14.7m relating to National Signal and H&S Inc. as explained in note 5. The 2024 amounts include asset impairments of £13.2m relating to H&S Inc.

### 3. Segmental information continued

#### Geographical analysis

##### Total assets

	2025 £m	2024 £m
UK	251.1	292.8
Rest of Europe	3.9	4.0
North America	483.6	473.9
Asia	20.5	17.4
Rest of the world	2.8	7.9
<b>Total Group</b>	<b>761.9</b>	<b>796.0</b>

##### Non-current assets

	2025 £m	2024 £m
UK	168.9	168.4
Rest of Europe	1.4	1.5
North America	256.5	291.1
Asia	3.2	3.4
<b>Total Group</b>	<b>430.0</b>	<b>464.4</b>

##### Capital expenditure

	2025 £m	2024 £m
UK	12.3	9.1
Rest of Europe	–	0.5
North America	21.7	17.1
Asia	0.6	0.6
Rest of the world	–	0.1
<b>Total Group</b>	<b>34.6</b>	<b>27.4</b>

### 4. Alternative Performance Measures

The Group presents Alternative Performance Measures (“APMs”) in addition to its statutory results. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority. The principal APMs are:

- Underlying profit before taxation
- Underlying operating profit
- Underlying operating margin
- Organic and constant currency measures of change in revenue and underlying operating profit
- Underlying cash conversion ratio
- Capital expenditure to depreciation and amortisation ratio
- Covenant net debt to EBITDA ratio
- Underlying earnings per share. A reconciliation of statutory earnings per share to underlying earnings per share is provided in note 10.

# Notes to the Consolidated Financial Statements continued

## 4. Alternative Performance Measures continued

All underlying measures exclude certain non-underlying items, which are detailed in note 5. References to an underlying profit measure are made on this basis and, in the opinion of the Directors, aid the understanding of the underlying business performance as they exclude items whose quantum, nature or volatility gives further information to obtain a fuller understanding of the underlying performance of the business. APMs are presented on a consistent basis over time to assist in comparison of performance.

### Reconciliation of underlying to reported profit before tax

	2025 £m	2024 £m
Underlying profit before tax	142.5	132.6
Non-underlying items included in operating profit	(31.2)	(28.1)
<b>Reported profit before tax</b>	<b>111.3</b>	<b>104.5</b>

### Reconciliation of underlying to reported operating profit by segment

	US Engineered Solutions		UK & India Engineered Solutions		Galvanizing Services		Total	
	2025 £m	2024 (restated) £m	2025 £m	2024 (restated) £m	2025 £m	2024 £m	2025 £m	2024 £m
<b>Underlying operating profit</b>	<b>75.0</b>	69.4	<b>20.9</b>	23.8	<b>55.4</b>	50.3	<b>151.3</b>	143.5
Non-underlying items								
Profit on disposal of subsidiaries	–	–	1.1	–	–	–	1.1	–
Business reorganisation costs	(3.7)	–	–	–	–	–	(3.7)	–
Impairment of assets	(14.7)	(13.2)	–	–	–	–	(14.7)	(13.2)
Loss on remeasurement of assets held for sale	–	–	–	(3.1)	–	–	–	(3.1)
Amortisation of acquisition intangibles	(7.2)	(6.2)	(2.5)	(2.6)	(1.1)	(1.1)	(10.8)	(9.9)
Expenses related to acquisitions and disposals	(0.4)	(0.5)	(2.7)	(1.4)	–	–	(3.1)	(1.9)
<b>Reported operating profit</b>	<b>49.0</b>	49.5	<b>16.8</b>	16.7	<b>54.3</b>	49.2	<b>120.1</b>	115.4

### Calculation of underlying operating margin

	US Engineered Solutions		UK & India Engineered Solutions		Galvanizing Services		Total	
	2025 £m	2024 (restated) £m	2025 £m	2024 (restated) £m	2025 £m	2024 £m	2025 £m	2024 £m
Underlying operating profit	75.0	69.4	20.9	23.8	55.4	50.3	151.3	143.5
Revenue	416.6	390.3	239.4	267.0	212.8	197.8	868.8	855.1
<b>Underlying operating profit margin (%)</b>	<b>18.0%</b>	17.8%	<b>8.7%</b>	8.9%	<b>26.0%</b>	25.4%	<b>17.4%</b>	16.8%

#### 4. Alternative Performance Measures continued

##### Measures of organic and constant currency change in revenue and underlying operating profit

Organic constant currency measures exclude the impact of currency translation movements, acquisitions, disposals and closures of subsidiary businesses. In respect of acquisitions, the amounts referred to represent the amounts for the period in the current year that the business was not held in the prior year. In respect of disposals and closures of subsidiary businesses, the amounts referred to represent the amounts for the period in the prior year that the business was not held in the current year. Constant currency amounts are prepared using exchange rates which prevailed in the current year.

	US Engineered Solutions		UK & India Engineered Solutions		Galvanizing Services		Total	
	Revenue £m	Underlying operating profit £m	Revenue £m	Underlying operating profit £m	Revenue £m	Underlying operating profit £m	Revenue £m	Underlying operating profit £m
<b>2024 (restated)</b>	<b>390.3</b>	69.4	<b>267.0</b>	23.8	<b>197.8</b>	50.3	<b>855.1</b>	143.5
Impact of exchange rate movements from 2024 to 2025	(11.8)	(2.4)	(1.4)	(0.3)	(3.6)	(1.3)	(16.8)	(4.0)
<b>2024 translated at 2025 exchange rates (A)</b>	<b>378.5</b>	67.0	<b>265.6</b>	23.5	<b>194.2</b>	49.0	<b>838.3</b>	139.5
Acquisitions and disposals	16.2	2.5	(10.1)	1.5	–	–	6.1	4.0
Organic growth/(decline) (B)	21.9	5.5	(16.1)	(4.1)	18.6	6.4	24.4	7.8
2025 (C)	416.6	75.0	239.4	20.9	212.8	55.4	868.8	151.3
<b>Organic growth % (B divided by A)</b>	<b>6%</b>	8%	<b>-6%</b>	-17%	<b>10%</b>	13%	<b>3%</b>	6%
<b>Constant currency change % ((C-A) divided by A)</b>	<b>10%</b>	12%	<b>-10%</b>	-11%	<b>10%</b>	13%	<b>4%</b>	8%

##### Calculation of underlying cash conversion ratio

	2025 £m	2024 £m
<b>Underlying operating profit</b>	<b>151.3</b>	143.5
<b>Calculation of adjusted operating cash flow:</b>		
Cash generated by operations	173.1	168.6
Purchase of assets for rental to customers	(1.3)	(2.3)
Purchase of property, plant and equipment	(29.2)	(21.3)
Purchase of intangible assets	(3.7)	(5.0)
Repayment of lease liabilities	(9.5)	(9.0)
Proceeds on disposal of non-current assets and assets held for sale	1.1	3.4
Defined benefit pension scheme deficit payments	3.8	3.7
Add back: Cash flows relating to non-underlying items	3.3	4.0
<b>Adjusted operating cash flow</b>	<b>137.6</b>	142.1
<b>Underlying cash conversion (%)</b>	<b>91%</b>	99%

# Notes to the Consolidated Financial Statements continued

## 4. Alternative Performance Measures continued

### Calculation of capital expenditure to depreciation and amortisation ratio

	2025 £m	2024 £m
<b>Calculation of capital expenditure cashflows:</b>		
Purchase of assets for rental customers	1.3	2.3
Purchase of property, plant and equipment	29.2	21.3
Purchase of intangible assets	3.7	5.0
	<b>34.2</b>	<b>28.6</b>
<b>Calculation of depreciation and amortisation:</b>		
Depreciation of property, plant and equipment	20.5	20.8
Amortisation of development costs	1.1	1.1
Amortisation of other intangible assets	0.2	0.1
	<b>21.8</b>	<b>22.0</b>
<b>Capital expenditure to depreciation and amortisation ratio</b>	<b>1.6x</b>	<b>1.3x</b>

### Calculation of covenant net debt to EBITDA ratio

	2025 £m	2024 £m
Reported net debt	50.8	96.9
Lease liabilities	(39.9)	(46.0)
Lease liabilities included in liabilities held for sale	–	(3.0)
Amounts related to refinancing under IFRS 9	2.3	1.5
<b>Covenant net debt (A)</b>	<b>13.2</b>	<b>49.4</b>
Underlying operating profit	151.3	143.5
Depreciation of owned assets	20.5	20.8
Right-of-use asset depreciation	10.1	10.4
Amortisation of development costs	1.1	1.1
Amortisation of other intangible assets	0.2	0.1
<b>Underlying EBITDA</b>	<b>183.2</b>	<b>175.9</b>
Adjusted for:		
Lease payments	(11.5)	(11.0)
Share-based payments expense	2.9	3.4
Annualised EBITDA of subsidiaries acquired/disposed	–	5.5
<b>Covenant EBITDA (B)</b>	<b>174.6</b>	<b>173.8</b>
<b>Covenant net debt to EBITDA (A divided by B)</b>	<b>0.1</b>	<b>0.3</b>

## 5. Non-underlying items

### Included in operating profit

	2025 £m	2024 £m
Profit on disposal of subsidiaries (a)	1.1	–
Business reorganisation costs (b)	(3.7)	–
Impairment of assets (c)	(14.7)	(13.2)
Loss on remeasurement of assets held for sale (a)	–	(3.1)
Amortisation of acquisition intangibles	(10.8)	(9.9)
Expenses related to acquisitions and disposals	(3.1)	(1.9)
<b>Total non-underlying items</b>	<b>(31.2)</b>	<b>(28.1)</b>

#### Notes:

- a) Following a strategic review in 2024, the Group took the decision to seek buyers for Hill & Smith Pty Limited, the Group's Australian roads business, and Parking Facilities Limited, one of our smaller UK security businesses. At 31 December 2024, in accordance with IFRS 5, the assets and liabilities of the businesses were recognised as disposal groups held for sale. Following the classification, losses on remeasurement of £1.1m relating to Parking Facilities and £2.0m related to Hill & Smith Pty Limited were recognised in 2024 to reduce the carrying amount of the assets in the disposal groups to their fair value less costs to sell.

In January 2025 the sale of Hill & Smith Pty's trade and assets was completed and in February 2025 the Group sold its shareholding in Parking Facilities. The profit on disposal for each disposal group was as follows:

	Parking Facilities	Hill & Smith Australia Pty	Total
Consideration	2.8	5.7	8.5
Net assets disposed	(2.2)	(5.2)	(7.4)
<b>Profit on disposal</b>	<b>0.6</b>	<b>0.5</b>	<b>1.1</b>

The Group also incurred legal fees and other disposal costs of £1.5m, comprising cash costs of £1.1m in the year and a further £0.4m expected to be spent in 2026, which are included within 'expenses related to acquisition and disposals'.

- b) Business reorganisation costs of £3.7m relate to the closure of the Group's trailer-mounted message board manufacturing facility in Garland, Texas, during the second half of the year. Message board operations have now been relocated to National Signal's La Mirada, California facility. The costs include £1.9m of inventory write-downs and other net closure expenses of £1.8m. A further impairment charge of £1.1m was recognised, comprising £0.5m relating to property right-of-use assets, £0.2m relating to capitalised development costs and £0.4m relating to tangible fixed assets.
- c) In addition to the Garland closure, impairment of assets also includes a full impairment of goodwill and acquisition intangible assets relating to National Signal, the Group's US off-grid solar business. In assessing the carrying value of the National Signal CGU, the Board concluded that National Signal's future cash flows were not sufficient to support its carrying value, resulting in an impairment of the acquisition goodwill of £6.7m, acquisition intangible assets of £6.7m and capitalised development costs of £0.2m.

Impairment losses in the prior year related to H&S Inc., the Group's US road products business.

### Included in taxation

The tax effect of the above items is a credit to the income statement of £7.5m (2024: £5.9m).

# Notes to the Consolidated Financial Statements continued

## 6. Employees

<b>The average number of people employed by the Group during the year</b>	2025 £m	2024 (restated) £m
US Engineered Solutions	1,524	1,420
UK & India Engineered Solutions	1,741	1,853
Galvanizing Services	1,358	1,358
<b>Total Group</b>	<b>4,623</b>	<b>4,631</b>

<b>Total employee benefit expense for the year</b>	2025 £m	2024 £m
Wages and salaries	197.4	192.5
Share-based payments (note 24)	2.9	3.4
Social security costs	28.4	26.2
Pension costs (note 26)	5.6	5.1
	<b>234.3</b>	<b>227.2</b>

<b>Remuneration of key management personnel</b>	2025 £m	2024 £m
Remuneration in relation to short term benefits	4.7	4.8
Share based payments	1.6	1.7
Company contributions to money purchase pension plans	0.2	0.1
	<b>6.5</b>	<b>6.6</b>

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group. Key management personnel are considered to be the Board of Directors of Hill & Smith PLC and the members of the Executive Committee who are not also Directors of the Group.

Further details of the Directors' remuneration and share interests are given in the Directors' Remuneration Report on pages 102 to 129.

## 7. Net financing costs

	2025 £m	2024 £m
Interest on bank deposits	0.6	0.5
Other interest receivable	0.2	–
<b>Financial income</b>	<b>0.8</b>	<b>0.5</b>
Interest on loans and borrowings	(6.7)	(8.8)
Interest on lease liabilities (note 15)	(2.0)	(2.0)
Financial expenses related to refinancing activities	(0.6)	(0.5)
Interest cost on net pension scheme surplus (note 26)	–	(0.1)
Unwinding of discount and effect of changes in discount rate on deferred consideration	(0.3)	–
<b>Financial expense</b>	<b>(9.6)</b>	<b>(11.4)</b>
<b>Net financing costs</b>	<b>(8.8)</b>	<b>(10.9)</b>

## 8. Expenses and auditor's remuneration

	2025 £m	2024 £m
<b>Income statement charges</b>		
Depreciation of property, plant and equipment	(20.5)	(20.8)
Right-of-use asset depreciation	(10.1)	(10.4)
Short term leases	(3.6)	(3.7)
Low value leases	(0.3)	(0.1)
Research and development expenditure	(0.7)	(1.5)
Loss on disposal of assets held for sale	–	(0.2)
Amortisation of acquisition related intangibles	(10.8)	(9.9)
Amortisation of development costs	(1.1)	(1.1)
Amortisation of other intangible assets	(0.2)	(0.1)
<b>Impairment losses:</b>		
Intangible fixed assets	(13.8)	(11.9)
Tangible fixed assets	(0.4)	(1.7)
Right-of-use lease assets	(0.5)	(0.4)
<b>Income statement credits</b>		
Gain on disposal of non-current assets	0.4	0.4
Foreign exchange gain	–	0.4
Sublease income (note 15)	0.1	0.1
Gain on lease terminations	–	0.6
Gain on revaluation of leases	0.6	–

A detailed analysis of the auditor's remuneration worldwide is as follows:

	2025 £m	2024 £m
Audit of the Company's Annual Accounts	0.6	0.7
Audit of the Company's subsidiaries	1.2	1.3
	<b>1.8</b>	<b>2.0</b>

A description of the work of the Audit Committee is set out in the Audit Committee Report on pages 95 to 101 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor. Audit-related assurance services totalled £nil (2024: £nil).

# Notes to the Consolidated Financial Statements continued

## 9. Taxation

	2025 £m	2024 £m
<b>Current tax</b>		
UK corporation tax	5.4	4.1
Overseas tax at prevailing local rates	22.8	23.4
Adjustments in respect of prior years	0.6	(2.3)
	<b>28.8</b>	25.2
<b>Deferred tax</b>		
UK deferred tax	1.4	3.7
Overseas tax at prevailing local rates	(0.3)	(2.4)
Adjustments in respect of prior years	(1.1)	1.6
	–	2.9
<b>Tax on profit in the Consolidated Income Statement</b>	<b>28.8</b>	28.1
<b>Deferred Tax (note 16)</b>		
Relating to defined benefit pension schemes	0.5	–
<b>Tax on items taken directly to other comprehensive income</b>	<b>0.5</b>	–
<b>Current tax</b>		
Relating to share-based payments	(0.5)	(0.2)
<b>Deferred tax (note 16)</b>		
Relating to share-based payments	(0.6)	0.4
<b>Tax taken directly to the Consolidated Statement of Changes in Equity</b>	<b>(1.1)</b>	0.2

The tax charge in the Consolidated Income Statement for the period is higher (2024: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2025 £m	2024 £m
<b>Profit before taxation</b>	<b>111.3</b>	104.5
Profit before taxation multiplied by the effective rate of corporation tax in the UK of 25.0% (2024: 25.0%)	27.8	26.1
Expenses not deductible/income not chargeable for tax purposes	1.8	3.1
Benefits from international financing arrangements – current and prior years	(0.1)	(0.1)
Local tax incentives	–	(0.1)
Overseas profits taxed at higher/(lower) rates	(0.2)	(0.2)
Adjustments in respect of prior years	(0.5)	(0.7)
<b>Tax charge</b>	<b>28.8</b>	28.1

## 9. Taxation continued

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption in the UK Controlled Foreign Company ('CFC') legislation, announcing in April 2019 that it believed in certain circumstances the CFC regime constituted State Aid. In 2021 the Group received a charging notice from HMRC requiring it to pay £1.6m in respect of state aid that HMRC considered had been unlawfully received in previous years, which was paid in full in February 2021. Applications to annul the Commission's decision had been made in prior years by the UK Government, the Group and other affected taxpayers. The EU General Court delivered its decision on these applications in June 2022, finding in favour of the Commission. In August 2022, the UK Government and several multinationals, including the Group, appealed against the General Court's decision. The appeal was heard by the Court of Justice of the European Union ('CJEU') on 10 January 2024, and the CJEU's judgement was delivered on 19 September 2024 overturning the Commission's original decision. Following this, HMRC enacted legislation to provide for the tax, and interest, to be repaid, of which £1.6m was received by the Group in March 2025.

## 10. Earnings per share

The weighted average number of ordinary shares in issue during the year was 80.3m (2024: 80.4m), diluted for the effects of the outstanding dilutive share options to 81.2m (2024: 81.4m). Diluted earnings per share takes account of the dilutive effect of all outstanding share options disclosed in note 24, calculated using the treasury share method. Underlying earnings per share have been shown because the Directors consider that this provides valuable additional information about the underlying performance of the Group.

	2025		2024	
	Pence per share	£m	Pence per share	£m
Basic earnings	<b>102.7</b>	<b>82.5</b>	95.0	76.4
Non-underlying items*	<b>29.5</b>	<b>23.7</b>	27.6	22.2
Underlying earnings	<b>132.2</b>	<b>106.2</b>	122.6	98.6
Diluted earnings	<b>101.6</b>	<b>82.5</b>	93.9	76.4
Non-underlying items*	<b>29.2</b>	<b>23.7</b>	27.2	22.2
Underlying diluted earnings	<b>130.8</b>	<b>106.2</b>	121.1	98.6

\* Non-underlying items as detailed in note 5.

# Notes to the Consolidated Financial Statements continued

## 11. Dividends

### Dividends paid during the year

	2025		2024	
	Pence per share	£m	Pence per share	£m
Interim dividend paid in relation to year ended 31 December 2023	–	–	15.0	12.0
Final dividend paid in relation to year ended 31 December 2023	–	–	28.0	22.5
Interim dividend paid in relation to year ended 31 December 2024	16.5	13.3	–	–
Final dividend paid in relation to year ended 31 December 2024	32.5	26.1	–	–
<b>Total</b>	<b>49.0</b>	<b>39.4</b>	<b>43.0</b>	<b>34.5</b>

### Dividends declared in respect of the year

	2025		2024	
	Pence per share	£m	Pence per share	£m
Interim dividend declared in relation to year ended 31 December 2024	–	–	16.5	13.3
Final dividend declared in relation to year ended 31 December 2024	–	–	32.5	26.1
Interim dividend declared in relation to year ended 31 December 2025	18.0	14.5	–	–
Final dividend proposed in relation to year ended 31 December 2025	35.0	27.9	–	–
<b>Total</b>	<b>53.0</b>	<b>42.4</b>	<b>49.0</b>	<b>39.4</b>

The final dividend for 2025 was proposed after the year end date and was not recognised as a liability at 31 December 2025, in accordance with IAS 10.

## 12. Intangible assets

	Goodwill	Brands	Customer Lists	Capitalised Development Costs	Contracts, licences and other assets	Total
<b>Cost</b>						
At 1 January 2024	163.7	28.5	77.0	22.7	20.4	312.3
Exchange adjustments	1.8	0.3	1.5	–	0.1	3.7
Acquisitions of subsidiaries	8.1	1.5	31.7	–	4.1	45.4
Transfer to assets held for sale	(1.6)	(0.9)	(9.1)	–	(0.1)	(11.7)
Additions	–	–	–	1.9	3.1	5.0
Reclassifications	–	–	–	0.8	(0.8)	–
<b>At 31 December 2024</b>	<b>172.0</b>	<b>29.4</b>	<b>101.1</b>	<b>25.4</b>	<b>26.8</b>	<b>354.7</b>
Exchange adjustment	(7.8)	(1.7)	(5.6)	(0.3)	(1.1)	(16.5)
Additions	–	–	–	1.4	2.3	3.7
<b>At 31 December 2025</b>	<b>164.2</b>	<b>27.7</b>	<b>95.5</b>	<b>26.5</b>	<b>28.0</b>	<b>341.9</b>
<b>Amortisation and impairment losses</b>						
At 1 January 2024	20.1	13.9	41.7	15.9	15.0	106.6
Exchange adjustments	0.4	0.1	0.3	(0.2)	0.2	0.8
Transfers to assets held for sale	(1.6)	(0.9)	(9.1)	–	(0.1)	(11.7)
Amortisation charge for the year	–	0.9	6.2	1.1	2.9	11.1
Impairment	8.6	0.3	1.7	1.1	0.2	11.9
Reclassifications	–	–	–	0.8	(0.8)	–
<b>At 31 December 2024</b>	<b>27.5</b>	<b>14.3</b>	<b>40.8</b>	<b>18.7</b>	<b>17.4</b>	<b>118.7</b>
Exchange adjustments	(1.6)	(0.8)	(1.9)	(0.1)	(0.8)	(5.2)
Amortisation charge for the year	–	0.9	7.3	1.1	2.8	12.1
Impairment	6.7	0.8	5.9	0.4	–	13.8
<b>At 31 December 2025</b>	<b>32.6</b>	<b>15.2</b>	<b>52.1</b>	<b>20.1</b>	<b>19.4</b>	<b>139.4</b>
<b>Carrying values</b>						
At 1 January 2024	143.6	14.6	35.3	6.8	5.4	205.7
At 31 December 2024	144.5	15.1	60.3	6.7	9.4	236.0
<b>At 31 December 2025</b>	<b>131.6</b>	<b>12.5</b>	<b>43.4</b>	<b>6.4</b>	<b>8.6</b>	<b>202.5</b>

# Notes to the Consolidated Financial Statements continued

## 12. Intangible assets continued

### 2024 acquisitions

#### Capital Steel

In January 2024 the Group acquired the trade and assets of Capital Steel for cash consideration after working capital adjustments of £5.5m. Capital Steel is a structural steel electrical infrastructure manufacturer which provides engineering and fabrication capabilities on a range of structural steel and substation components, principally for the electrical utility and heavy highway construction end markets. The acquisition was a highly strategic bolt-on acquisition opportunity for V&S Schuler and since acquisition the business has become part of V&S Utilities, within the Group's US Engineered Solutions division.

Details of the acquisition are set out below:

	Pre-acquisition carrying amount £m	Policy alignment and fair value adjustment £m	Total £m
<b>Intangible Assets</b>			
Customer lists	–	1.9	1.9
Brand name	–	0.3	0.3
Order backlog	–	0.7	0.7
Property, plant and equipment	0.2	–	0.2
Right-of-use assets	0.4	0.3	0.7
Inventories	2.4	(0.5)	1.9
Other current assets	1.9	0.7	2.6
<b>Total assets</b>	<b>4.9</b>	<b>3.4</b>	<b>8.3</b>
Lease liabilities	(0.4)	(0.3)	(0.7)
Current liabilities	(2.9)	(0.1)	(3.0)
<b>Total liabilities</b>	<b>(3.3)</b>	<b>(0.4)</b>	<b>(3.7)</b>
<b>Net assets</b>	<b>1.6</b>	<b>3.0</b>	<b>4.6</b>
<b>Consideration</b>			
Initial consideration paid in the year of acquisition			4.9
Working capital adjustments paid in the year of acquisition			0.6
Fair value of contingent consideration due within one year of acquisition			0.3
Fair value of contingent consideration due between one and two years of acquisition			0.3
<b>Goodwill</b>			<b>1.5</b>

Brands, customer lists and the order backlog were recognised as specific intangible assets as a result of the acquisition. The residual goodwill was attributable to opportunities with new customers as the business expands its product and customer base, and Capital Steel's highly skilled workforce. Capital Steel formed part of the V&S Utilities CGU for the purpose of annual goodwill impairment testing during the current year. Policy alignment and fair value adjustments were made to align the accounting policies of the acquired business with the Group's accounting policies and to reflect the fair value of assets and liabilities acquired. In respect of leases, the Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the terms of the leases relative to market terms. The fair value of the current assets acquired included £1.9m of trade receivables, which have a gross value of £1.9m. As part of the acquisition agreement, contingent consideration was agreed. The amount of contingent consideration is dependent on revenue and adjusted EBITDA for the two-year period ending 31 December 2025. The maximum contingent consideration payable was £1.0m. As at the acquisition date, the fair value of the contingent consideration was estimated to be £0.6m, calculated on a probability weighted basis. During the current year, £0.3m was paid, with the fair value of the remaining payment measured at £0.3m.

## 12. Intangible assets continued

### FM Stainless

In March 2024 the Group acquired the trade and assets of FM Stainless for a cash consideration after working capital adjustments of £6.8m. FM Stainless is a fabricator and distributor of high-alloy, stainless steel engineered pipe supports, expansion anchors and fasteners. The acquisition was a highly strategic bolt-on opportunity for The Paterson Group ('TPG') and subsequent to acquisition the business became part of TPG, within the Group's US Engineered Solutions division.

Details of the acquisition are set out below:

	Pre-acquisition carrying amount £m	Policy alignment and fair value adjustment £m	Total £m
<b>Intangible Assets</b>			
Brand name	–	0.2	0.2
Customer lists	–	2.6	2.6
Order backlog	–	0.3	0.3
Property, plant and equipment	0.1	1.5	1.6
Inventories	2.0	(0.4)	1.6
Other current assets	1.3	–	1.3
<b>Total assets</b>	<b>3.4</b>	<b>4.2</b>	<b>7.6</b>
Current liabilities	(0.3)	(0.4)	(0.7)
<b>Total liabilities</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.7)</b>
<b>Net assets</b>	<b>3.1</b>	<b>3.8</b>	<b>6.9</b>
<b>Consideration</b>			
Initial consideration paid in the year of acquisition			6.7
Working capital adjustments paid in the year of acquisition			0.1
Fair value of contingent consideration due within one year of acquisition			0.4
<b>Goodwill</b>			<b>0.3</b>

Brands, customer lists and the order backlog were recognised as specific intangible assets as a result of the acquisition. The residual goodwill was attributable to opportunities with new customers as the business expands its product and customer base, opportunities for expansion into new territories/geographies, and FM Stainless' highly skilled workforce. Policy alignment and fair value adjustments were made to align the accounting policies of the acquired business with the Group's accounting policies and to reflect the fair value of assets and liabilities acquired. The fair value of the current assets acquired included £1.3m of trade receivables, which had a gross value of £1.3m. As part of the acquisition agreement, contingent consideration was agreed. The amount of contingent consideration was dependent on adjusted EBIT for the 12-month period ending 31 March 2025. The maximum contingent consideration payable was £0.4m. As at the acquisition date, the fair value of the contingent consideration was estimated to be £0.4m, calculated on a probability-weighted basis. During 2025, contingent consideration of £0.1m was paid, leaving £0.2m to be paid in the first quarter of 2026.

# Notes to the Consolidated Financial Statements

## continued

### 12. Intangible assets continued

#### Trident

In July 2024 the Group acquired the trade and assets of Trident for cash consideration after closing and working capital adjustments of £8.2m and further cash consideration of up to £25.4m, payable based on future revenues over the five years post-acquisition. Located in Greater St Louis, Illinois, Trident is a designer and supplier of composite utility poles, serving utility company needs across North America and the Caribbean. The business had a long-term outsourced manufacturing relationship with Enduro Composites and became part of the Creative Composites Group within the US Engineered Solutions division.

Details of the acquisition are set out below:

	Pre-acquisition carrying amount £m	Policy alignment and fair value adjustment £m	Total £m
<b>Intangible Assets</b>			
Customer lists		16.0	16.0
Brand names		0.4	0.4
Order backlog		1.7	1.7
Property, plant and equipment	0.2	(0.1)	0.1
Right-of-use assets	–	0.1	0.1
Inventories	1.8	–	1.8
Other current assets	3.2	–	3.2
<b>Total assets</b>	<b>5.2</b>	<b>18.1</b>	<b>23.3</b>
Lease liabilities	–	(0.1)	(0.1)
Current liabilities	(3.9)	–	(3.9)
Non-current liabilities	(0.7)	(0.2)	(0.9)
<b>Total liabilities</b>	<b>(4.6)</b>	<b>(0.3)</b>	<b>(4.9)</b>
<b>Net assets</b>	<b>0.6</b>	<b>17.8</b>	<b>18.4</b>
<b>Consideration</b>			
Initial consideration paid in the year of acquisition			7.8
Working capital adjustments paid in the year of acquisition			0.4
Fair value of contingent consideration due within one year of acquisition			3.7
Fair value of contingent consideration due between two and five years of acquisition			9.6
<b>Goodwill</b>			<b>3.1</b>

Brands, customer lists and the order backlog were recognised as specific intangible assets as a result of the acquisition. The residual goodwill was attributable to opportunities with new customers as the business expands its product and customer base, opportunities for expansion into new territories/geographies, and Trident's highly skilled workforce. Trident has become part of the Creative Composites Group CGU for the purpose of annual goodwill impairment testing. Policy alignment and fair value adjustments were made to align the accounting policies of the acquired business with the Group's accounting policies and to reflect the fair value of assets and liabilities acquired. The fair value of the current assets acquired includes £3.2m of trade receivables, which have a gross value of £3.2m.

As part of the acquisition agreement, contingent consideration was agreed. The amount of contingent consideration is dependent on revenue over the five years subsequent to acquisition. The maximum contingent consideration payable is £25.4m. As at the acquisition date, the fair value of the contingent consideration was estimated to be £13.3m, calculated on a probability-weighted basis. During the current year, £2.7m has been paid in respect of the contingent consideration, with the fair value of the remaining contingent consideration estimated to be £10.2m.

## 12. Intangible assets continued

### Whitlow Electric

In September 2024 the Group acquired the trade and assets of Whitlow Electric Service Company (“Whitlow”) for initial cash consideration of £24.0m. Located in Elberton, Georgia, Whitlow designs and manufactures a range of structural steel and substation components for the US electrical infrastructure market. Whitlow became part of V&S Utilities, within the US Engineered Solutions division, and builds on the successful acquisition and integration of Capital Steel, broadening the geographic footprint in the US and providing new customers in the attractive Southeast market and increasing the Group’s structural steel fabrication capacity, presenting opportunities for cross selling and margin expansion.

Details of the acquisition are set out below:

	Pre-acquisition carrying amount £m	Policy alignment and fair value adjustment £m	Total £m
<b>Intangible Assets</b>			
Brand name	–	0.6	0.6
Customer lists	–	11.2	11.2
Order backlog	–	1.4	1.4
Property, plant and equipment	1.1	4.5	5.6
Inventories	1.2	(0.6)	0.6
Other current assets	1.8	0.7	2.5
<b>Total assets</b>	<b>4.1</b>	<b>17.8</b>	<b>21.9</b>
Current liabilities	(1.4)	–	(1.4)
<b>Total liabilities</b>	<b>(1.4)</b>	<b>–</b>	<b>(1.4)</b>
<b>Net assets</b>	<b>2.7</b>	<b>17.8</b>	<b>20.5</b>
<b>Consideration</b>			
Consideration paid in the year of acquisition			24.0
Working capital adjustments receivable within one year of acquisition			(0.3)
<b>Goodwill</b>			<b>3.2</b>

Brands, customer lists and the order backlog were recognised as specific intangible assets as a result of the acquisition. The residual goodwill was attributable to opportunities with new customers as the business expands its product and customer base, opportunities for expansion into new territories/geographies, and Whitlow’s highly skilled workforce. Whitlow became part of the V&S Utilities CGU for the purpose of annual goodwill impairment testing. Policy alignment and fair value adjustments were made to align the accounting policies of the acquired business with the Group’s accounting policies and to reflect the fair value of assets and liabilities acquired. The fair value of the current assets acquired includes £1.8m of trade receivables, which have a gross value of £1.8m.

# Notes to the Consolidated Financial Statements continued

## 12. Intangible assets continued

### Cash generating units with significant amounts of goodwill

	2025 £m	2024 £m (restated)
<b>US Engineered Solutions</b>		
Creative Composites Group	30.3	32.7
V&S Utilities	9.8	10.6
National Signal	–	7.1
Others <£5m individually	1.8	1.9
<b>UK &amp; India Engineered Solutions</b>		
ATG Access	4.7	4.7
Hill & Smith Infrastructure	9.8	9.8
Mallatite	9.6	9.6
Prolectric	5.5	5.5
Others <£5m individually	2.4	2.4
<b>Galvanizing Services</b>		
USA	30.8	33.3
UK	26.9	26.9
	<b>131.6</b>	<b>144.5</b>

Goodwill impairment reviews have been carried out on all CGUs to which goodwill is allocated.

#### Methodology and assumptions

Impairment tests on the carrying values of goodwill and certain brand names of £7.5m (2024: £8.1m), which are the Group's only other indefinite life intangible assets within the Galvanizing Services - US CGU, are performed by analysing the carrying value allocated to each significant CGU against its value in use. All goodwill is allocated to specific CGUs, which are in all cases no larger than operating segments. Value in use is calculated for each CGU as the net present value of that unit's discounted future cash flows. These cash flows are based on budget cash flow information for 2026 and strategic plans for 2027 through 2029, both of which are prepared taking into account a range of factors including past experience, the forecast future trading environment and macroeconomic conditions in the Group's key markets. The cash flows beyond the strategic plan period use growth rates which reflect the long-term historical growth in GDP of the economies in which each CGU is located, excluding 2020 and 2021 given the sharp economic movements in those years due to COVID-19. The long-term growth rates are 2.0% in the UK and 2.5% in the USA.

## 12. Intangible assets *continued*

### Summary of results of goodwill impairment reviews

The calculated headroom between value in use and carrying value of each of the Group's CGUs with significant amounts of goodwill, together with the pre-tax discount rates applied, are set out below. The pre-tax discount rates are derived from a market participant's cost of capital and risk adjusted for individual CGUs' circumstances.

	2025			2024		
	Goodwill £m	Headroom/ (impairment) £m	Discount rate	Goodwill £m	Headroom/ (impairment) £m	Discount rate
Creative Composites Group	30.3	421.5	14.5%	32.7	457.4	14.3%
V&S Utilities	9.8	226.5	14.5%	10.6	155.1	14.4%
Hill & Smith Infrastructure	9.8	67.6	14.9%	9.8	49.8	14.8%
ATG Access	4.7	6.1	15.0%	4.7	8.3	14.8%
Mallatite	9.6	22.5	15.2%	9.6	31.5	14.9%
Prolectric	5.5	15.0	14.9%	5.5	4.4	14.7%
Hill & Smith Inc.	–	–	–	8.6	(10.6)	14.7%
National Signal	6.7	(13.6)	14.4%	7.1	21.5	14.1%
Galvanizing Services – USA*	30.8	347.4	14.6%	33.3	332.4	14.4%
Galvanizing Services – UK	26.9	54.3	15.4%	26.9	55.1	15.0%

\* The Group's only other indefinite life intangible assets relate to brand names allocated to the Galvanizing Services – USA CGU.

Based on the methodology set out above, the impairment review for National Signal concluded that the carrying value of the business exceeded its estimated recoverable amount and accordingly an impairment charge of £13.6m has been recognised, comprising a full impairment of the goodwill of £6.7m, the remaining acquisition intangible assets of £6.7m and £0.2m of capitalised development costs.

National Signal is a US designer, manufacturer and supplier of off-grid solar and hybrid power lighting solutions. Following a strong performance in 2023, its results in 2024 and 2025 have been impacted by lower demand, particularly from its largest customer, leading to lower revenues and profitability. Whilst our strategy continues to be one of customer diversification and product innovation, market demand for solar products has been impacted by some shift in sentiment away from sustainability-focused products, together with a slower than anticipated market penetration from newer products. The combination of these factors led the Board to reassess the business' future prospects, which in addition to reflecting a more muted outlook for solar lighting, concluded that the pace of growth across other elements of the product range was likely to be slower than previously anticipated, and that future gross margins were likely to be impacted by pricing pressures given the weaknesses in demand. Consequently, the impairment review based on this revised assessment concluded that National Signal's future cash flows were not sufficient to support its carrying value, resulting in a full impairment of the acquisition goodwill of £6.7m, the acquisition intangible assets of £6.7m and capitalised development costs of £0.2m.

In the prior year, the impairment review of H&S Inc. concluded that its future cash flows were not sufficient to support its carrying value, resulting in a full impairment of the acquisition goodwill of £8.6m and of the remaining acquisition intangible assets of £2.0m.

### Sensitivities

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment of the goodwill in any CGU that would be material to these Consolidated Financial Statements. The sensitivity analyses did not identify any potential impairment for any CGU, with the exception of Prolectric and ATG Access.

# Notes to the Consolidated Financial Statements continued

## 12. Intangible assets continued

### Prolectric

Prolectric manufactures, sells and rents a range of off-grid solar energy products including temporary and permanent solar lighting, lighting towers and hybrid power generators, to construction contractors, hire companies and private businesses across the UK infrastructure markets. Following a strong performance subsequent to the Group's acquisition of the business in 2021, its results in 2023 were impacted by a downturn in the UK construction market as well as operational challenges, which led to lower revenues and profitability. As expected, performance in 2024 remained subdued while the operational challenges were resolved, however recent order intake rates have improved and the result for 2025 was more positive. The Group's projections for the business result in calculated headroom of £15.0m, an increase of £10.6m on the prior year, reflecting the recovery that Prolectric has delivered in 2025 and the resulting improvement in the outlook. However, we acknowledge that there could be variations in the pace of further recovery in underlying UK construction activity and in growth across Prolectric's other markets, and if lower than that assumed in our projections, could result in a future impairment. Revenue growth and gross profit margins are the key assumptions on which the impairment calculations are most sensitive. The following table provides information on the impact on calculated headroom of possible scenarios for each of those key assumptions (independently in each case), the first showing the Board approved projections, the second the assumptions that result in zero headroom, and the third a severe but plausible downside scenario which would trigger a material impairment. The calculations are not particularly sensitive to other assumptions such as long-term growth rates or the discount rate, and we do not believe that there are any reasonable possible changes in assumptions for these metrics that could lead to a material impairment.

Input	Scenario	Sensitivity applied %	Headroom/ (impairment) £m
Compound annual revenue growth 2026-2030	Base case	19.1%	15.0
	Zero headroom	13.8%	–
	H&S sensitivity	11.7%	(5.0)
Average gross profit margin 2026-2030	Base case	47.0%	15.0
	Zero headroom	38.2%	–
	H&S sensitivity	35.0%	(5.0)

### ATG Access

ATG Access operates in niche security markets, manufacturing and distributing hostile vehicle mitigation and related products. Its future performance is largely dependent on the UK and global security products markets, which itself is inherently dependent on both public/customer behaviour and broader economic conditions. Following several years of growth, in 2025 ATG experienced a downturn in performance, principally reflecting lower UK demand due to the weak economic backdrop. The Group's projections for the business result in calculated headroom of £6.1m, lower than the prior year (£8.3m). We acknowledge that there could be variations in the pace of recovery in underlying UK markets and in growth across ATG's other markets, and if lower than that assumed in our projections, could result in a future impairment. Revenue growth and gross profit margins are the key assumptions on which the impairment calculations are most sensitive. The following table provides information on the impact on calculated headroom of possible scenarios for each of those key assumptions (independently in each case), the first showing the Board approved projections, the second the assumptions that result in zero headroom, and the third a severe but plausible downside scenario which would trigger a material impairment. The calculations are not particularly sensitive to other assumptions such as long-term growth rates or the discount rate, and we do not believe that there are any reasonable possible changes in assumptions for these metrics that could lead to a material impairment.

Input	Scenario	Sensitivity applied %	Headroom/ (impairment) £m
Compound annual revenue growth 2026-2030	Base case	8.9%	6.1
	Zero headroom	6.0%	–
	H&S sensitivity	3.4%	(5.0)
Average gross profit margin 2026-2030	Base case	40.0%	6.1
	Zero headroom	35.3%	–
	H&S sensitivity	31.5%	(5.0)

### 13. Property, plant and equipment

	Land and buildings	Plant, machinery and vehicles	Total
<b>Cost</b>			
At 1 January 2024	110.4	225.1	335.5
Exchange adjustments	1.5	1.1	2.6
Acquisitions of subsidiaries	3.8	3.7	7.5
Additions	7.2	15.2	22.4
Transfers to inventory	–	(1.5)	(1.5)
Transfers to assets held for sale	(0.1)	(9.9)	(10.0)
Disposals	(0.5)	(10.5)	(11.0)
<b>At 31 December 2024</b>	<b>122.3</b>	<b>223.2</b>	<b>345.5</b>
Exchange adjustments	(6.9)	(7.4)	(14.3)
Additions	16.2	14.7	30.9
Transfers to inventory	–	(7.9)	(7.9)
Disposals	(0.5)	(9.3)	(9.8)
<b>At 31 December 2025</b>	<b>131.1</b>	<b>213.3</b>	<b>344.4</b>
<b>Depreciation and impairment losses</b>			
At 1 January 2024	31.1	120.0	151.1
Exchange adjustments	0.5	0.7	1.2
Disposals	(1.2)	(9.1)	(10.3)
Transfers to assets held for sale	–	(2.6)	(2.6)
Transfers to inventory	–	(1.5)	(1.5)
Charge for the year	4.0	16.8	20.8
Impairment	–	1.7	1.7
<b>At 31 December 2024</b>	<b>34.4</b>	<b>126.0</b>	<b>160.4</b>
Exchange adjustments	(2.0)	(3.2)	(5.2)
Disposals	(0.4)	(8.8)	(9.2)
Transfers to inventory	–	(7.9)	(7.9)
Charge for the year	4.2	16.3	20.5
Impairment	–	0.4	0.4
<b>At 31 December 2025</b>	<b>36.2</b>	<b>122.8</b>	<b>159.0</b>
<b>Carrying Values</b>			
At 1 January 2024	79.3	105.1	184.4
At 31 December 2024	87.9	97.2	185.1
<b>At 31 December 2025</b>	<b>94.9</b>	<b>90.5</b>	<b>185.4</b>

The gross book value of land and buildings includes freehold land of £17.1m (2024: £18.0m). Included within plant, machinery and vehicles are assets held for rental with a cost of £85.5m (2024: £95.8m) and accumulated depreciation of £49.8m (2024: £54.2m).

# Notes to the Consolidated Financial Statements continued

## 14. Assets held for sale

	2025 £m	2024 £m
<b>Assets held for sale</b>		
At 1 January	12.7	2.5
Exchange adjustments	(0.1)	(0.1)
Transfers from property, plant and equipment (note 13)	-	7.4
Transfers from right-of-use assets (note 15)	-	2.8
Transfers from working capital	-	5.7
Disposals	(12.6)	(2.5)
Loss on remeasurement	-	(3.1)
<b>Total assets held for sale at 31 December</b>	<b>-</b>	<b>12.7</b>
<b>Liabilities held for sale</b>		
Lease liabilities (note 15)	-	(3.0)
Deferred tax liability (note 16)	-	(0.5)
Bank overdraft	-	(3.4)
<b>Total liabilities held for sale at 31 December</b>	<b>-</b>	<b>(6.9)</b>
<b>Total net assets held for sale at 31 December</b>	<b>-</b>	<b>5.8</b>

Following a strategic review in 2024, the Group took the decision to seek buyers for Hill & Smith Pty Limited, the Group's Australian roads business, and Parking Facilities Limited, one of our smaller UK security businesses.

In accordance with IFRS 5, the assets and liabilities of the businesses were recognised as disposal groups held for sale at 31 December 2024 and reported separately in the Consolidated Statement of Financial Position. Immediately before the classification of the two businesses as held for sale, their recoverable amount was estimated, with no impairment loss being identified. Following the classification, losses on remeasurement of £1.1m relating to Parking Facilities and £2.0m related to Hill & Smith Pty Limited were recognised in 2024 to reduce the carrying amount of the assets in the disposal groups to their fair value less costs to sell.

In January 2025 the sale of Hill & Smith Pty's trade and assets was completed and in February 2025 we sold our shareholding in Parking Facilities.

There were no assets or liabilities held for sale at 31 December 2025.

## 15. Leases

The leases held by the Group can be split into two categories: land and buildings, and plant and equipment. The Group leases various properties for its manufacturing and distribution activities. Plant and equipment includes all other leases, such as vehicles and machinery.

The movements in the carrying value of the right-of-use assets and lease liabilities in the years ended 31 December 2024 and 31 December 2025 were as follows:

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
<b>Right-of-use assets</b>			
At 1 January 2024	33.2	8.6	41.8
Acquisitions of subsidiaries	0.8	–	0.8
Additions	8.4	7.5	15.9
Terminations	(1.5)	(0.1)	(1.6)
Depreciation charge for the year	(6.2)	(4.2)	(10.4)
Transfers to assets held for sale	(2.7)	(0.1)	(2.8)
Re-measurement	(0.3)	(0.1)	(0.4)
Impairment	(0.4)	–	(0.4)
Effect of movements in foreign exchange	0.3	–	0.3
<b>At 31 December 2024</b>	<b>31.6</b>	<b>11.6</b>	<b>43.2</b>
Additions	3.1	4.2	7.3
Terminations	–	(0.1)	(0.1)
Depreciation charge for the year	(5.7)	(4.4)	(10.1)
Modification	(1.9)	–	(1.9)
Impairment	(0.5)	–	(0.5)
Effect of movements in foreign exchange	(1.1)	–	(1.1)
<b>At 31 December 2025</b>	<b>25.5</b>	<b>11.3</b>	<b>36.8</b>
<b>Lease Liabilities</b>			
		2025 £m	2024 £m
At 1 January		46.0	43.7
Additions		7.3	16.0
Terminations		(0.1)	(2.2)
Interest expense		2.0	2.0
Acquisitions of subsidiaries		–	0.8
Lease payments		(11.5)	(11.0)
Re-measurement		–	(0.5)
Modification		(2.5)	–
Effects of movements in foreign exchange		(1.3)	0.2
Transfers to liabilities held for sale		–	(3.0)
<b>At 31 December</b>		<b>39.9</b>	<b>46.0</b>

# Notes to the Consolidated Financial Statements continued

## 15. Leases continued

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

	2025 £m	2024 £m
Depreciation of right-of-use assets	10.1	10.4
Short-term lease expense	3.6	3.7
Low-value lease expense	0.3	0.1
Sublease income	(0.1)	(0.1)
<b>Charged to operating profit</b>	<b>13.9</b>	<b>14.1</b>
Interest expense relating to lease liabilities	2.0	2.0
<b>Charged to profit before taxation</b>	<b>15.9</b>	<b>16.1</b>

The maturity of the lease liabilities at 31 December was as follows:

	2025 £m	2024 £m
Due within one year	8.6	9.1
Due between one and two years	7.2	7.8
Due between two and three years	6.3	6.5
Due between three and four years	5.5	5.7
Due between four and five years	4.0	5.0
Due after more than five years	8.3	11.9
<b>Total lease liabilities</b>	<b>39.9</b>	<b>46.0</b>

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Group's business needs. Management exercise judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the:

- Undiscounted potential future rental payments relating to periods following the exercise date of extension that are not included in the lease term; and
- Undiscounted future rental payments relating to periods that are included in the lease term as the break clauses are not expected to be exercised.

	2025			2024		
	Within five years £m	More than five years £m	Total £m	Within five years £m	More than five years £m	Total £m
Extension options expected not to be exercised	1.5	12.2	13.7	0.4	20.5	20.9
Termination options expected not to be exercised	0.8	3.0	3.8	0.8	3.2	4.0

The Group has lease contracts that had not yet commenced as at 31 December 2025. The total future lease payments for these non-cancellable lease contracts are £2.0m (2024: £2.6m).

## 16. Deferred taxation

	Intangible Assets £m	Property, plant and equipment £m	Inventories £m	Retirement obligation £m	Other timing differences £m	Total £m
<b>At 1 January 2024</b>	(10.4)	(17.2)	0.6	1.0	16.5	(9.5)
Exchange adjustments	0.1	-	-	-	-	0.1
Transfer to asset held for sale	-	2.4	-	-	(1.9)	0.5
Credited/(charged) for the year in the Consolidated Income Statement	5.0	(0.6)	0.2	(0.8)	(6.7)	(2.9)
Credited for the year in the Consolidated Statement of Changes in Equity	-	-	-	-	(0.4)	(0.4)
<b>At 31 December 2024</b>	(5.3)	(15.4)	0.8	0.2	7.5	(12.2)
Exchange adjustments	-	0.7	(0.1)	-	(0.2)	0.4
Credited/(charged) for the year in the Consolidated Income Statement	3.3	(0.7)	-	(0.9)	(1.7)	-
Charged for the year in the Consolidated Statement of Comprehensive Income	-	-	-	(0.5)	-	(0.5)
Credited for the year in the Consolidated Statement of Changes in Equity	-	-	-	-	0.6	0.6
<b>At 31 December 2025</b>	(2.0)	(15.4)	0.7	(1.2)	6.2	(11.7)

	2025 £m	2024 £m
Deferred tax assets	0.1	0.1
Deferred tax liabilities	(11.8)	(12.3)
<b>Deferred tax liability</b>	<b>(11.7)</b>	<b>(12.2)</b>

The deferred tax asset of £6.2m (2024: £7.5m) in respect of other timing differences includes £nil (2024: £1.9m) in relation to tax losses and £3.6m (2024: £2.9m) in relation to share based payments. No deferred tax asset has been recognised in respect of other tax losses of £18.8m (2024: £16.2m) as their future use is uncertain. There is no time limit on the carrying forward of the losses. The losses are predominantly capital losses. No deferred tax liability is recognised on temporary differences of £0.7m (2024: £0.3m) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The Group does not expect this to crystallise into a cash expense in the near future.

# Notes to the Consolidated Financial Statements continued

## 17. Inventories

	2025 £m	2024 £m
Raw materials and consumables	55.8	62.5
Work in progress	6.4	5.1
Finished goods and goods for resale	35.0	32.5
	<b>97.2</b>	<b>100.1</b>

The amount of inventories expensed to the Consolidated Income Statement in the year was £443.8m (2024: £432.2m). The value of inventories written down and movement in the inventory provision during the year amounted to a credit of £0.2m (2024: charge of £4.8m).

## 18. Trade and other receivables

	2025 £m	2024 £m
<b>Trade and other current receivables</b>		
Trade receivables	124.9	129.3
Prepayments	6.6	7.2
VAT receivable	1.5	–
Other receivables	4.1	3.0
Reimbursement asset	7.4	3.8
Unpaid share premium (note 24)	1.2	–
Contract assets	16.2	19.2
	<b>161.9</b>	<b>162.5</b>

The movements in contract assets and contract liabilities (note 21), during the year correspond to the completion of performance obligations partially satisfied as at 31 December 2024 offset by contracts that are in progress at 31 December 2025.

## 19. Cash and borrowings

	2025 £m	2024 £m
<b>Cash and cash equivalents in the Consolidated Statement of Financial Position</b>		
Cash and cash equivalents net of bank overdrafts*	70.4	55.0
Bank overdraft+	(0.7)	(0.3)
Bank overdraft classified as held for sale	–	(3.4)
<b>Cash and cash equivalents net of bank overdraft and overdraft classified as held for sale</b>	<b>69.7</b>	<b>51.3</b>
<b>Interest bearing loans and other borrowings</b>		
Amounts due within one year	(25.7)	(0.5)
Amounts due after more than one year	(54.9)	(98.7)
Lease liabilities due within one year	(8.6)	(9.1)
Lease liabilities due after more than one year	(31.3)	(36.9)
Lease liabilities classified as held for sale	–	(3.0)
<b>Net debt</b>	<b>(50.8)</b>	<b>(96.9)</b>
<b>Change in net debt</b>		
Operating profit	120.1	115.4
Non-cash items	59.5	59.8
<b>Operating cash flow before movement in working capital</b>	<b>179.6</b>	<b>175.2</b>
Net movement in working capital	(3.1)	0.6
Increase in insurance reimbursement asset	(3.6)	(3.8)
Increase/(decrease) in provisions and employee benefits	0.2	(3.4)
<b>Operating cash flow</b>	<b>173.1</b>	<b>168.6</b>
Income taxes paid	(27.3)	(26.5)
Net financing costs paid	(5.8)	(8.3)
Capital expenditure	(34.2)	(28.6)
Proceeds on disposal of non-current assets and assets held for sale	1.1	3.4
<b>Free cash flow</b>	<b>106.9</b>	<b>108.6</b>
Dividends paid	(39.4)	(34.5)
Acquisitions of subsidiaries (including deferred consideration)	(3.1)	(47.4)
Disposals of subsidiaries	7.4	–
Amortisation of costs associated with refinancing activities	(0.6)	(0.5)
Purchase of shares for employee benefit trust	(4.5)	(1.2)
Issue of new shares	0.8	2.5
Leases disposed of	3.0	–
Lease additions, terminations and remeasurements	(4.7)	(13.3)
Repurchase of shares	(20.2)	–
Interest on lease liabilities	(2.0)	(2.0)
<b>Net debt decrease</b>	<b>43.6</b>	<b>12.2</b>
Effect of exchange rate fluctuations	2.5	(0.7)
<b>Net debt at the beginning of the year</b>	<b>(96.9)</b>	<b>(108.4)</b>
<b>Net debt at the end of the year</b>	<b>(50.8)</b>	<b>(96.9)</b>

\* Included within cash and cash equivalents net of bank overdrafts are overdrafts amounting to £29.3m (2024: £19.9m) for which the Group has a legally enforceable right of offset and the intention to settle on a net basis.

+ Represents an overdraft for which the Group has no right of offset.

# Notes to the Consolidated Financial Statements continued

## 19. Cash and borrowings continued

### Reconciliation of movements in financial liabilities to cash flows arising from financing activities

	2025 £m	2024 £m
<b>Interest bearing loans and other borrowings and lease liabilities</b>		
At 1 January	148.2	142.8
New loans and borrowings	42.0	62.5
Repayments of loans and borrowings	(55.4)	(63.7)
Repayment of lease liabilities	(9.5)	(9.0)
Costs associated with refinancing during the year	(1.3)	–
<b>Cash flows used in financing activities</b>	<b>(24.2)</b>	<b>(10.2)</b>
<b>Other changes</b>		
Effect of exchange rate fluctuations	(4.3)	0.8
Amortisation of costs associated with refinancing activities	0.6	0.5
Lease changes:		
Effect of exchange rate fluctuations	(1.4)	0.2
New leases	7.3	16.0
Terminations	(0.1)	(2.2)
Re-measurement	(2.5)	(0.5)
Acquisitions of subsidiaries	–	0.8
Disposals of subsidiaries	(3.1)	–
Interest expense	2.0	2.0
Interest paid	(2.0)	(2.0)
<b>At 31 December</b>	<b>120.5</b>	<b>148.2</b>

## 20. Current liabilities

	2025 £m	2024 £m
<b>Interest bearing loans and borrowings</b>		
Loans and borrowings	25.7	0.5
Bank overdrafts	0.7	0.3
	<b>26.4</b>	<b>0.8</b>
<b>Trade and other current liabilities</b>		
Trade payables	66.5	61.5
Other taxation and social expenses	4.9	4.2
Accrued expenses	40.4	46.4
Contingent consideration on acquisitions	3.7	4.5
Contract liabilities	11.0	13.3
Fair value derivatives	–	0.1
Other payables	3.1	3.5
	<b>129.6</b>	<b>133.5</b>

During the year, £10.8m (2024: £8.6m) of revenue was recognised in respect of contract liabilities present as at 1 January 2025.

## 21. Non-current liabilities

	2025 £m	2024 £m
<b>Interest bearing loans and borrowings</b>		
Loans and borrowings	54.9	98.7
	<b>54.9</b>	<b>98.7</b>
<b>Other non-current liabilities</b>		
Contract liabilities > 1 year*	–	1.1
Contingent consideration on acquisitions	7.0	10.1
	<b>7.0</b>	<b>11.2</b>

\* Contract liabilities > 1 year do not represent partially satisfied performance obligations as at the balance sheet date.

## 22. Provisions

	Environmental £m	Restructuring £m	Product rectification £m	Legal Claims £m	Other £m	Total
At 1 January 2024	1.2	3.3	3.0	–	1.7	9.2
Charged during the year	–	–	–	4.2	0.1	4.3
Utilised during the year	–	(1.2)	(1.4)	–	–	(2.6)
Released during the year	–	–	(1.2)	–	(0.3)	(1.5)
<b>At 31 December 2024</b>	<b>1.2</b>	<b>2.1</b>	<b>0.4</b>	<b>4.2</b>	<b>1.5</b>	<b>9.4</b>
Exchange adjustments	(0.1)	–	–	–	–	(0.1)
Charged in the year	–	3.0	–	4.6	–	7.6
Utilised in the year	–	(2.0)	(0.2)	(0.8)	–	(3.0)
<b>At 31 December 2025</b>	<b>1.1</b>	<b>3.1</b>	<b>0.2</b>	<b>8.0</b>	<b>1.5</b>	<b>13.9</b>

	2025 £m	2024 £m
Amounts due within one year	11.6	7.1
Amounts due after more than one year and less than five years	2.3	2.3
	<b>13.9</b>	<b>9.4</b>

### Environmental provisions

Environmental provisions recognise the estimated cost of remediating contaminated land at a number of the Group's operating sites, where it is considered probable that the Group will be obliged to carry out the necessary remediation work. Primarily the issues identified relate to sites acquired through acquisitions of businesses. As a consequence of the nature of the liabilities, the timescales are uncertain and the provisions represent the Directors' best estimate of the associated costs. The Group has sought expert external valuations where appropriate.

### Restructuring provisions

Restructuring provisions represent the cash costs of closing or rationalising operations. The provisions represent the Directors' best estimate of the liabilities arising and are expected to be settled within the next twelve months. The provision of £2.1m at 31 December 2024 included £1.6m relating to the closure of the Group's variable message sign business that was announced in 2021. £0.9m of this provision has been utilised during 2025, and the remainder is expected to be utilised in 2026. The charge for the year of £3.0m includes £2.4m in respect of the closure of the H&S Inc's operations based in Garland, Texas, as explained in note 5. £1.1m of this provision has been utilised during 2025, with the remaining £1.3m expected to be utilised in 2026.

### Product rectification

The £0.4m provision brought forward was in respect of an issue identified with the historical installation of certain products by our UK off-grid solar business. £0.2m of this provision has been utilised during 2025, and the remaining provision of £0.2m is expected to be utilised in 2026.

# Notes to the Consolidated Financial Statements continued

## 22. Provisions continued

### Legal claims

Legal claims relate to claims or disputes arising from various legal actions, proceedings or other claims that are pending against the Group's operating companies and are based on management's best estimates of the most likely outcome, taking into account the opinions of legal counsel. The charge for the year includes £3.7m recognised in the current year relating to a claim that is fully covered by an insurance policy; a corresponding asset has been recognised within the Group's insurance reimbursement asset (note 18).

### Other provisions

Other provisions relate to various matters including obligations in respect of onerous leases and property dilapidations.

## 23. Financial instruments

### (a) Management of financial risks

#### Overview

The Group has exposure to a number of risks associated with its use of financial instruments.

This note presents information about the Group's exposure to each of these risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. A programme of commercial, operating, financial and third party reviews is in place to assist the Group Audit Committee with its assessment of the effectiveness of risk management and internal control procedures.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, derivative financial instruments and principally from the Group's receivables from customers. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount.

The Group has a policy of insuring a substantial majority of receivables in its UK businesses, which account for 41% (2024: 39%) of the Group's trade receivables. Any residual uninsured risk is spread across a significant number of customers. In our US businesses, which account for 53% (2024: 53%) of the Group's trade receivables, our operating companies have a policy of taking out trade references before granting credit limits and selectively insuring against credit risk where it is deemed appropriate by management. Purchase limits are established for each customer and are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. The Group's other overseas businesses operate on a similar basis to the US. As a result of these policies, impairment losses are not significant.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

It is the Group's policy to minimise its liquidity risk in terms of limiting the amounts of loans and borrowings maturing within the next 12 months. As at 31 December 2025 all such debt was covered by cash and cash equivalents netting to £44.0m positive current liquidity (2024: £54.2m).

The Group's principal UK revolving credit facility was increased and extended in November 2025, now having a value of £300m (2024: £250m) and a maturity of November 2029 with a further one-year extension option (2024: maturity of November 2027). Along with various other secured and on demand lines of credit, including bank overdrafts, the Group has access to bank borrowing facilities of £307.8m at 31 December 2025 (2024: £258.8m).

## 23. Financial instruments continued

### Liquidity risk continued

In addition, in 2019 the Group signed an agreement with an institutional investor for a private placement of \$70m new senior unsecured notes ("Senior Unsecured Notes"). The issue consisted of two equal tranches with maturities in June 2026 and June 2029 respectively.

At 31 December 2025, the Group's total committed borrowing facilities were £353.5m (2024: £308.1m) and the amount undrawn at this date was £270.6m (2024: £207.5m).

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board. Refer to note 23(f) for further details.

### Counterparty risk

A group of relationship banks provides the bulk of the banking services, with pre-approved credit limits set for each institution. Financial derivatives may be entered into with these core banks and the underlying credit exposure to these instruments is included when considering the credit exposure to the counterparties. At the end of 2025, credit exposure including cash deposited did not exceed £16.6m with any single institution (2024: £12.9m).

### Currency risk

The Group publishes its Consolidated Financial Statements in Sterling, but conducts business in several foreign currencies, including significant operations based in the US. This results in foreign currency exchange risk due to exchange rate movements, which will affect the Group's transaction costs and, more significantly, the translation of the results and net assets of its foreign operations. The Group's translation reserve includes a loss of £30.4m (2024: gain of 5.6m), principally as a result of Sterling's appreciation against the US Dollar in 2025, representing this translation effect on overseas earnings and net assets.

The trading currency of each operation is predominantly in the same denomination. However, the Group uses forward exchange contracts to minimise currency risk where appropriate. The Group does not apply hedge accounting to these derivative financial instruments.

The Group has hedged its investment in its US operations by way of financing the acquisitions through like denominations of its bank borrowings and the Senior Unsecured Notes. The Group's investments in other subsidiaries are not hedged because fluctuations on translation of their assets into Sterling are not significant to the Group.

### Interest rate risk

The Senior Unsecured Notes account for 63% (2024: 56%) of the Group's outstanding gross borrowings at 31 December 2025 and attract a fixed rate of interest averaging 3.92% (2024: 3.92%) per annum. All other borrowings bear interest at floating rates. At the current time the Group feels that this ratio of fixed to floating borrowings is appropriate but continues to monitor it in the context of economic indicators and wider market conditions.

### Insurance

The Group purchases insurance for commercial, legal and contractual reasons. The Group retains insurable risk where external insurance is not commercially viable.

### Capital management

The Group maintains a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors both the demographic spread of shareholders, as well as the return, which the Group defines as total shareholders' equity and the level of dividends and other returns of capital to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There are financial covenants associated with the Group's borrowings, which are interest cover and EBITDA to net debt. The Group comfortably complied with these covenants in 2025 and 2024.

There were no significant changes in the Group's approach to capital management during the year.

# Notes to the Consolidated Financial Statements continued

## 23. Financial instruments continued

### (b) Total financial assets and liabilities

The table below sets out the Group's accounting classification of its financial assets and liabilities and their fair values as at 31 December. The fair values of all financial assets and liabilities are not materially different to the carrying values.

	Designated at fair value	Amortised cost	Total carrying value
Cash and cash equivalents net of bank overdraft*	–	70.4	70.4
Bank overdraft+	–	(0.7)	(0.7)
Loans and other borrowings due within one year	–	(25.7)	(25.7)
Loans and other borrowings due after more than one year	–	(54.9)	(54.9)
Lease liabilities due within one year	–	(8.6)	(8.6)
Lease liabilities due after more than one year	–	(31.3)	(31.3)
Derivative asset	0.1	–	0.1
Other assets	–	137.7	137.7
Other liabilities	–	(109.9)	(109.9)
Contingent consideration	(10.7)	–	(10.7)
<b>Total as at 31 December 2025</b>	<b>(10.6)</b>	<b>(23.0)</b>	<b>(33.6)</b>
Cash and cash equivalents net of bank overdraft*	–	55.0	55.0
Bank overdraft+	–	(0.3)	(0.3)
Bank overdraft classified as held for sale	–	(3.4)	(3.4)
Loans and other borrowings due within one year	–	(0.5)	(0.5)
Loans and other borrowings due after more than one year	–	(98.7)	(98.7)
Lease liabilities due within one year	–	(9.1)	(9.1)
Lease liabilities due after more than one year	–	(36.9)	(36.9)
Lease liabilities classified as held for sale	–	(3.0)	(3.0)
Derivative liability	(0.1)	–	(0.1)
Other assets	–	136.1	136.1
Other liabilities	–	(111.4)	(111.4)
Contingent consideration	(14.6)	–	(14.6)
<b>Total as at 31 December 2024</b>	<b>(14.7)</b>	<b>(72.2)</b>	<b>(86.9)</b>

\* Included within cash and cash equivalents net of bank overdrafts are overdrafts amounting to £29.3m (2024: £19.9m) for which the Group has a legally enforceable right of offset and the intention to settle on a net basis.

+ Represents an overdraft for which the Group has no right of offset.

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3: inputs for the asset or liability that are not based on observable market data.

## 23. Financial instruments continued

### Fair value hierarchy continued

	Level 1	Level 2	Level 3	Total
Derivative assets	–	0.1	–	0.1
Contingent consideration	–	–	(10.7)	(10.7)
<b>Total at 31 December 2025</b>	–	0.1	(10.7)	(10.7)
Derivative liabilities	–	(0.1)	–	(0.1)
Contingent consideration	–	–	(14.6)	(14.6)
<b>Total at 31 December 2024</b>	–	(0.1)	(14.6)	(14.7)

At 31 December 2025 the Group did not have any assets or liabilities classified at Level 1 in the fair value hierarchy (2024: nil). There have been no transfers in any direction in the year.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2025:

	Contingent consideration £m
<b>At 1 January 2025</b>	<b>(14.6)</b>
Payments of contingent consideration	3.1
Unwinding of discount on contingent consideration	(0.3)
Exchange adjustments	1.1
<b>At 31 December 2025</b>	<b>(10.7)</b>

Details of the contingent consideration which arose on the acquisitions made during the prior year (see note 12) are set out below. During the year £3.1m has been paid in respect of contingent consideration. As at 31 December 2025, the fair value of the contingent consideration liability was materially equal to the fair value determined at the acquisition dates, with any movement in the future expected cash flows being off-set by the movement in the discount rate at the year-end date. No re-measurements have therefore been recognised in the Consolidated Income Statement during the current year.

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Contingent consideration liability	Discounted cash flow method	<ul style="list-style-type: none"> <li>Probability weighted revenue</li> <li>Discount rate</li> </ul>	<ul style="list-style-type: none"> <li>10% increase/(decrease) in the probability weighted revenues would result in an increase/(decrease) in the fair value of the liability by £1.0m.</li> <li>500bps increase/(decrease) in the discount rate would result in an (decrease)/increase in the fair value of the liability by £1.1m.</li> </ul>

The Group's financial assets, excluding short term receivables, consist mainly of cash and call deposit accounts.

Where cash surpluses arise in the short term, interest is earned based on a floating rate related to bank base rate or SONIA/SOFR. Where the Group's funding requirements allow longer term investment of surplus cash, management will review available options to obtain the best possible return whilst maintaining an appropriate degree of access to the funds.

The Group's financial liabilities, excluding short term creditors, are set out below. Fixed rate financial liabilities comprise US Dollar denominated Senior Unsecured Notes. Floating rate financial liabilities comprise Sterling and US Dollar bank loans and overdrafts, and lease liabilities. The floating rate bank loans and overdrafts bear interest at rates related to bank base rates or SONIA/SOFR. The floating rates of the lease liabilities are determined using the Group's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each subsidiary has financial assets and liabilities which are predominantly in the same denomination as that subsidiary's functional currency. The financial assets and liabilities not denominated in the functional currency of these entities are insignificant to the Group.

Certain UK subsidiaries hold US Dollar denominated interest bearing loans totalling £51.9m (2024: £56.0m), which are predominantly used to fund the Group's US operations and are designated as a hedge of the net investment in those foreign operations. The foreign currency gain of £4.1m (2024: loss of £0.6m) for the effective portion was recognised in the Consolidated Statement of

# Notes to the Consolidated Financial Statements continued

## 23. Financial instruments continued

### Fair value hierarchy continued

Comprehensive Income netted against exchange differences on translation of foreign operations. Any ineffective portion recognised in the Consolidated Income Statement is insignificant.

### Fixed rate financial liabilities

	Weighted average interest rate %	Weighted average period for which rate is fixed Years
<b>US Dollar at 31 December 2025</b>	<b>3.9</b>	<b>2.0</b>
US Dollar at 31 December 2024	3.9	3.0

### (c) Maturity profile

The table below sets out the contractual cash flows associated with the Group's financial liabilities, including estimated interest payments, analysed by maturity:

	Effective interest rate	Carrying amounts £m	Contractual cash flows £m	Due within one year £m	Due between one and two years £m	Due between two and five years £m	Due after more than five years £m
Unsecured loans and borrowings	<b>Floating</b>	<b>28.7</b>	<b>(37.0)</b>	<b>(1.5)</b>	<b>(1.6)</b>	<b>(33.9)</b>	<b>–</b>
Senior Unsecured Notes	<b>3.92%</b>	<b>51.9</b>	<b>(55.9)</b>	<b>(27.4)</b>	<b>(1.0)</b>	<b>(27.5)</b>	<b>–</b>
Lease liabilities	<b>Floating</b>	<b>39.9</b>	<b>(45.8)</b>	<b>(10.1)</b>	<b>(8.5)</b>	<b>(17.9)</b>	<b>(9.3)</b>
Contingent consideration	<b>8.1%*</b>	<b>10.7</b>	<b>(12.4)</b>	<b>(3.6)</b>	<b>(3.1)</b>	<b>(5.7)</b>	<b>–</b>
Other liabilities	<b>n/a</b>	<b>110.0</b>	<b>(110.0)</b>	<b>(110.0)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total at 31 December 2025</b>		<b>241.2</b>	<b>(261.1)</b>	<b>(152.6)</b>	<b>(14.2)</b>	<b>(85.0)</b>	<b>(9.3)</b>
Unsecured loans and borrowings	Floating	42.6	(51.7)	(2.7)	(2.7)	(46.3)	–
Senior Unsecured Notes	3.92%	56.0	(62.6)	(2.2)	(29.6)	(30.8)	–
Lease liabilities	Floating	46.0	(52.9)	(10.5)	(9.2)	(19.8)	(13.4)
Other liabilities	n/a	125.9	(125.9)	(124.8)	(1.1)	–	–
Contingent consideration	8.6%*	14.6	(17.3)	(4.1)	(3.7)	(9.5)	–
Derivative liabilities	n/a	0.1	(0.1)	(0.1)	–	–	–
<b>Total at 31 December 2024</b>		<b>285.2</b>	<b>(310.5)</b>	<b>(144.4)</b>	<b>(46.3)</b>	<b>(106.4)</b>	<b>(13.4)</b>

\* This is the discount rate applied to discount future cash flows back to their present value. Further details of the method used to calculate the fair value of the contingent consideration liability are set out on page 195 above.

The unsecured bank borrowings bear interest based on SONIA/SOFR, plus a margin (as defined in the facilities agreement) which varies depending on the Group's ratio of net debt to EBITDA.

The Group had the following undrawn committed facilities at 31 December, in respect of which all conditions precedent had been met:

	2025 £m	2024 £m
Undrawn committed borrowing facilities	<b>270.6</b>	207.5

### (d) Fair values

The fair value of forward currency exchange contracts realised in the Consolidated Income Statement as part of fair value derivatives amounted to £nil (2024: £nil). The fair values of the Group's other financial instruments at 31 December 2025 and 2024 were not materially different to their carrying value. Fair values were calculated using market rates where available, otherwise cash flows were discounted at prevailing rates.

## 23. Financial instruments continued

### (e) Credit risk

#### Exposure to credit risk

The exposure to credit risk is substantially mitigated by the credit insurance employed by the Group. In the absence of this insurance the maximum credit exposure on the carrying value of financial assets at the reporting date was:

#### Carrying amount

	2025 £m	2024 £m
Trade and other receivables and contract assets at amortised cost	145.2	151.5
Cash and cash equivalents at the end of the year	70.4	55.0
<b>Total</b>	<b>215.6</b>	<b>206.5</b>

#### Carrying value of trade receivables by geography

	2025 £m	2024 £m
United Kingdom	46.5	48.8
Rest of Europe	3.7	2.8
North America	64.4	69.0
Rest of World	10.3	8.7
	<b>124.9</b>	<b>129.3</b>

#### Carrying value of trade receivables by business segment

	2025 £m	2024 (restated) £m
US Engineered Solutions	50.8	55.1
UK & India Engineered Solutions	43.9	46.5
Galvanizing Services	30.2	27.7
<b>Total</b>	<b>124.9</b>	<b>129.3</b>

#### Impairment losses

The Group maintains a level of credit insurance covering a significant part of its trade receivables which mitigates against possible impairment losses. An impairment assessment is performed at each reporting date to assess whether there has been a significant increase in the credit risk. Expected credit loss rates are calculated individually for each business within the Group and are based on historical observed default rates, adjusted for forward-looking information where applicable, which is based on available macroeconomic information. The assessment of the correlation between forecast economic conditions and expected future credit losses is an estimate but is not determined to be a significant estimate as the Group does not expect future credit losses to be materially different to the credit losses estimated at the reporting date. The charge to the Consolidated Income Statement in the year in respect of the expected loss of trade receivables was £0.3m (2024: £1.5m). The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables or contract assets for which no loss allowance is recognised because of collateral.

The ageing of trade receivables at the reporting date was:

	2025			2024		
	Gross £m	Provisions £m	Net £m	Gross £m	Provisions £m	Net £m
Not past due	86.4	–	86.4	83.6	–	83.6
Past due 1 - 30 days	21.8	–	21.8	25.7	(0.1)	25.6
Past due 31 - 120 days	12.4	(0.5)	11.9	14.6	(0.4)	14.2
Past due more than 120 days	5.9	(1.1)	4.8	7.5	(1.6)	5.9
<b>Total</b>	<b>126.5</b>	<b>(1.6)</b>	<b>124.9</b>	<b>131.4</b>	<b>(2.1)</b>	<b>129.3</b>

# Notes to the Consolidated Financial Statements continued

## 23. Financial instruments continued

The movements in provisions for impairment of trade receivables are as follows:

	£m
At 1 January 2024	4.2
Exchange Adjustments	(0.1)
Charged in the year	1.5
Utilised in the year	(2.4)
Reclassifications	(1.1)
<b>At 31 December 2024</b>	<b>2.1</b>
Charged in the year	<b>0.3</b>
Utilised in the year	<b>(0.8)</b>
<b>At 31 December 2025</b>	<b>1.6</b>

### (f) Market Risk – Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates may have an impact on consolidated earnings. At the end of the reporting periods, the effects of hypothetical changes in interest and currency rates are as follows:

- Based on average month end net debt balances, if interest rates had varied throughout the year by 1% the positive or negative variation on the year's result would have been £0.5m, which would directly impact the Consolidated Income Statement.
- Based on a 10% weakening in Sterling against all currencies throughout the year, the impact on the total group underlying operating profit in the Consolidated Income Statement would have been a gain of £11.0m and the impact on equity would have been an increase of £42.3m.
- Based on a 10% strengthening in Sterling against all currencies throughout the year, the impact on the total group underlying operating profit in the Consolidated Income Statement would have been a loss of £9.0m and the impact on equity would have been a decrease of £34.6m.

## 24. Called up share capital

	2025 £m	2024 £m
Allotted, called up and fully paid 79.5m ordinary shares of 25p each (2024: 80.4m)	<b>19.9</b>	20.1
Allotted, called up, unpaid 0.2m ordinary shares of 25p each (2024: nil)	–	–

In 2025 the Company issued 0.2m shares under its various share option schemes (2024: 0.2m), realising £2.0m (2024: £2.5m). Of this amount, £1.2m related to shares that were allotted and called up on 31 December 2025 for the purpose of satisfying share option schemes maturing on 1 January 2026, but with the funds clearing in early January 2026. These shares have been disclosed separately in the above table with a separate receivable recognised (see note 18).

At the 2025 AGM, shareholders granted the Company the authority to repurchase up to 4,023,960 ordinary shares. The authority for purchase of the ordinary shares will expire at the end of the next Annual General Meeting of the Company in 2026 or, if earlier, at the close of business on 22 August 2026. Ordinary shares purchased by the Company pursuant to these authorities will either be cancelled or held in the Employee Benefit Trust. During the year, all shares purchased by the Company as part of the buyback programme have been cancelled. As at the year end date, the Group had a contractual right to terminate the share buyback programme, therefore any liability recognised would be limited to the Group's obligation to pay for shares already purchased on its behalf but not yet paid for. As at 31 December 2025, the liability in respect of this was £nil.

## 24. Called up share capital continued

	Number of shares	Nominal value £m
At 1 January 2025	80,443,391	20.1
Issued during the year	235,272	–
Repurchased during the year	(940,913)	(0.2)
<b>At 31 December 2025</b>	<b>79,737,750</b>	<b>19.9</b>

Each ordinary share carries equal voting rights and there are no restrictions on any share.

### Options outstanding over the Company's shares

The Group operates a number of employee share schemes categorised as follows:

- Save As You Earn (“SAYE”) schemes – SAYE is a tax qualifying monthly savings scheme facilitating the purchase of shares at a discount as permitted by the applicable legislation (currently up to a maximum discount of 20%). SAYE options may be exercised in the event of a change of control to the extent permitted by the rules of the scheme. Such schemes are typically issued annually, are either three or five years and are offered to employees in the UK
- Long Term Incentive Plans (“LTIP”), Restricted Stock Units (“RSU”) and Executive Share Option Schemes (“ESOS”) – The Remuneration Committee may, at its discretion, structure awards as approved awards comprising a tax qualifying option granted under the ESOS, RSU and LTIP awards. LTIP and RSU awards are at nil cost and ESOS is a costed option
- Buy-out awards – On joining the Company, certain senior managers may forfeit long term incentive awards or similar schemes at their previous employer. The Company may compensate them for these awards by granting awards over Hill & Smith shares. The awards are at nil cost.

The number of options outstanding by scheme is as follows:

	2025		2024	
	Number of shares	Option price range (p)	Number of shares	Option price range (p)
SAYE schemes †	585,499	794p to 1,652p	714,415	794p to 1,640p
LTIP awards †^	451,977	–	517,481	–
ESOS awards †^	78,110	316p to 1,113p	93,926	316p to 1,113p
RSU awards †	123,888	–	86,550	–
Buy-out awards	87,050	–	75,496	–
<b>Outstanding at the end of the year</b>	<b>1,326,524</b>		<b>1,487,868</b>	
Exercisable at the year end	118,748		168,049	
Not exercisable at the year end	1,207,776		1,319,819	
<b>Outstanding at the end of the year</b>	<b>1,326,524</b>		<b>1,487,868</b>	

† Options may be exercised early under the terms of this scheme if employees meet the criteria of ‘good leaver’, which encompasses circumstances such as retirement or redundancy. Otherwise, awards will ordinarily vest if the participants continue to be in employment at the vesting date.

^ Vesting of awards under the LTIP and ESOS schemes is subject to various financial performance criteria.

The remaining weighted average life of the outstanding share options is 5 years 0 months (2024: 5 years 0 months).

# Notes to the Consolidated Financial Statements continued

## 24. Called up share capital continued

### Options outstanding over the Company's shares continued

The movement and weighted average exercise prices of share options during the year are as follows:

	Weighted average exercise price (p) 2025	Millions of options 2025	Weighted average exercise price (p) 2024	Millions of options 2024
Outstanding at the beginning of the year	559	1.5	610	1.7
Granted during the year	634	0.4	483	0.4
Exercised during the year	(485)	(0.4)	(733)	(0.4)
Lapsed during the year	(579)	(0.2)	(405)	(0.2)
<b>Outstanding at the end of the year</b>	<b>600</b>	<b>1.3</b>	<b>559</b>	<b>1.5</b>

The weighted average share price on the dates of exercise of share options during the year was 2,079p (2024: 1,913p), and the weighted average fair value of options and awards granted in the year was 1,550p (2024: 1,636p). The weighted average exercise price of outstanding options exercisable at the year-end was 1,113p (2024: 1,110p).

#### Share-based payments – options

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Black–Scholes model where vesting is based on non-market conditions, or a Monte Carlo Simulation where vesting is based on market conditions. The contractual life is the life of the option in question and the growth in dividend yield is based on the best current estimate of future yields over the contractual period.

The expected volatility is wholly based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options have been granted to qualifying employees in line with either HMRC approved or unapproved schemes. Other than the LTIP, RSU and Buy-out awards, the strike price for the option is made based on the market values of shares at the date the option is offered.

As explained in the Directors Remuneration Report on pages 102 to 129, bonuses awarded to the Executive Directors include an element awarded in shares, deferred for a period of two years. The Group has determined the fair value of such awards to be equal to their cash equivalent. The resulting charge is included in the expense arising from share-based payments in the year to which the awards relate.

The key assumptions for the grants in the current and prior year were as follows:

	2025			2024		
	SAYE	LTIP/RSU	Buy-out awards	SAYE	LTIP	Buy-out awards
Expected share price volatility (%)	26%/17%	22%	n/a	30%/19%	28%	n/a
Dividend yield (%)	2.33%	0.0%	n/a	2.17%	0.0%	n/a
Option life (years)	3/5	3	n/a	3/5	3	n/a
Risk free interest rate (%)	3.9%/4.0%	4.2%	n/a	4.0%/4.1%	4.2%	n/a

The total expense recognised for the period arising from share-based payments is as follows:

	2025	2024
Equity-settled	2.9	3.4
Cash-settled	–	–
<b>Total expensed during the year</b>	<b>2.9</b>	<b>3.4</b>

The carrying amount of the liability in relation to cash-settled share-based payments at the end of the year was £nil (2024: £0.4m).

## 25. Guarantees and other financial commitments

### (a) Guarantees

#### Subsidiary audit exemptions

Hill & Smith PLC has issued guarantees over the liabilities of the following predominantly non-trading UK subsidiaries as at 31 December 2025 under Section 479C of the Companies Act 2006. These entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act:

Company Name	Company Number
Bergen Pipe Supports Limited	00926644
Bergen Pipe Supports Group Limited	01013871
Hill & Smith (International) Limited	11331411
Hill & Smith (Americas) Limited	07269581
Hill & Smith (Americas) 2 Limited	10783462
Hill & Smith (Americas) 3 Limited	12060645
Asset International Structures Limited	15082506
Hill & Smith Overseas Limited	06614400
Hill & Smith (Treasury) Limited	06814150
Hill & Smith (USA) Limited	06876775
Hardstaff Barriers Limited	02791285
Cobaco Holdings Limited	08317210
Signpost Solutions Limited	01084535
Mallatite Limited	02621328
Mallatite Minor Structures & Products Limited	13717429
ATG Access Limited	02643622
Bowater Doors Limited	13738120
Expamet Limited	13748629
Barkers Engineering Limited	00597466
VMS Newco Limited	12968560
Varley & Gulliver Limited	00330433
Ash & Lacy Limited	00047169
Ash & Lacy Manufacturing Limited	03008964
Ash & Lacy Services Limited	02798286
Hawkshead Properties Limited	00562451
Redman Fisher Engineering Limited	00169316
Hill & Smith (Australia) Limited	14411306
Widnes Galvanising Limited	02206443
Lionweld Kennedy Flooring Limited	05274797
Medway Galvanising Company Limited	01808205
Premier Galvanizing Limited	03873106
Prolectric Services Limited	04607208
Hill & Smith VRS Limited	16376823
Hill & Smith Tipi Newco Limited	16376962
Black Oldco Limited	14466538

# Notes to the Consolidated Financial Statements continued

## 25. Guarantees and other financial commitments continued

The Group had no financial guarantee contracts outstanding as at 31 December 2025.

### (b) Capital commitments

	2025 £m	2024 £m
Contracted for but not provided in the accounts	4.7	3.6

### (c) Operating lease receivables

The total future minimum commitments receivable under non-cancellable operating leases are analysed as follows:

	2025		2024	
	Land and Buildings £m	Other £m	Land and Buildings £m	Other £m
Within one year	–	6.6	0.1	7.4
Between one and five years	–	–	–	0.6
	–	6.6	0.1	8.0

### (d) Purchase commitments

Certain Group companies enter into purchase commitments which obligate the Group to buy specified amounts of raw materials from sellers at a future point in time (usually within one year from the balance sheet date). These commitments are summarised as follows:

	2025 £m	2024 £m
Contracted for but not provided in the accounts	28.2	22.7

## 26. Pensions

### Total

The total Group retirement benefit assets and obligations are detailed below:

	UK £m	US £m	2025 £m	UK £m	US £m	2024 £m
Total fair value of scheme assets	51.3	2.5	53.8	47.0	2.6	49.6
Present value of scheme funded obligations	(46.1)	(3.1)	(49.2)	(47.2)	(3.2)	(50.4)
<b>Retirement benefit surplus/(obligation)</b>	<b>5.2</b>	<b>(0.6)</b>	<b>4.6</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>(0.8)</b>

### United Kingdom

The Group operates one main pension scheme in the UK, the Hill & Smith 2016 Pension Scheme ('the Scheme'), providing benefits on a defined benefit and defined contribution basis. The Scheme is closed to future accrual and is subject to the statutory scheme specific funding requirements outlined in UK legislation. The weighted average maturity (the 'duration') of the defined benefit plan obligations at the end of the reporting period is approximately 8 years (2024: 9 years).

The assets of the Scheme are administered by Trustees and are kept entirely separate from those of the Group. The Trustees undertake a full funding valuation of the Scheme every three years, which is used to determine the rates at which the Group contributes to the Scheme, with the objective of providing the funds required to meet pension obligations as they fall due.

The Group remains actively engaged in dialogue with the Scheme's Trustees with regard to management, funding and investment strategy. Following the triennial funding valuation of the Scheme as at April 2022, the Group continues to have a deficit recovery plan with the Trustees that requires cash contributions of £3.7m per annum until March 2026. The results of the triennial valuation have been incorporated in the IAS 19 position at 31 December 2025, updated by an independent qualified actuary. The triennial valuation as at April 2025 is expected to be finalised in the first half of 2026.

The Consolidated Income Statement for the year includes a pension charge within operating profit of £2.9m (2024: £3.0m), which includes the costs of the defined contribution and the defined benefit sections of the Scheme. All actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

## 26. Pensions continued

### United Kingdom continued

The Scheme exposes the Group to a number of risks, the most significant being:

Risk	Description
Volatile asset returns	The defined benefit obligation is calculated using a discount rate set with reference to high quality corporate bond yields. If assets underperform against this discount rate, this could create a plan deficit. The Scheme holds a proportion of its assets in growth assets which are expected to outperform corporate bonds in the long term. However, returns are likely to be volatile in the short term, potentially resulting in short term cash requirements and decrease in the surplus recorded in the Consolidated Statement of Financial Position. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
Changes in bond yields	A decrease in corporate bond yields will increase the funding and accounting liabilities, although this will be partially offset by an increase in the value of the Scheme's investments in Liability Driven Investment and bond funds.
Inflation risk	A significant proportion of the defined benefit obligation is indexed in line with price inflation, with higher inflation leading to higher liabilities. This risk will be partially offset by the Scheme's Liability Driven Investments, which will increase in value in line with market inflation expectations.
Life expectancy	The majority of the Scheme's obligations are to provide a pension for the life of each of the members, so increases in life expectancy will result in an increase in the liabilities.

The principal assumptions used to value the Scheme's liabilities at 31 December:

	2025	2024
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions payment	2.9%	3.2%
Discount rate	5.4%	5.4%
Inflation - RPI	2.9%	3.3%
Inflation - CPI	2.0%	2.4%
Mortality table	114%/117%	114%/117%
	<b>CMI 2024</b>	CMI 2023
	1.25%	1.25%

The mortality assumptions imply the following expected future lifetimes from age 65:

	2025	2024
Males currently aged 45	22.2 years	21.8 years
Females currently aged 45	24.5 years	24.4 years
Males currently aged 65	20.9 years	20.6 years
Females currently aged 65	23.1 years	23.0 years

The assumptions have been chosen by the Directors from a range of possible actuarial assumptions which, due to the timescales covered, may not be borne out in practice. The Group takes advice from an independent actuary regarding the appropriateness of the assumptions used.

Over the last four years, short-term inflation in the UK has at times been significantly higher than we have seen in previous years. The Group has made an allowance for this higher inflation experience within the liabilities of the Scheme. Over the duration of the Scheme's liabilities, market expectations of inflation (which have been used to derive the inflation assumptions above) are significantly lower than this recent experience.

# Notes to the Consolidated Financial Statements continued

## 26. Pensions continued

### Assets and liabilities

The Scheme holds assets and liabilities in respect of defined contribution benefits which are equal in value and are excluded from the following figures. The fair values of Scheme assets in respect of the defined benefit scheme, which are not intended to be realised in the short term and may be subject to significant change before they are realised are detailed below. In addition, the value of the Scheme liabilities, which is derived from cash flow projections over an average period of approximately 8 years (the weighted average term maturity of the Scheme's liabilities) and which is therefore inherently uncertain is also set out below.

	Market value 2025 £m	Market value 2024 £m
Assets		
<b>Quoted Investment Funds</b>		
Equities	6.6	3.6
Bonds	7.6	7.0
Diversified growth funds	9.4	8.4
Liability Driven Investment ("LDI") funds	11.9	10.6
Alternatives*	3.6	12.1
<b>Unquoted Investment Funds</b>		
With profits policies	–	1.0
Cash	12.2	4.3
<b>Total fair value of Scheme assets</b>	<b>51.3</b>	<b>47.0</b>
<b>Present value of Scheme funded obligations</b>	<b>(46.1)</b>	<b>(47.2)</b>
<b>Retirement benefit surplus/(obligation)</b>	<b>5.2</b>	<b>(0.2)</b>

\* Alternatives are investments in asset classes other than traditional equities, bonds, property and cash. They include investments in private equity, private credit, hedge funds, infrastructure, and renewable energy investments.

In 2017 the Group and the Trustees undertook an investment review of the Scheme. The intention of the strategy for the Scheme is to reduce a proportion of interest rate and inflation risk by investing a portion of the Scheme's assets in Liability Driven Investment funds. This strategy resulted in an initial shift between bonds and LDI funds in the asset categories in 2017. The strategy was reassessed as part of the April 2019 triennial valuation exercise, which resulted in a further shift from growth assets to bonds in 2020, reducing the level of risk in the Scheme's asset strategy. The Scheme's LDI investment is structured as investment in a number of unit-linked funds of short and long-dated nominal and index-linked government bonds, some of which are leveraged, held with the Scheme's investment manager. This is designed to reflect the size and shape of the Scheme's interest rate and inflation exposure. Following the April 2022 triennial valuation, there has been no further change to the previously agreed strategy.

Assets in the bonds and equities categories, which account for approximately 28% (2024: 23%) of total Scheme assets, have quoted market prices in active markets. Excluding cash, the balance of £24.9m (2024: £32.1m) represents the Scheme's investment in LDI funds and Secure Income Asset Funds. The LDI funds are invested in inflation linked bonds issued by the UK Government as well as fixed rate bonds. Secure Income Assets Funds (Alternatives) are invested in a diversified portfolio of infrastructure debts, private corporate debts and real estate debts. The sensitivity of these funds to changes in interest rates is measured using hedging multiples. Where asset prices are not directly derivable, an accurate price is determined from a subset of observable market data.

## 26. Pensions continued

### Total expense recognised in the Consolidated Income Statement

	Defined contribution schemes £m	Defined benefit schemes £m	Total £m	Defined contribution schemes £m	Defined benefit schemes £m	Total £m
Current service costs	1.9	–	1.9	1.9	–	1.9
Expenses	0.7	0.3	1.0	0.8	0.3	1.1
<b>Charge to operating profit</b>	<b>2.6</b>	<b>0.3</b>	<b>2.9</b>	2.7	0.3	3.0
Interest on net Scheme surplus	–	–	–	–	0.1	0.1
<b>Total charge to profit before tax</b>	<b>2.6</b>	<b>0.3</b>	<b>2.9</b>	2.7	0.4	3.1

### Change in the present value of the defined benefit obligations

	2025 £m	2024 £m
Opening defined benefit obligations	47.2	51.9
Interest cost	2.5	2.3
Actuarial (gain)/loss arising from:		
Financial assumptions	(0.6)	(3.5)
Demographic assumptions	0.3	0.2
Experience assumptions	0.3	0.1
Benefits paid	(3.6)	(3.8)
<b>Closing defined benefit obligations</b>	<b>46.1</b>	<b>47.2</b>

### Changes in fair values of Scheme assets

	2025 £m	2024 £m
Opening fair value of assets	47.0	48.5
Interest income	2.5	2.2
Return on plan assets excluding interest income	1.7	(3.6)
Employer contributions	3.7	3.7
Benefits paid	(3.6)	(3.8)
<b>Closing fair value of assets</b>	<b>51.3</b>	<b>47.0</b>
<b>Actual return on Scheme assets</b>	<b>4.2</b>	<b>(1.4)</b>
<b>Expected employer contributions in the following year</b>		
Defined benefit scheme	1.3	4.0
Defined contribution schemes	1.9	1.9

# Notes to the Consolidated Financial Statements continued

## 26. Pensions continued

### Amounts recognised in the Consolidated Statement of Comprehensive Income

	% of Scheme assets/ liabilities %	2025 £m	% of Scheme assets/ liabilities %	2024 £m
Return on plan assets excluding interest income	3	1.7	(8)	(3.6)
Changes in assumptions underlying the present value of Scheme obligations	–	–	7	3.2
<b>Amount recognised in the year</b>	<b>3</b>	<b>1.7</b>	<b>(1)</b>	<b>(0.4)</b>

The table below shows the sensitivity of the Consolidated Statement of Financial Position to certain changes in the significant pension assumptions:

	Balance at 31 December 2025	Increase in pensions payment (+0.1% p.a.) £m	Decrease in pensions payment (-0.1% p.a.) £m	Discount rate (+0.1% p.a.) £m	Discount rate (-0.1% p.a.) £m	Inflation rate (+0.1% p.a.) £m	Inflation rate (-0.1% p.a.) £m	Life expectancy (+1 year) £m	Life expectancy (-1 year) £m
Value of funded obligations	(46.1)	(46.3)	(45.9)	(45.7)	(46.5)	(46.4)	(45.8)	(48.2)	(44.0)
Fair value of plan assets	51.3	51.3	51.3	51.3	51.3	51.3	51.3	51.3	51.3
<b>Surplus</b>	<b>5.2</b>	<b>5.0</b>	<b>5.4</b>	<b>5.6</b>	<b>4.8</b>	<b>4.9</b>	<b>5.5</b>	<b>3.1</b>	<b>7.3</b>

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of changes in key assumptions occurring at the end of the year. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. As such the sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The Group has considered the requirements of IFRIC 14. The terms of the Scheme give the Group the right to recover any surplus assets in the Scheme upon wind up and therefore management have concluded that there is no impact on the amounts recognised in respect of retirement benefits.

The Group is aware of the Court of Appeal's ruling on 25 July 2024 in the case of Virgin Media v NTL Pension Trustees II Limited (and others) which confirmed the implications of not having a confirmation from the actuary in accordance with Section 37 of the Pension Schemes Act 1993, when rule changes were made to pension schemes such as the Group's UK Scheme, between 6 April 1997 and 6 April 2016. The Board of Trustees of the Hill & Smith Pension Scheme, which is responsible for compliance with Section 37, is continuing to liaise with its professional advisers in respect of rule changes that occurred in the relevant period. A compliance investigation has been completed and, based upon the information currently available, we are not aware of any material omissions in compliance, hence the Group does not expect any material change to the pension accounting reflected in these financial statements. Further, the Government has confirmed that it will legislate to provide a remedy for any such issues, with that legislation expected to come into force in 2026. The Board of Trustees, in conjunction with their legal and actuarial advisers, will take any steps needed to address the issue once the legislation is finalised.

### USA

In the US, Bergen Pipe Supports, Inc. operates a defined benefit pension plan comprising current and deferred pensioners such that no future benefits accrue. The average duration of the defined benefit plan obligation at the end of the reporting period is approximately 7 years (2024: 7 years).

The Group also operates defined contribution plans in a number of other overseas operations. The amount contributed to these plans during the year was £2.6m (2024: £2.1m).

The Consolidated Income Statement for the year includes a pension charge within operating profit of £2.7m (2024: £2.1m), which includes the costs of the defined contribution schemes and the defined benefit schemes.

Actuarial valuations of the above schemes were carried out by independent actuaries as at 31 December 2025. All actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income.

## 26. Pensions continued

### USA continued

The principal assumptions used by the actuaries:

	2025	2024
Rate of increase in salaries	n/a	n/a
Discount rate	5.31%	5.31%
Inflation	0.0%	0.0%
Mortality table	PRI - 2012 Private Retirement Plans; Scale MP – 2021 improvements	PRI - 2012 Private Retirement Plans; Scale MP – 2021 improvements

### Assets and liabilities

The fair values of scheme assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the value of the scheme liabilities, which is derived from cash flow projections over long periods and which is therefore inherently uncertain, are as follows:

	Market value 2025 £m	Market value 2024 £m
<b>Assets</b>		
Insured fixed interest assets quoted in active markets	2.5	2.5
Cash	–	0.1
<b>Total fair value of scheme assets</b>	<b>2.5</b>	<b>2.6</b>
Present value of Scheme funded obligations	(3.1)	(3.2)
<b>Retirement benefit obligation</b>	<b>(0.6)</b>	<b>(0.6)</b>

Cash and other insured fixed interest assets – where assets are held in cash or a policy with a fixed interest asset allocation, the expected long term rate of return is taken to be the yields generally prevailing on such assets as at the year end date.

### Total expense recognised in the Consolidated Income Statement

	2025			2024		
	Defined contribution schemes £m	Defined benefit schemes £m	Total £m	Defined contribution schemes £m	Defined benefit schemes £m	Total £m
Current service costs	2.6	0.1	2.7	2.0	0.1	2.1
<b>Charge to operating profit</b>	<b>2.6</b>	<b>0.1</b>	<b>2.7</b>	<b>2.0</b>	<b>0.1</b>	<b>2.1</b>
Interest on net Scheme deficit	–	–	–	–	–	–
<b>Total charge to profit before tax</b>	<b>2.6</b>	<b>0.1</b>	<b>2.7</b>	<b>2.0</b>	<b>0.1</b>	<b>2.1</b>

# Notes to the Consolidated Financial Statements continued

## 26. Pensions continued

### Change in the present value of the defined benefit obligation

	2025 £m	2024 £m
Opening defined benefit obligations	3.2	3.4
Interest cost	0.1	0.1
Actuarial (gain)/loss arising from:		
Financial assumptions	0.1	(0.1)
Demographic assumptions	–	–
Experience assumptions	0.1	–
Benefits paid	(0.2)	(0.2)
Exchange adjustment	(0.2)	–
<b>Closing defined benefit obligations</b>	<b>3.1</b>	<b>3.2</b>

### Changes in fair values of scheme assets

	2025 £m	2024 £m
Opening fair value of assets	2.6	2.7
Return on plan assets excluding interest income	0.1	0.1
Interest on plan assets	0.1	0.1
Employer contributions	0.1	–
Admin expenses	(0.1)	(0.1)
Benefits paid	(0.2)	(0.2)
Exchange adjustments	(0.1)	–
<b>Closing fair value of assets</b>	<b>2.5</b>	<b>2.6</b>
<b>Actual return on Scheme assets</b>	<b>0.2</b>	<b>0.2</b>
<b>Expected employer contributions in the following year</b>		
Defined benefit scheme	–	–
Defined contribution schemes	2.6	2.0

## 26. Pensions *continued*

### Amounts recognised in the Consolidated Statement of Comprehensive Income

	% of Scheme assets/ liabilities %	2025 £m	% of Scheme assets/ liabilities %	2024 £m
Experience loss on scheme obligations	(3)	(0.1)	–	–
Return on plan assets excluding interest income	4	0.1	4	0.1
Changes in assumptions underlying the present value of Scheme obligations	(3)	(0.1)	3	0.1
Exchange rate adjustment on assets and liabilities	17	0.1	–	–
<b>Amount recognised in the year</b>	–	–	7	2.0

The Group considers that any reasonable sensitivities applied to the assumptions for the overseas schemes would not have a material impact on the Consolidated Financial Statements.

## 27. Related Party Transactions

As explained in note 6, the key management personnel are considered to be the Board of Directors of Hill & Smith PLC and the members of the Executive Board who are not also Directors of Hill & Smith PLC. The Board of Directors' remuneration can be seen in the Directors' Remuneration Report on pages 102 to 129. The combined remuneration of key management personnel can be seen in note 6 to the financial statements on page 170.

## 28. Subsequent events

In March 2026 the Group reached agreement to acquire 80% of the equity of Freeberg Industrial Fabrication Corp. for a headline cash consideration of \$36m on a debt free, cash free basis. Further consideration of up to \$50m is payable for the remaining 20% of equity, linked to the achievement of future profit targets. The acquisition is subject to US regulatory approvals, which the Group expects in the second quarter of 2026. Located in Escondido, California, Freeberg is a leading US designer and manufacturer of custom enclosures and other engineered solutions that serve data centre, power generation, and other infrastructure markets.

In March 2026 the Group also completed the acquisition of Hentech Fabrication Limited for a headline cash consideration of €7.3m. Located in Wexford, Ireland, Hentech is a designer, manufacturer and installer of engineered steel solutions, focused on access flooring and other industrial fabrication.

Acquisition accounting for both is currently ongoing.

# Company Balance Sheet

	Notes	2025 £m	2024 £m
<b>Non-current assets</b>			
Tangible assets	4	0.8	1.1
Right-of-use assets	5	0.3	0.3
Retirement benefit surplus	12	0.2	–
Deferred tax asset	6	2.2	3.0
Investments in subsidiaries	7	320.0	320.0
Debtors due in more than one year	8	69.6	74.3
		<b>393.1</b>	<b>398.7</b>
<b>Current assets</b>			
Debtors	9	9.1	9.2
Current tax asset		7.2	6.2
Cash and cash equivalents		7.2	0.1
		<b>23.5</b>	<b>15.5</b>
<b>Total assets</b>		<b>416.6</b>	<b>414.2</b>
<b>Creditors: amounts falling due within one year</b>			
Bank loans and overdrafts	10,11	(28.3)	(15.1)
Lease Liabilities	5	(0.1)	(0.1)
Other creditors	10	(32.3)	(37.5)
		<b>(60.7)</b>	<b>(52.7)</b>
<b>Net current liabilities</b>		<b>(37.2)</b>	<b>(37.2)</b>
<b>Total assets less current liabilities</b>		<b>355.9</b>	<b>361.5</b>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	11	–	(10.0)
<b>Net assets</b>		<b>355.9</b>	<b>351.5</b>
<b>Equity</b>			
Share capital	13	19.9	20.1
Share premium		49.0	47.0
Other reserves		0.4	0.2
Retained earnings		286.6	284.2
<b>Total equity</b>		<b>355.9</b>	<b>351.5</b>

The Company has taken advantage of the exemption permitted by section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. The Company made a profit attributable to the equity shareholders of £63.4m in the year (2024: £36.5m).

Approved by the Board of Directors on 10 March 2026 and signed on its behalf by:

**RA Helbing**  
Director

**CM McLeish**  
Director

Company Number: 671474

# Company Statement of Changes in Equity

	Share Capital £m	Share Premium £m	Capital redemption reserve £m	Retained Earnings £m	Total Equity £m
At 1 January 2024	20.0	44.6	0.2	280.1	344.9
<b>Comprehensive income</b>					
Profit for the year	-	-	-	36.5	36.5
<b>Transactions with owners recognised directly in equity</b>					
Dividends	-	-	-	(34.5)	(34.5)
Credit to equity of share-based payments	-	-	-	3.4	3.4
Own shares held by employee benefit trust	-	-	-	1.6	1.6
Satisfaction of long-term incentive and deferred bonus awards	-	-	-	(2.8)	(2.8)
Tax taken directly to the Consolidated Statement of Changes in Equity	-	-	-	(0.1)	(0.1)
Shares issued	0.1	2.4	-	-	2.5
<b>At 31 December 2024</b>	<b>20.1</b>	<b>47.0</b>	<b>0.2</b>	<b>284.2</b>	<b>351.5</b>
<b>Comprehensive income</b>					
Profit for the year	-	-	-	63.4	63.4
<b>Transactions with owners recognised directly in equity</b>					
Dividends	-	-	-	(39.4)	(39.4)
Credit to equity of share-based payments	-	-	-	2.9	2.9
Own shares held by employee benefit trust	-	-	-	0.3	0.3
Satisfaction of long-term incentive and deferred bonus awards	-	-	-	(4.8)	(4.8)
Tax taken directly to the Consolidated Statement of Changes in Equity	-	-	-	0.2	0.2
Shares issued	-	2.0	-	-	2.0
Repurchase of shares	(0.2)	-	0.2	(20.2)	(20.2)
<b>At 31 December 2025</b>	<b>19.9</b>	<b>49.0</b>	<b>0.4</b>	<b>286.6</b>	<b>355.9</b>

Details of share options and related share-based payments are contained in note 24 to the Group Financial Statements.

Transactions of the Group sponsored Employee Benefit Trust ('EBT') are included in the Company Financial Statements. In particular, the EBT's purchase of shares in the Company to satisfy shares awarded under Long Term Incentive Plans and other remuneration agreements is debited directly to equity.

## Distributable reserves

The Company maintains a policy of recognising gains arising from intra-group transactions as distributable only once a formal legal opinion has been sought to confirm the position, after all steps required to execute a transaction have been duly completed. The legal opinions required under this policy will be sought no later than the point at which the reserves in question are required to be accessed for the purposes of distribution. In line with this policy the Company has available to it distributable reserves of not less than £108.7m (2024: £106.8m), representing 2.6 times (2024: 2.7 times) cover of the current year proposed dividend. When required the Company can receive dividends from its subsidiaries to further increase its distributable reserves; the Company's UK trading subsidiaries had reserves of approximately £80.4m available for distribution at 31 December 2025 (2024: £89.4m). Further reserves are available for distribution from trading subsidiaries located overseas, subject to local regulations.

# Notes to the Company Financial Statements

## 1. Company Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's Financial Statements, except as noted below.

### Basis of preparation

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

As the Consolidated Financial Statements include the equivalent disclosures, the Company has taken the available exemptions under FRS 101 in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments
- A Cash Flow Statement and related notes
- Disclosures in respect of transactions with wholly owned Group companies
- The effects of new but not yet effective IFRSs.

The Accounting Policies set out on pages 212 to 215 have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

### Measurement convention

The Financial Statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through profit or loss or as fair value through other comprehensive income, and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

### Accounting judgements, estimates and assumptions

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

Significant estimates are required in determining whether impairment of the Company's investments in subsidiaries exists, which requires estimation of the investments' value in use. A process similar to the impairment review performed on the Group's goodwill and other indefinite life intangible assets is undertaken. Key assumptions include the estimation of future cash flows, growth factors and discount rates.

There are no significant judgements used by management in preparing the Company's Financial Statements.

### Investments in subsidiary undertakings

In the Company's Financial Statements, investments in subsidiary undertakings are carried at cost less impairment.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are, where there is a right of offset, included as a component of cash and cash equivalents. The Group's bank arrangements and facilities with Barclays Bank plc provide the legally enforceable right to offset and the Group demonstrates its intention to offset by regularly sweeping cash balances within each bank. Consequently, the balances have been offset in the Balance Sheet.

### Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## 1. Company Principal Accounting Policies *continued*

### Financial instruments

#### Trade and other debtors and amounts owed by subsidiary undertakings

Trade and other debtors and amounts owed by subsidiary undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### Trade and other creditors and amounts owed to subsidiary undertakings

Trade and other creditors and amounts owed to subsidiary undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### Provisions

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	life of the lease
Plant, machinery and vehicles	up to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Where computer software is non-cloud based and is an integral part of a related item of computer hardware, the software is treated as a tangible asset. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring into use the specific software.

### Leases

To the extent that a right-of-control exists over an asset subject to a lease and with a lease term exceeding one year, the Company recognises: a right-of-use asset, representing the underlying lease asset, and a lease liability, representing the Company's obligation to make lease payments. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the dismantling, removal and restoration costs as required by the terms of the lease contract.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

The lease liability is measured at the present value of the future lease payments discounted using the Company's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Future lease payments include: fixed payments, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual guarantee and the exercise price of purchased options where it is reasonably certain that the option will be exercised. Finance charges, representing the unwinding of the discount rate, are recognised in the profit and loss account over the period of the lease.

Lease payments for low value assets and short-term leases (less than 12 months) are recognised as an expense on a straight-line basis over the lease term.

# Notes to the Company Financial Statements continued

## 1. Company Principal Accounting Policies continued

### Pension scheme arrangements

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair values of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/surplus for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/surplus.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating to the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

Certain of the Company's employees are members of Group-wide defined benefit schemes. The net defined benefit cost of the plans is allocated to participating entities based on the contracting entity of the participating employees of the scheme. The contributions payable by the participating entities are determined on the same basis.

#### Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each Balance Sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## 1. Company Principal Accounting Policies *continued*

### Ordinary dividends

Dividends are recognised in the Financial Statements in the period in which they are approved by the Company's shareholders. Dividend income is recognised in the Profit and Loss Account on the date the Company's right to receive payment is established.

### Financial guarantee contracts

Where the Company provides guarantees relating to bank borrowings and other liabilities of other Group companies, under IFRS 9 such contracts are initially recognised in the financial statements at fair value at the time the guarantee is issued. The company estimates the fair value of the financial guarantee as being the difference between the net present value of the contractual cash flows required under a debt instrument and the net present value of the contractual cash flows that would have been required without the guarantee. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less the cumulative amount of income recognised in accordance with the principals of IFRS 15 Revenue from Contracts with Customers and the loss allowance that would be recorded on the exposure. A financial guarantee liability is derecognised when the liability underlying the guarantee is discharged or cancelled or expires if the guarantees withdrawn or cancelled.

## 2. Profit before taxation

Fees paid to Ernst & Young LLP and its associates for audit and non-audit services to the Company itself are not disclosed in the individual Financial Statements of Hill & Smith PLC because the Group Financial Statements are required to disclose such fees on a consolidated basis.

## 3. Dividends

### Dividends paid during the year

	2025		2024	
	Pence per share	£m	Pence per share	£m
Interim dividend paid in relation to year-ended 31 December 2023	–	–	15.0	12.0
Final dividend paid in relation to year-ended 31 December 2023	–	–	28.0	22.5
Interim dividend paid in relation to year-ended 31 December 2024	<b>16.5</b>	<b>13.3</b>	–	–
Final dividend paid in relation to year-ended 31 December 2024	<b>32.5</b>	<b>26.1</b>	–	–
<b>Total</b>	<b>49.0</b>	<b>39.4</b>	43.0	34.5

### Dividends declared in respect of the year

	2025		2024	
	Pence per share	£m	Pence per share	£m
Interim dividend declared in relation to year-ended 31 December 2024	–	–	16.5	13.3
Final dividend declared in relation to year-ended 31 December 2024	–	–	32.5	26.1
Interim dividend declared in relation to year-ended 31 December 2025	<b>18.0</b>	<b>14.5</b>	–	–
Final dividend declared in relation to year-ended 31 December 2025	<b>35.0</b>	<b>27.9</b>	–	–
<b>Total</b>	<b>53.0</b>	<b>42.4</b>	49.0	39.4

The final dividend for the year was proposed after the year end date and was not recognised as a liability at 31 December 2025, in accordance with IAS 10.

# Notes to the Company Financial Statements continued

## 4. Tangible fixed assets

	Short leasehold properties £m	Plant, machinery and vehicles £m	Total
<b>Cost or valuation</b>			
At 1 January 2025	0.4	1.7	2.1
<b>At 31 December 2025</b>	<b>0.4</b>	<b>1.7</b>	<b>2.1</b>
<b>Depreciation</b>			
At 1 January 2025	0.2	0.8	1.0
Charge for the year	0.1	0.2	0.3
<b>At 31 December 2025</b>	<b>0.3</b>	<b>1.0</b>	<b>1.3</b>
<b>Net book value</b>			
<b>At 31 December 2025</b>	<b>0.1</b>	<b>0.7</b>	<b>0.8</b>
At 31 December 2024	0.2	0.9	1.1

## 5. Leases

The movements in the carrying value of the right-of-use assets and lease liabilities in the year ended 31 December 2025 are as follows:

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Right-of-use assets</b>			
Balance at 1 January 2025	0.1	0.2	0.3
Additions	–	0.1	0.1
Depreciation charge for the year	–	(0.1)	(0.1)
<b>At 31 December 2025</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>

	Total £m
<b>Lease liabilities</b>	
At 1 January 2025	0.4
Additions	0.1
Lease payments	(0.2)
<b>At 31 December 2025</b>	<b>0.3</b>

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

	2025 £m	2024 £m
Depreciation of right-of-use assets	0.1	0.2
<b>Charged to profit before taxation</b>	<b>0.1</b>	<b>0.2</b>

## 5. Leases continued

The maturities of the lease liabilities at 31 December were as follows:

	2025 £m	2024 £m
Due within one year	0.1	0.1
Due between one and two years	0.2	0.2
Due between two and three years	–	0.1
<b>Total lease liabilities</b>	<b>0.3</b>	<b>0.4</b>

## 6. Deferred tax asset

	2025 £m	2024 £m
Deferred tax asset at 1 January	3.0	7.2
Charge for the year in the profit and loss account	(1.0)	(4.1)
Credit/(charge) for the year directly in equity	0.2	(0.1)
<b>At 31 December</b>	<b>2.2</b>	<b>3.0</b>
Other timing differences	2.2	3.0

## 7. Fixed asset investments

	Shares in subsidiary undertakings £m	Total £m
<b>Cost</b>		
At 1 January 2025	369.8	369.8
<b>At 31 December 2025</b>	<b>369.8</b>	<b>369.8</b>
<b>Provisions</b>		
At 1 January 2025	49.8	49.8
<b>At 31 December 2025</b>	<b>49.8</b>	<b>49.8</b>
<b>Net book value</b>		
<b>At 31 December 2025</b>	<b>320.0</b>	<b>320.0</b>
At 31 December 2024	320.0	320.0

A list of the businesses owned by the Company is given in note 16. All of the Company's subsidiaries are wholly owned.

# Notes to the Company Financial Statements continued

## 8. Debtors due in more than one year

	2025 £m	2024 £m
Amounts owed by subsidiary undertakings	69.6	74.3
	<b>69.6</b>	<b>74.3</b>

Amounts owed by subsidiary undertakings are repayable on demand and, if required, can be called upon at the sole discretion of the Company. As the Company does not intend to call on these balances in the next 12 months, they have been classified as debtors due in more than one year. The Company charges interest on these balances at a rate that approximates to the interest rate that it pays on its external borrowing facilities (further details of which are set out in note 23 of the Group Financial Statements).

## 9. Debtors

	2025 £m	2024 £m
Amounts owed by subsidiary undertakings	5.5	6.7
Other debtors	0.4	0.4
Prepayments	2.0	2.1
Unpaid share premium	1.2	–
	<b>9.1</b>	<b>9.2</b>

## 10. Creditors: amounts falling due within one year

	2025 £m	2024 £m
<b>Bank loans and overdrafts</b>		
Loans and borrowings	(0.1)	–
Bank overdrafts	28.4	15.1
	<b>28.3</b>	<b>15.1</b>
<b>Other creditors</b>		
Trade Payables	2.2	3.0
Other taxation and social expenses	0.2	0.2
Accrued expenses	5.1	5.0
Other payables	1.8	1.6
Amounts owed to subsidiary undertakings	23.0	27.7
	<b>32.3</b>	<b>37.5</b>

### 11. Creditors: amounts falling due after more than one year

The Company's interest bearing loans and borrowings are detailed below. Further information on the Company's exposure to interest rate and foreign currency risk is provided in note 23 of the Group Financial Statements.

	2025 £m	2024 £m
Bank loans	(0.2)	9.7
Lease liabilities	0.2	0.3
	–	10.0

The Company's bank loans and borrowings are also analysed below into the periods in which they mature:

	2025 £m	2024 £m
Amounts due within one year	28.3	15.1
<b>Amounts due after more than one year</b>		
Between two and five years	(0.2)	9.7
	28.1	24.8

The Company has no bank loans falling due after more than one year at 31 December 2025. The £0.2m bank loan above represents unamortised fees associated with refinancing actions.

### 12. Pension liabilities

The Company contributes to the Group's Hill & Smith 2016 Pension Scheme, which has sections providing benefits accruing in the future on a defined benefit basis and on a defined contribution basis. Details of the Scheme and the most recent actuarial valuations are contained in note 26 to the Group Financial Statements. There are also separate personal pension plans.

The Company had a defined benefit surplus of £0.2m as at 31 December 2025 (2024: £nil). The Company's profit for the year includes a pension charge of £0.4m (2024: £0.4m), which includes the costs of the defined contribution schemes and the defined benefit schemes.

### 13. Called up share capital

	2025 £m	2024 £m
Allotted, called up and fully paid 79.5m ordinary shares of 25p each (2024: 80.4m)	19.9	20.1
Allotted, called up, unpaid 0.2m ordinary shares of 25p each (2024: nil)	–	–

In 2024 the Company issued 0.2m shares under its various share option schemes (2024: 0.2m), realising £2.0m (2024: £2.5m). Details of share options and related share-based payments are contained in note 24 to the Group Financial Statements.

Each ordinary share carries equal voting rights and there are no restrictions on any share.

# Notes to the Company Financial Statements

## continued

### 14. Guarantees

Hill & Smith PLC has issued guarantees over the liabilities of the following predominantly non-trading UK subsidiaries as at 31 December 2025 under Section 479C of the Companies Act 2006. These entities are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of Section 479A of the Act:

Company Name	Company Number
Bergen Pipe Supports Limited	00926644
Bergen Pipe Supports Group Limited	01013871
Hill & Smith (International) Limited	11331411
Hill & Smith (Americas) Limited	07269581
Hill & Smith (Americas) 2 Limited	10783462
Hill & Smith (Americas) 3 Limited	12060645
Asset International Structures Limited	15082506
Hill & Smith Overseas Limited	06614400
Hill & Smith (Treasury) Limited	06814150
Hill & Smith (USA) Limited	06876775
Hardstaff Barriers Limited	02791285
Cobaco Holdings Limited	08317210
Signpost Solutions Limited	01084535
Mallatite Minor Structures & Products Limited	13717429
Bowater Doors Limited	13738120
Expamet Limited	13748629
VMS Newco Limited	12968560
Varley & Gulliver Limited	00330433
Ash & Lacy Limited	00047169
Ash & Lacy Manufacturing Limited	03008964
Ash & Lacy Services Limited	02798286
Hawkshead Properties Limited	00562451
Redman Fisher Engineering Limited	00169316
Hill & Smith (Australia) Limited	14411306
Widnes Galvanising Limited	02206443
Lionweld Kennedy Flooring Limited	05274797
Medway Galvanising Company Limited	01808205
Premier Galvanizing Limited	03873106
Prolectric Services Limited	04607208
Hill & Smith VRS Limited	16376823
Mallatite Limited	02621328
ATG Access Limited	02643622
Barkers Engineering Limited	00597466
Hill & Smith Tipi Newco Limited	16376962
Black Oldco Limited	14466538

The Company guarantees the bank loans, overdrafts and other borrowings of certain subsidiary undertakings. The amount outstanding at 31 December 2025 was £84.3m (2024: £97.1m).

### 15. Related party transactions

The Company has related party relationships with its key management personnel and with its subsidiaries (either directly or indirectly controlled).

The related party transactions with key management personnel are considered by the Company to be the same as those of the Group and are set out in note 6 to the Group Financial Statements.

The Company has taken the available exemption under FRS 101 not to disclose transactions with wholly owned Group companies.

## 16. Subsidiaries

### Incorporated in the UK

AAJG Holdings Limited (H)  
 Access Design & Engineering Limited (D)  
 Ash & Lacy Limited (H)\*  
 Ash & Lacy Manufacturing Limited (H)  
 Ash & Lacy Services Limited (H)  
 Asset International Limited (D)  
 Asset International Structures Limited (UKI)  
 ATG Access Ltd (UKI)  
 A W Thorne Limited (D)\*  
 Barkers Engineering Limited (UKI, G)  
 Bergen Pipe Supports Group Limited (H)\*  
 Bergen Pipe Supports Limited (D)  
 Berry Safety Systems Limited (D)\*  
 Black Oldco Limited (UKI)  
 Bipel Group plc (D)  
 Birtley Group Limited (UKI, G)  
 Bowater Doors Limited (UKI)  
 Bromford Steel Limited (D)  
 Bytec Limited (D)  
 Carrington Packaging Limited (D)  
 Cobaco Holdings Limited (H)  
 Cobaco Limited (D)  
 Cooper Securities (Dudley) Limited (D)  
 Cooper Securities Limited (D)  
 Dee Organ Limited (D)  
 Expamet Building Products Limited (D)  
 Expamet Limited (UKI)  
 Forgen Renewables Limited (D)  
 Hawkshead Properties Limited (H)  
 Hardstaff Barriers Limited (D)  
 Hill & Smith (Americas) Limited (H)  
 Hill & Smith (Americas) 2 Limited (D)  
 Hill & Smith (Americas) 3 Limited (D)  
 Hill & Smith (Australia) Limited (H)  
 Hill & Smith (Treasury) Limited (D)\*  
 Hill & Smith (USA) Limited (D)  
 Hill & Smith VRS Limited (UKI)  
 Hill & Smith (VSG) Limited (D)  
 Hill & Smith Galvanized Products Limited (D) \*  
 Hill & Smith Group Limited (D)  
 Hill & Smith PLC (H)  
 Hill & Smith (International) Limited (D)

Hill & Smith Infrastructure Products Group Limited (D)  
 Hill & Smith Infrastructure Limited (UKI)\*  
 Hill & Smith Overseas Limited (H)\*  
 Hill & Smith Pension Trustees Limited (D) \*  
 Hill & Smith Tipi Newco Limited (UKI)  
 H&S Expamet Limited (D)  
 J. & F. Pool Limited (D)  
 Jevons Tools Limited (D)  
 Joseph Ash Limited (G)  
 Lionweld Steel Limited (D)  
 Lionweld Kennedy Flooring Limited (UKI)\*  
 Mallatite Limited (UKI)\*  
 Mallatite Minor Structures & Products Limited (UKI)  
 Medway Galvanising Company Limited (G)  
 Pipe Supports Overseas Limited (H)\*  
 Post & Column Limited (D)  
 Premier Galvanizing Limited (G)  
 Proelectric Services Limited (UKI)  
 Redman Architectural Metalwork Limited (D)  
 Redman Fisher Engineering Limited (D)  
 Safety and Security Barrier Holdings Limited (D)  
 Signature Limited (D)  
 Signpost Solutions Limited (D)  
 Tegrel Limited (D)\*  
 Telford Galvanizers Limited (D)  
 The Global Tank and Foundry (Wolverhampton) Limited (D)  
 Variable Message Signs Limited (D)  
 Varley & Gulliver Limited (D)  
 Vista Galvanizing (UKI) Limited (D)  
 VMS Newco Limited (UKI)  
 Western Galvanizers Limited (D)  
 Widnes Galvanising Limited (G)  
 Wombwell Foundry Limited (D)

### Incorporated In The USA

Balance Oldco Inc. (D)  
 Bergen Pipe Supports, Inc. (US)  
 Carpenter & Paterson, Inc. (US)  
 Creative Pultrusions, Inc. (US)  
 CPK Manufacturing LLC (US)  
 CPCA Manufacturing LLC (US)  
 Enduro Composites, Inc. (US)

Hill & Smith Group Holdings, Inc. (H)  
 Hill & Smith US Group Inc (H)  
 Hill & Smith, Inc. (US)  
 National Signal LLC (US)  
 Novia Corporation (US)  
 Proelectric US Inc. (D)  
 Voigt & Schweitzer LLC (H)  
 V&S Whitlow Electric LLC (US)  
 V&S Capital Steel LLC (US)  
 V&S Amboy Galvanizing LLC (G)  
 V&S Columbus Galvanizing LLC (G)  
 V&S Delaware Galvanizing LLC (G)  
 V&S Detroit Galvanizing LLC (G)  
 V&S Korn's Galvanizing (G)  
 V&S Lebanon Galvanizing LLC (G)  
 V&S Memphis Galvanizing LLC (G)  
 V&S New York Galvanizing LLC (G)  
 V&S Schuler Engineering, Inc. (US)  
 V&S Schuler Tubular Products LLC (US)  
 V&S Taunton Galvanizing, LLC (G)

### Incorporated in Australia

Hill & Smith Pty Limited (UKI)

### Incorporated in India

Bergen Pipe Supports (India) Private Limited (UKI)  
 Hill & Smith Infrastructure Products India Private Limited (D)

### Incorporated in Ireland

Redman Fisher Limited (UKI)  
 Hill & Smith (Ireland) Unlimited Company (D)

### Incorporated in Norway

ATA Hill & Smith AS (UKI)

### Incorporated in Spain

Proelectric Solar Lighting SL (D)

All of the above subsidiaries have a year end date of 31 December, with the exception of Hill & Smith Tipi Newco Limited, which has a year end date of 30 April 2026, and are included in the consolidated results of the Group.

The Company holds 100% of the share capital of all businesses, either directly or indirectly, unless otherwise stated. All of the above subsidiaries have a registered office address at Westhaven House, Arleston Way, Shirley, Solihull, B90 4LH, England.

All of the above subsidiaries not incorporated in the UK have a year end date of 31 December, with the exception of Bergen Pipe Supports (India) Private Limited and Hill & Smith Infrastructure Products India Private Limited, which each have a year end of 31 March. All of the subsidiaries listed above are included in the consolidated results of the Group. The Company holds 100% of the share capital of all businesses, either directly or indirectly.

(UKI) UK & India Engineered Solutions  
 (US) US Engineered Solutions

(G) Galvanizing  
 (D) Dormant

(H) Holding Company  
 \* Directly held by Hill & Smith PLC

# Five Year Summary

Continuing operations	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	<b>868.8</b>	855.1	829.8	732.1	625.2
Underlying operating profit	<b>151.3</b>	143.5	122.5	97.1	77.3
Underlying profit before taxation	<b>142.5</b>	132.6	111.9	87.9	71.1
Shareholders' funds	<b>475.0</b>	475.7	424.5	395.0	339.6
	Pence	Pence	Pence	Pence	Pence
Underlying earnings per share	<b>132.2</b>	122.6	105.4	85.4	70.0
Proposed dividends per share	<b>53.0</b>	49.0	43.0	35.0	31.0

# Financial calendar

Annual General Meeting	Thursday 21 May 2026
Trading Update	Thursday 21 May 2026
Ex-dividend date for 2025 final dividend	Thursday 28 May 2026
Record date 2025 final dividend	Friday 29 May 2026
Dividend Reinvestment Plan – last date for election	Friday 12 June 2026
2025 final dividend payable	Friday 3 July 2026
Announcement of 2026 interim results	Wednesday 12 August 2026
Trading Update	Thursday 26 November 2026

# Shareholder information

## Shareholder base

Holdings of shares at 10 March 2026

Range of Shareholders	Number of Holders	%	Number of Shares	%
1 – 500	523	31.17	93,427	0.12
501 – 1,000	230	13.71	178,926	0.23
1,001 – 5,000	438	26.10	1,098,926	1.38
5,001 – 50,000	290	17.28	4,508,456	5.68
50,001 – 100,000	57	3.40	4,124,398	5.20
100,001 – 500,000	103	6.14	23,784,538	29.97
500,001 – 1,000,000	19	1.13	12,423,348	15.65
Above 1,000,000	18	1.07	33,156,316	41.78
	<b>1,678</b>	<b>100.0</b>	<b>79,368,335</b>	<b>100.0</b>

## Shareholder base

	Number of Holders	%	Number of Shares	%
Individuals	1,139	67.88	2,930,669	3.69
Institutions	532	31.70	76,409,729	96.27
Other corporate	7	0.42	27,937	0.04
	<b>1,678</b>	<b>100.0</b>	<b>79,368,335</b>	<b>100.0</b>

## Dividend history – dividend per share

	2025	2024	2023	2022	2021
Interim	<b>18.0p</b>	16.5p	15.0p	13.0p	12.0p
Final	<b>35.0p</b>	32.5p	28.0p	22.0p	19.0p
	<b>53.0p</b>	<b>49.0p</b>	<b>43.0p</b>	<b>35.0p</b>	<b>31.0p</b>

## Communication with shareholders and analysts

Directors meet with major shareholders and potential investors following interim and final results, and at other times if requested. Presentations for analysts are also held on the day of these announcements and we keep in regular contact with analysts throughout the year.

## Corporate information

The Annual and Interim Reports are the main forms of communication with our shareholders. We have updated our website to supplement these reports with additional information. The website address is [www.hsgroup.com](http://www.hsgroup.com) and includes share price information, investor relations information and contact details.

## Annual General Meeting

The AGM will be held on Thursday, 21 May 2026 at 11.00am at Cranmore Park Conference and Exhibition Centre, Cranmore Avenue, Shirley, Solihull, B90 4LF. Full details are contained within the Notice of Meeting. A proxy card is also enclosed with this statement for voting. Alternatively, you can vote electronically as explained below.

### Electronic proxy voting

To lodge your proxy vote via the internet, log on to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will need the Control number, Shareholder Reference number ('SRN') and PIN number printed on your Form of Proxy where you will find the full instructions.

### Shareholding online

Computershare Investor Centre gives access to view your holdings online. To register click on Investor Centre on the Computershare home page [www.computershare.com](http://www.computershare.com) and follow the instructions.

You will be able to:

- View all your holding details for companies registered with Computershare
- View the market value of your portfolio
- Update your contact address and personal details online
- Access current and historical market prices
- Access trading graphs
- Add additional shareholdings to your portfolio

### Share dealing

Share dealing services are available through Computershare Investor Services PLC. Log on to [www.computershare.com/sharedealingcentre](http://www.computershare.com/sharedealingcentre) for internet share dealing and for telephone dealing call 0370 703 0084.

### Dividend Reinvestment Plan ('DRIP')

The Company offers shareholders the facility to reinvest their cash dividends to buy more shares in the Company.

- The service allows you to increase your shareholding in an easy and convenient way
- Online application process enables you to participate easily and securely: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)
- Click on 'Register' to sign up to the Investor Centre. This will allow you to carry out a number of share related transactions online, including opting for the DRIP
- You will be required to fill in your SRN and your postcode, together with your email address. You will also be asked to select a user name (ID) and password of your choice
- Once registered select 'Dividend Plans' from the left hand menu and amend your current cash dividend instruction, confirming acceptance of the DRIP terms and conditions

DRIP shares will be purchased as soon as possible on or after the dividend pay date.

### Shareholder helpline number

There is a Computershare helpline for shareholders who have enquiries about their shareholdings. The dedicated helpline number is 0370 707 1058.

# Principal Group businesses

## US Engineered Solutions

### United States

#### Creative Composites Group

Fiber reinforced polymer (FRP) composite solutions

214 Industrial Lane, Alum Bank  
Pennsylvania 15521 USA

Tel: +1 (814) 839 4186

[www.creativecompositesgroup.com](http://www.creativecompositesgroup.com)

#### V&S Utilities

Electrical transmission and distribution substation structures

2240 Allen Avenue S.E.  
Canton, Ohio 44707 USA

Tel: +1 (330) 452 5200

[www.vsschuler.com](http://www.vsschuler.com)

#### The Paterson Group

Engineered pipe support solutions and ancillary products

434 Latigue Road  
Waggaman, LA 70094 USA

Tel: +1 (504) 431 7722

[www.pipehangers.com](http://www.pipehangers.com)

#### Novia Corporation Inc.

Vibration and seismic control solutions

1 Northwestern Drive  
Salem, New Hampshire 03079 USA

Tel: +1 (603) 898 8600

[www.cp-novia.com](http://www.cp-novia.com)

#### National Signal LLC

Solar light towers, message signs and other construction equipment

14489 Industry Circle  
La Mirada, CA 90638 USA

Tel: +1 714-441-7707

[www.nationalsignalinc.net](http://www.nationalsignalinc.net)

#### Hill & Smith Inc.

Roadside and workzone safety products and solutions

2740 Airport Drive, Suite 310/320  
Columbus, Ohio 43219 USA

Tel: +1 (614) 340 6294

[www.hillandsmith.com](http://www.hillandsmith.com)

## UK & India Engineered Solutions

### United Kingdom

#### Hill & Smith Infrastructure Limited

Temporary and permanent road safety barriers, vehicle restraint systems, security solutions, bridge parapets and retained earth systems

Springvale Business & Industrial Park  
Bilston, Wolverhampton WV14 0QL

Tel: +44 (0) 1902 499400

[www.hill-smith.co.uk](http://www.hill-smith.co.uk)

#### Mallatite Limited

Lighting columns and traffic safety solutions

Holmewood Industrial Estate, Hardwick View Road,  
Holmewood, Chesterfield,  
Derbyshire S42 5SA

Tel: +44 (0) 1246 593280

[www.mallatite.co.uk](http://www.mallatite.co.uk)

#### Prolectric Services Limited

Sustainable lighting, power and security solutions

35 Hither Green Industrial Estate,  
Clevedon BS21 6XU

Tel: +44 (0)1275400570

[www.prolectric.co.uk](http://www.prolectric.co.uk)

#### ATG Access LTD

Hostile vehicle mitigation and perimeter security solutions

Cobaco House, North Florida Road  
Haydock Industrial Estate, Haydock,  
Merseyside WA11 9TP

Tel: +44 (0) 8456 757574

[www.atgaccess.com](http://www.atgaccess.com)

#### Barkers Engineering Limited

Perimeter security solutions

Duke Street, Fenton, Stoke-on-Trent,  
Staffordshire ST4 3NS

Tel: +44 (0) 1782 319264

[www.barkersengineering.com](http://www.barkersengineering.com)

**Birtley Group Ltd**

Galvanized lintels, construction fittings, composite doors, builders' metalwork & plasterers' accessories

Mary Avenue, Birtley,  
County Durham DH3 1JF

Tel: +44 (0) 191 410 663

[www.birtleygroup.co.uk](http://www.birtleygroup.co.uk)

**Lionweld Kennedy Flooring Ltd**

Open steel flooring, handrailing and ancillary products

Marsh Road, Middlesbrough TS1 5JS

Tel: +44 (0) 1642 24515

[www.lk-uk.com](http://www.lk-uk.com)

**India****Bergen Pipe Supports (India) Private Ltd**

Engineered pipe support solutions

Incorporated in India

Plot No.12, Ground Floor  
'RADHA'

Mangala Nagar Main Road

Porur, Chennai 600116

India

Tel: +91 8576 305 666

[www.pipesupports.com](http://www.pipesupports.com)

**Galvanizing Services****United Kingdom****Joseph Ash Limited**

Galvanizing services

Alcora Building 2, Mucklow Hill  
Halesowen, West Midlands B62 8DG

Tel: +44 (0) 121 504 2560

[www.josephash.co.uk](http://www.josephash.co.uk)

**United States****Voigt & Schweitzer LLC**

Galvanizing services

987 Buckeye Park Road,  
Columbus, Ohio 43207  
USA

Tel: +1 (614) 449 8281

[www.hotdipgalvanizing.com](http://www.hotdipgalvanizing.com)

# Contacts and advisors

## Contacts

### Registered Office

#### Hill & Smith PLC

Westhaven House  
Arleston Way  
Shirley  
Solihull  
West Midlands  
B90 4LH

Tel: +44 (0) 121 704 7430  
Fax: +44 (0) 121 704 7439

### Registration Details

Registered in England and Wales Company Number: 671474

### Company Website

[www.hsgroup.com](http://www.hsgroup.com)

### Company Secretary

Karen Atterbury

## Professional Advisors

### Auditor

Ernst & Young LLP  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

## Brokers and Financial Advisors

### Deutsche Bank AG

21 Moorfields  
London  
EC2Y 9DB

### Jefferies International Limited

100 Bishopsgate  
London  
EC2N 4JL

## Principal Bankers

### Barclays Bank Plc

Midlands Corporate Banking Centre  
PO Box 3333  
1 Snowhill  
Snow Hill Queensway Birmingham  
B3 2WN

## Lawyers

### Gowling WLG

Two Snowhill  
Birmingham  
B4 6WR

## Financial Public Relations

### MHP Group

60 Great Portland Street  
London  
W1W 7RT

## Registrars

### Registrars

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

Tel: +44 370 702 0003  
Fax: +44 370 703 6101