

Annual Reports & Accounts 2025

Wates



Reimagining places for people to thrive

Wates Group Limited | wates.co.uk

2025

Numbers in brief

Group financials

£2.49bn statutory turnover (up by 8.4%)	£2.56bn turnover (up by 6.9%)
£25.7m underlying operating profit (2024: £25.8m)	£29.2m Group statutory profit before tax (2024: £2.6m)
£248.3m net cash	£9.98bn forward order book (up by 16%)

Buildings

600,000+ homes maintained across all contracts
3,112 new homes being built
117 sites under construction
1,481 commercial building where we manage facilities

Sustainability

74.8% of company cars are now EVs
94.2% electricity procured by the Group from renewable sources
£464m social value generated
£5.4m spend with social enterprises

Health and Safety

21 Dominant harm hazard events (2024: 26)
37% Mitigation effectiveness rate (2024: 26%)
7 total number of high-potential near-miss events (2024: 26 events)

People

6,223 average number of employees in 2025
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Numbers in brief

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Wates in brief

Family business

With engaged Wates family shareholders, we're proud of our family roots and the longer-term perspective this gives us on running a purpose-led business.

The family is now in its fourth generation of leading the company, with members of the fifth generation actively contributing to the business.

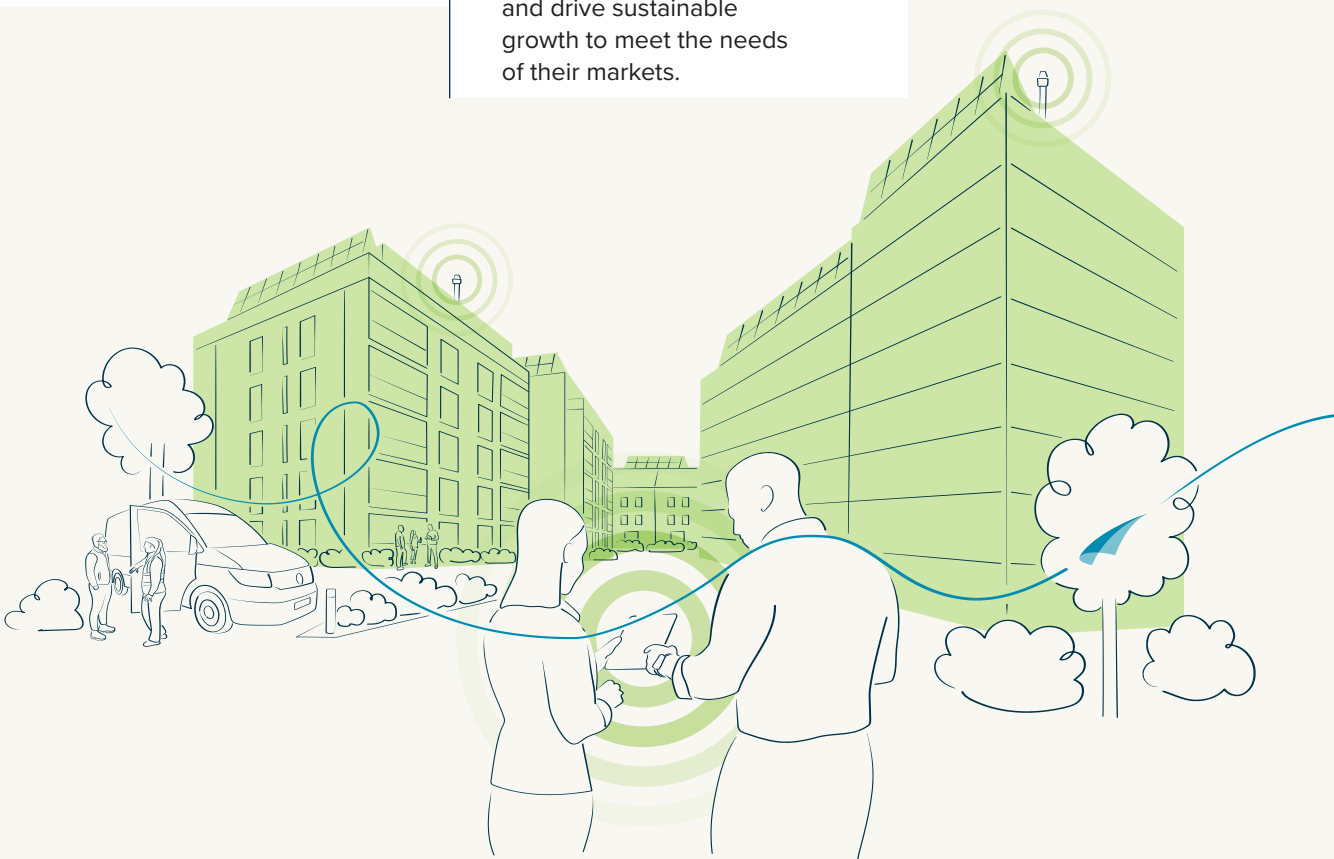
Business structure

The business comprises five divisions and a range of central functions, all working together to deliver services to our customers in the UK built environment, from land development and construction, through to refurbishment and maintenance.

Our divisions are empowered to innovate and drive sustainable growth to meet the needs of their markets.

Business strategy

The Wates Group strategy has three focus areas: deliver, improve and reimagine. This approach empowers our businesses to use their strengths to identify and pursue innovative opportunities in the marketplace that closely align with our purpose.



Social impact

We contribute to a thriving society by the way we do business – engaging with communities, including enabling careers in the built environment for those furthest from the workplace and buying products and services from social enterprises. It's just as important to our customers as it is to us.

£18 of social value per £1 of profit

£464m social value generated in 2025

£1.4bn total social value generated since 2020

£5.4m spent with social enterprises in 2025

Purpose and promises

Wates is a purpose-led business. Our purpose is entwined with our strategy and is an important guide for our decision making.

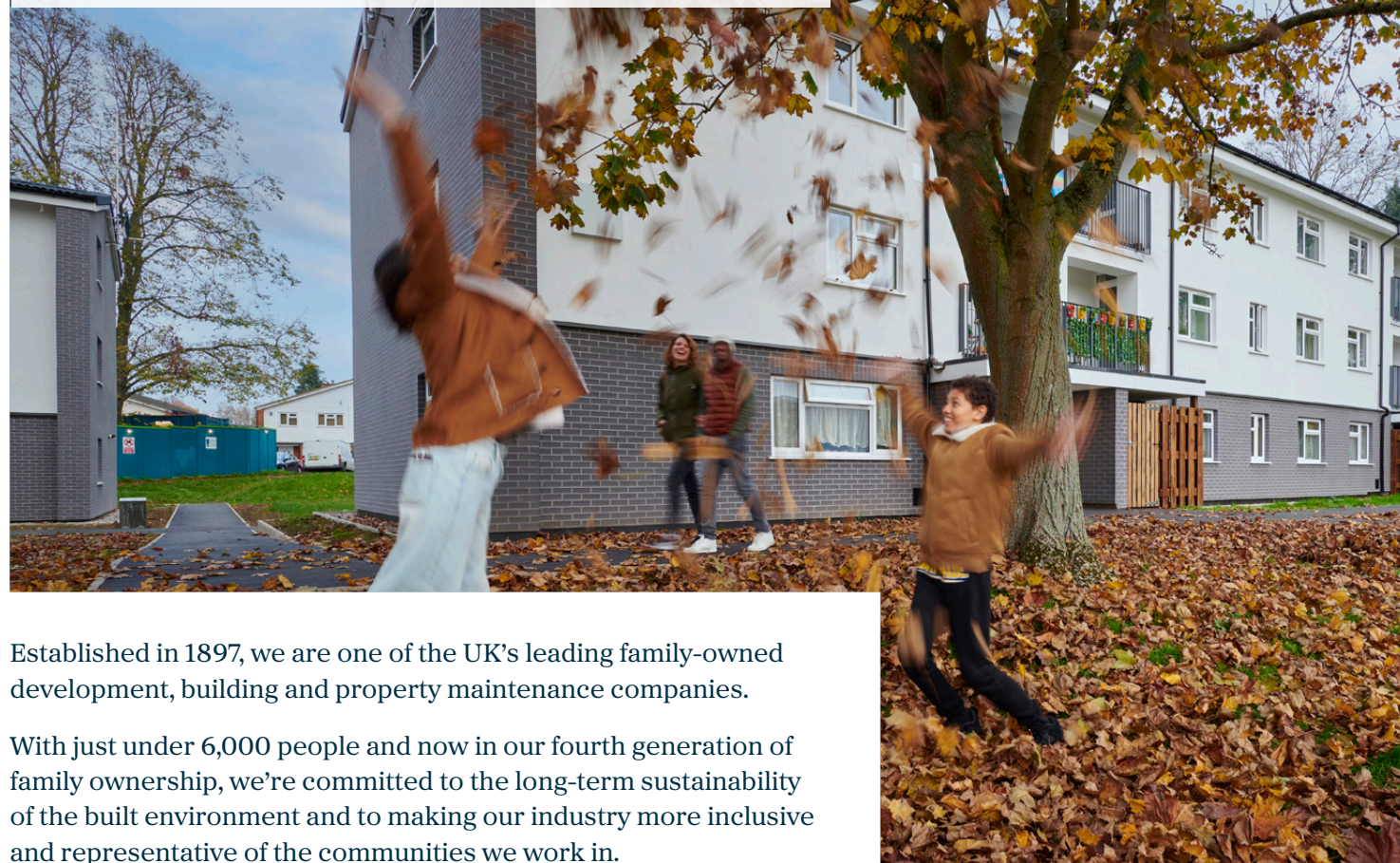
It's designed to build on the strong ethos at Wates, seen over generations, and it's a vital reference point for everything we do.

Reimagining places for people to thrive

Performance

Working with our supply chain, we strive for continuous improvement and leadership in safety, quality and sustainability. In turn, this drives performance and profitability across our activities in the built environment.

What we do



Established in 1897, we are one of the UK's leading family-owned development, building and property maintenance companies.

With just under 6,000 people and now in our fourth generation of family ownership, we're committed to the long-term sustainability of the built environment and to making our industry more inclusive and representative of the communities we work in.

Reimagining places for people to thrive

Wates began as a house builder and now we're involved in the complete life cycle of the built environment, working with a wide range of public and private-sector customers and partners. That means we have teams working on preparing land for development; building homes, schools, prisons, commercial and industrial buildings; fit out work on offices, prisons, shops and other spaces; and maintaining, improving and decarbonising social homes and commercial offices.

Our customers include a wide range of organisations from housebuilders, government departments and local authorities, to landowners, banks, retailers and housing associations.

We maintain over 600,000 social homes – nearly one in seven of all social homes in England – putting us in a strong position to lead the decarbonisation of social housing in the UK.

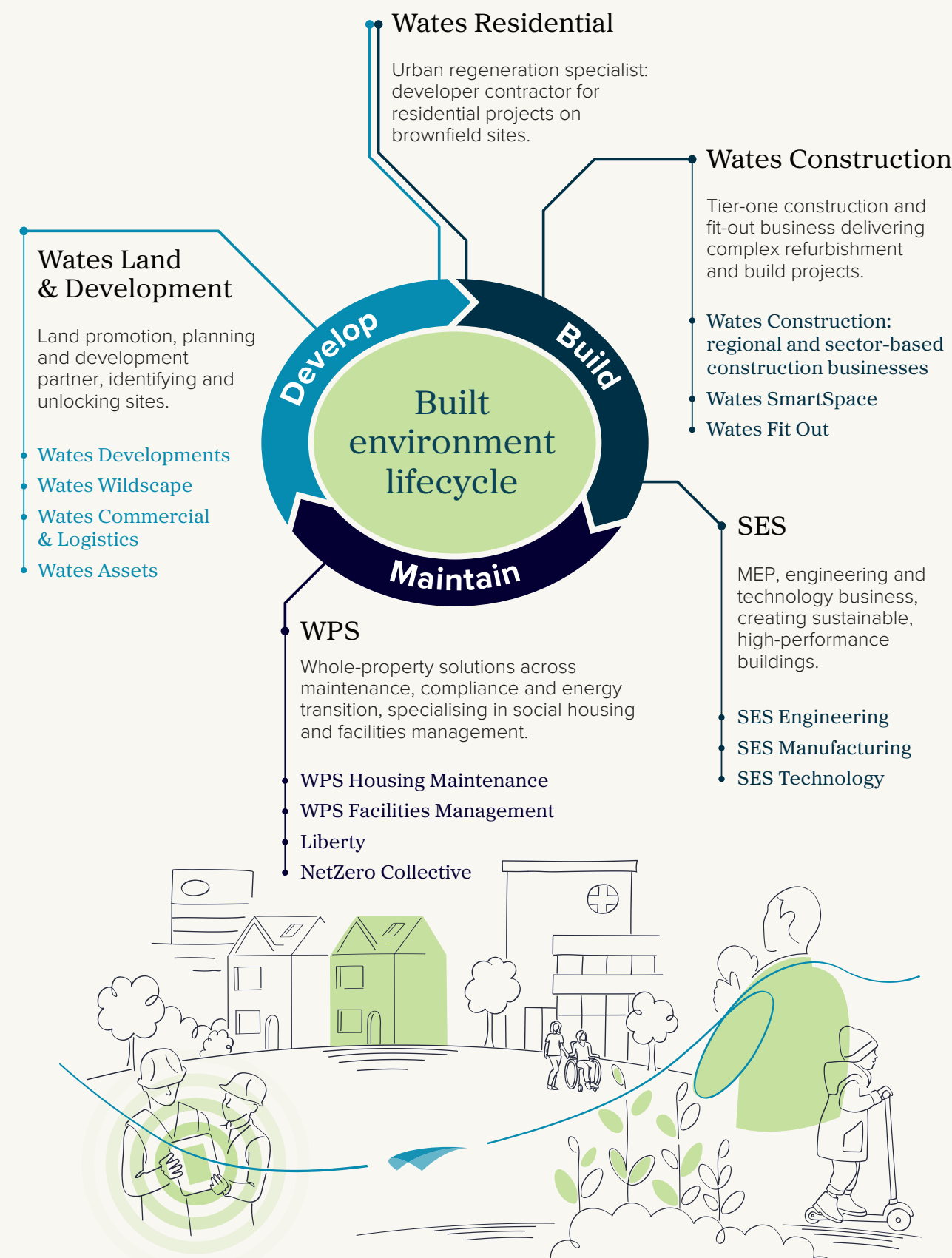
Purpose-driven business

At Wates, we strive to be a force for good, guided by our shared purpose of reimagining places for people to thrive. We are dedicated to making a positive impact on the places, communities and businesses we operate in and work with.

We generated £18 of social value per £1 of profit made in 2025; in 2025, we exceeded £1.4bn in social value generated over the previous five years.

Serving our customers across the built environment life cycle

Our divisions and businesses



Tim Wates

Chairman's statement

Against a backdrop of continued challenges within the built environment sector, the Wates Group delivered resilient results in 2025, with underlying pre-tax profit of £29.2m, turnover of £2.6bn and a forward order book of £10bn.



Over the year, we continued our strategy of empowering our five divisions to leverage their strengths, innovate and pursue opportunities in the market. While the year featured some uncertainty in economic outlook and an evolving regulatory environment, there are encouraging signs for the sector, including improved foresight into the public-sector pipeline. Our diverse capabilities, strong market presence and resilient relationships stand us in good stead.

As my third year as Chairman of the Wates Group concludes,

I am enjoying the challenges and am pleased to see how the people in our business are using their intelligence and initiative to reimagine the way the built environment is shaped.

We are proud to be a family business and are determined to hand over to the next generation a stronger, more sustainable business that continues to act as a force for good in society. My fellow shareholders from the fourth generation of the family and I are engaged owners – paying attention to good

governance and day-to-day excellence while also maintaining an eye on long-term strategy and scanning the horizon. Our next generation is increasingly engaged in the business and contributing new perspectives and energy.

Recognising the huge impact that the built environment sector has on climate and biodiversity, both in construction and in use, sustainability remains a critical focus for our business, and we are committed to playing a leading role.



“Over the year, we continued our strategy of empowering our five divisions to leverage their strengths, innovate and pursue opportunities in the market.”

Tim Wates
Chairman

The creation of social value in the communities where we work is also a critical part of delivering our shareholder mission – leaving a legacy that includes quality placemaking and a fairer and more prosperous society. We work in partnership with government bodies at all levels to regenerate neighbourhoods and deliver the housing, schools, prisons, healthcare facilities and other social infrastructure that is so vitally needed.

We create value also through the taxes we pay and those we collect on behalf of HM Treasury. In 2025, our business activities generated £512.2m of tax receipts.

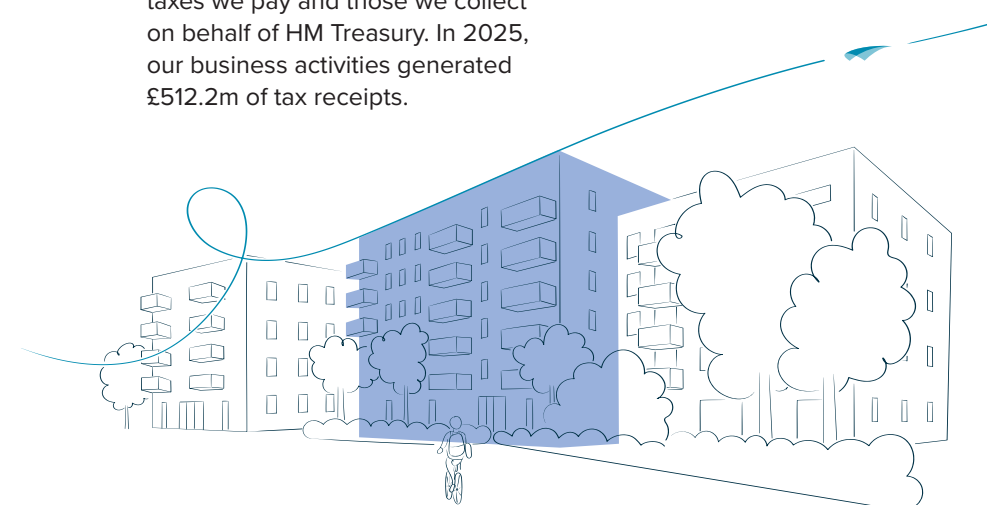
Contributing our fair share to HM Treasury supports the delivery of quality public services and an infrastructure that is essential for sustained economic growth.

Throughout the Group, we are seeking to create a culture of fairness and opportunity, an environment in which the talents of those who join us are appreciated and people are supported to deliver excellence.

The Wates Family Enterprise Trust (WFET) continues to support charitable fundraising by employees and has adopted an ambitious strategy to serve as a catalyst for change in our focus areas of housing and homelessness, opportunities for young people and nature-based neighbourhoods. Since we launched the Trust in 2008, WFET has invested over £20m in charitable activities, including match funding for employee fundraising.

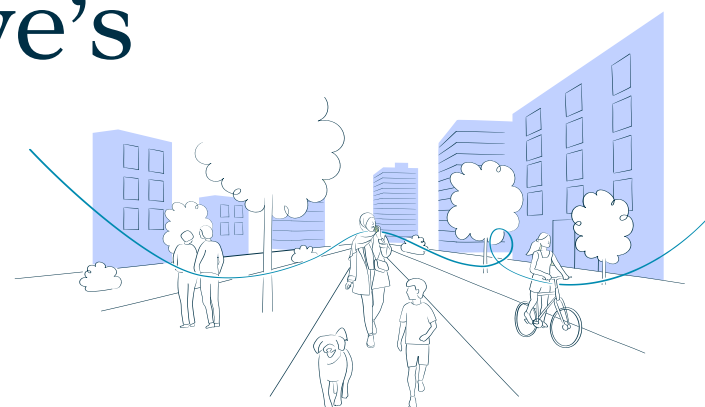
I am pleased to report that the Wates Group had no changes in Board composition during 2025. We continue to strive for excellence in governance, in line with the industry-standard corporate governance principles for large private companies that bear our family name.

Finally, my sincere appreciation goes to the Wates family and Board members for their support, and to our nearly 6,000 colleagues across the Wates Group for their continued skill, hard work and commitment.



Chief Executive’s review

2025 was another profitable year for Wates Group, extending our run of achieving profits every year to 26 years.



The past year has been one of consolidation and preparedness to ensure we have a strong framework of governance in which our divisions can thrive, as well as readiness to respond to anticipated improvements in the marketplace and, by contrast, the consequences of geo-political unrest, such as the conflict between Iran, Israel and the USA.

Our divisions are now well established in their current form, with strong leadership in place. The Liberty business, part of WPS and acquired in October 2024, is firmly embedded, bringing heating and compliance plus renewables capability to the business.

Employee numbers are steady at just under 6,000. In our regular employee survey, employees told us that Wates is a great place to work and somewhere they are proud to be.

We continue to appreciate our colleagues with discretionary bonus payments for eligible employees, year on year, totalling over £45m in 2025.



“The bedrock for all of our activity is our purpose – reimagining places for people to thrive – and the three promises that support it: Thriving Places, Thriving Planet, Thriving People.”

Eoghan O’Lionaird
Chief Executive

£2.56bn
turnover

Purpose led

The bedrock for all of our activity is our purpose – reimagining places for people to thrive – and the three promises that support it: Thriving Places, Thriving Planet, Thriving People. Since its launch in 2024, we have seen it become the north star that guides our decision making at every level, from project site to boardroom. As a purpose-led business, it drives our success.

An important element of this is maintaining a strong set of group priorities around topics like sustainability, safety and quality, which not only support compliance but also seek to drive thinking forward on these essential themes, to the overall benefit of our industry. We continue to invest in our group functions to this end, with our leaders and teams engaging with industry bodies, partners and competitors to advance our common interests in the built environment.

In particular, we promote the move to more sustainable buildings, backing that up with strong sustainability targets of our own and using our curiosity to understand and drive change. We have also strengthened our innovation team and brought technology and data to leadership level.

A significant milestone for Wates is creating £1.4bn of social value across the whole Group since 2021, and in 2025 we delivered £18 per £1 profit of social value.

£29.2m
pre-tax profit

Performance

We can take pride in our ability to weather some difficult market conditions over the year. Our divisions have restructured and adapted to meet these challenges, and our teams have again demonstrated their resilience. Where performance has fallen below our usual high standards, we have engaged in root cause analysis to ensure lessons are learned for future projects.

Overall performance of the Group was robust in 2025, delivering high single-digit turnover growth and £29.2m in profit before tax. This profit figure reflects our commitment to meeting our obligations under the Building Safety Act, as well as a subdued housing market, affecting Wates Land & Development in particular.

Against this backdrop, we continue to work with our customers, in both the private and public sectors, to seek ways to help the government

£10bn
forward order book

meet its target to deliver 1.5 million homes by the end of this parliament and build the homes the country so very badly needs. This includes encouraging the government to continue its work to streamline the planning process and improve demand-side support.

More broadly, Wates’s portfolio leans towards the public sector, enabling us to maintain our strong performance during times of less economic certainty, while being ready to respond when the private-sector market regains full strength.

Looking forward, as we expect markets may remain challenging in the short term, our teams are working hard to improve productivity and keep customers front and centre. That means careful selection of preferred projects and customers to ensure there is an appropriate balance of risk and reward, both for Wates and its supply chain.



Deputy Prime Minister, Lord Chancellor and Secretary of State for Justice David Lammy MP at HMP Welland Oaks groundbreaking ceremony in November 2025

Chief Executive's review

Executive leadership

During 2025, two of our Executive Committee members announced their retirement. Group Commercial Director Simon Potter left in March after 36 years with Wates, with Pat Fitzgerald taking up the role of Chief Commercial Officer in September.

Group HR Director Paul Rowan took his retirement at the end of the year after 11 years with the

company, with James Saunders joining as Chief People Officer in May.

We added Chris Cornall to the Executive Committee in October, promoted to the role of Group Technology and Data Director, to reflect the increasing importance of information technology, data analytics and artificial intelligence in what we do at Wates.



Our shareholders

The Wates family remains a highly engaged stakeholder, continuing to support and guide the executive and demonstrating its strong commitment to purpose-led business.

The shareholders and executive at Wates Group take governance very seriously. The company follows the Wates Principles for large private businesses and the

Chairman, Tim Wates, and the Wates family at large are committed to handing to the next generation a purpose-driven, strong and sustainable business. More information on the Wates Principles is on page 96.

We are happy to see members of the fifth generation of the Wates family among our workforce.

Safety

We have made good progress with safety this year, with a significant reduction in incidences and near misses during the year.

But while our safety stats are as good as anyone's in the industry, they are not as good as they need to be.

Led by Group Health, Safety and Wellbeing Director Brian Long, we're changing our focus.

We aim to ensure that, in the event of failure, our operations are resilient enough to avoid injury or fatality.

In practice, this means that we work to ensure that, when incidents do occur, there are controls in place which prevent injury and serious harm. To do this requires us all to be more curious, more aware in the moment and more focused on ensuring that injury will not happen, even if accidents and incidents do.

If something doesn't look right, we speak up, stop the work and put things right.



When we reimagine the workplace, we create opportunities



Premiership Women's Rugby (PWR) announced its official partnership with Wates Group in January 2025, as part of our drive for a more inclusive and diverse workforce.

Women are under-represented in the built environment industry and for more than a century that was also the case in rugby union. Now that balance is changing and Wates is keen to see a similar transformation of the gender imbalance in construction and related sectors.

Over the year, Wates and PWR promoted careers in the built environment to players and fans, through match-day messaging, player appearances, industry events and social media campaigns.

We renewed our commitment to PWR in December 2025 through to July 2027, covering two more seasons.

When we reimagine rehabilitation, we reduce reoffending

For over a decade, we have been directly supporting prison leavers as part of our commitment to our purpose – reimagining places for people to thrive.

Our work is helping to reduce reoffending in the UK: assisting people to rebuild their lives, reducing public spending and helping communities to thrive.

We're doing this through our Reimagining Talent programme, offering training and skills development to help prepare prisoners for the workforce and find a job when they are released. Since launching in 2023, the programme has run in six prisons and to date we have trained 63 people, with 11 of those having secured employment in construction and other sectors.

While we recognise that there remains much to do to help rehabilitate those who are incarcerated, we take great pride in the positive impact we continue to have on prison leavers and feel honoured to receive praise at the highest levels of government for our commitment to this cause.



Lord Timpson, Minister of State for Prisons, Probation and Reducing Reoffending, spoke at our parliamentary reception in November.



As part of our Brilliant Locally programme, we are working with Governing Governor Esther Dainton to refurbish wellbeing facilities at HMP Send.

Philip Wainwright

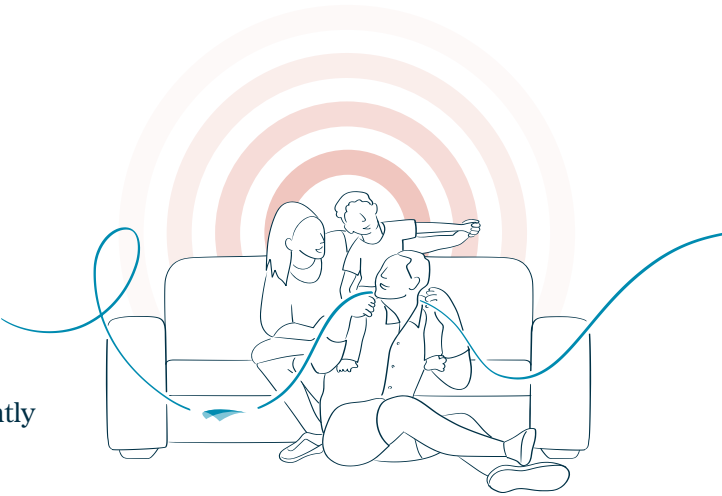
Chief Financial Officer's review

Once again, the Wates Group delivered profit before tax, while maintaining strong cash levels, as it has done consistently for decades – a reflection of the long-term, purpose-led approach taken by our family-owned business.



“ These solid foundations, and a commitment to operating fairly, make us an attractive company to work with for both customers and suppliers. ”

Philip Wainwright
Chief Financial Officer



Performance

We saw revenue growth in 2025 of 6.9 per cent. This is due in part to the delivery of larger projects, such as the AESC gigafactory in Sunderland, and significant public-sector construction projects. New contracts in WPS and the promising early momentum in the newly established Wates Fit Out business were also highlights.

In 2025, our statutory profit before tax grew in the year, but was negatively affected by the costs of remediating buildings in line with the requirements of the Building Safety Act and by the timing of a number of land transactions anticipated to conclude in 2025 that are now expected to complete in 2026.

As a business, we remain focused on the balance sheet. The significant tangible net worth we hold compares favourably with our peers. Part of this story is our net cash position, which continued to be strong throughout the year, up on 2024, closing at £248.3m. The fact we did not use our revolving credit facilities throughout 2025 illustrates the strength of our operations, good working capital control and cash collection.

Governance remains at the forefront of how we align risk management to our risk appetite. With this approach hard-wired in, alongside the diversified nature of our operations, we continue to deliver profit year on year.

This has helped us to take advantage of opportunities in areas such as social housing and advanced manufacturing, while navigating the challenges faced by businesses operating in the UK built environment, such as a slow housing market and historically high borrowing costs.

During the year, we renewed and expanded our three-year revolving credit facility to £100m across the Group, alongside establishing a new £25m standalone revolving credit facility and term loan of £15m for the WPS businesses. These increased facilities help Wates to be flexible and take advantage of opportunities in the market, particularly around our strategic accelerators, at both Group level and in the divisions.

These solid foundations, and a commitment to operating fairly, make us an attractive company to work with for both customers and suppliers. This is demonstrated through our forward order book, which continued to grow in 2025, closing at £9.98bn.

Tax and the UK economy

The built environment industry continues to be a significant driver of growth in the UK economy. We are proud of the contribution we make as a business and an employer, with all our operations in the UK.

Overall, our activities contributed £512.2m (2024: £405.4m) of UK taxes to the Exchequer during the year. These figures also include the impact of the increase in National Insurance during the year.

We remain mindful of the proposed changes to business property relief and the possible impact on shareholders of all UK family-owned trading businesses.

The summary financial performance for the Group is set out below:

	2025	2024	Movement
Group turnover * Group turnover including the Group's share of joint ventures' and associates' turnover	£2.56bn	£2.40bn	6.9%
Group statutory turnover Group statutory turnover excluding the Group's share of joint ventures' and associates' turnover	£2.49bn	£2.30bn	8.4%
Underlying operating profit ** Underlying operating profit before interest and tax	£25.7m	£25.8m	£(0.1)m
Statutory operating profit/(loss) * Statutory operating profit/(loss) before interest and tax	£25.7m	£(3.0)m	£28.7m
Underlying operating profit margin **	1.0%	1.1%	(0.1)%
Group statutory profit before tax Group statutory profit before tax including share of tax of joint ventures and associates	£29.2m	£2.6m	£26.6m
Group profit after tax for the financial year	£16.3m	£0.7m	£15.6m
Forward order book	£9.98bn	£8.64bn	£1.34bn
Net assets	£149.8m	£148.5m	£1.3m
Year-end cash Cash balance excluding cash held in joint ventures	£263.3m	£195.6m	£67.7m
Year-end net cash Cash balance excluding cash held in joint ventures, net of bank loans	£248.3m	£195.6m	£52.7m

* The performance of the Group is assessed using a variety of performance measures, including alternative performance measures (APM), which are presented to provide users with additional financial information that is regularly reviewed by management. These APMs are not defined under FRS 102 and therefore may not be directly comparable with similarly identified measures used by other entities. They are not intended to be a substitute for, or superior to, FRS 102 measures. See note 28 to the accounts for definitions and reconciliations of APMs.

** In order to provide users with a clear and consistent presentation of the underlying performance of the Group, the figures exclude separately identified items that are considered to be exceptional because of their size and non-recurring nature. Further details of the exceptional items can be found in note 3 to the accounts.

Land & Development

Land, planning and development for new homes and business space



Working with award-winning charity Sussex Green Living, funding the delivery of environmental education in schools in 2025, in the Horsham District of Sussex.

At a glance

- The Wates Land & Development division comprises Wates Developments, Wates Commercial & Logistics, Wates Wildscape and Wates Assets (formerly Needspace).
- Successful year in planning – all local planning committee consents secured.
- Seven contracted and five agreed schemes for Wates Commercial & Logistics.
- Buoyant performance despite challenging housing and land markets.
- 16 new land investments.
- New Bristol office opened to strengthen presence in the south-west of England.
- Launch of Wates Wildscape, our new bio-diversity net gain (BNG) business.
- Continued investment in house builder joint ventures.

3,000+ acres of land under control

£94.7m turnover (2024: £119.6m)

£180m+ capital allocated for investments

342 homes sold through house building joint ventures

21,729 homes in residential land portfolio (excl. joint ventures)

56 closing headcount

2,000+ homes in development on JV sites

8 live planning applications

Performance

Our work in 2025, in particular on planning, combined with targeted forward investments, provides a solid foundation for growth for 2026 and beyond. Alongside this success it was a challenging year for land sales. Delayed completions, now expected in 2026, affected our 2025 financial performance adversely.

During the year, the team secured all planning consents locally, without need for appeal – a notable shift from winning 33 per cent of consents via appeal historically. This reflects our continued investment in early stakeholder engagement with communities. While our run of eight consecutive appeal wins ended this year with one dismissal, avoiding appeals altogether is highly preferable. Our overall planning success rate stands at 97 per cent over 20 years, reinforcing our reputation for navigating complex planning environments.



“ Our teams delivered a formidable performance this year, against a backdrop of worsening market conditions month on month. During 2025, we developed a strong volume of sites ready for completion during 2026 and we secured all planning consents at local level. Our new businesses in commercial land and bio-diversity continue to show great promise.

David Brocklebank
Executive Managing Director,
Wates Land & Development

Proposed community hub for local SEND charity in Bolney



We deeply value the trust landowners place in us. We put great importance on responsible stewardship of their land and are grateful for the opportunity they offer us to reimagine places for people to thrive. Wates Developments added 13 new land investments to its residential portfolio. This strengthens our pipeline, as we continue to invest in markets where housing demand remains strong.

Despite strong headwinds from a tough market environment in 2025, our house building joint ventures showed resilience and minimised the impact to operating margins.

We entered a new joint venture in Farnham with Miller Homes and launched Willow Park in Buckingham with Vistry Homes, as well as starting work on site at Tenterden with Vistry. Joint-venture partnerships like these showcase our ability to work together to create thriving communities in a challenging market.

Our drive into large-scale developments, as principal developer, continues. We made good progress on our Hammonds Farm scheme in Chelmsford for 4,500 homes, which will be a new neighbourhood in the district with new homes, businesses and a range of community benefits.

The Wates Commercial & Logistics team secured a new 28.5-acre scheme in Huntingdonshire. This brings its portfolio to seven schemes contracted and five new sites agreed, which will collectively provide close to 4 million sqft of employment space.

Wates Wildscape, our new nature and biodiversity business, launched during 2025. Units at our first site in Ashurst, Kent, are now for sale and receiving enquiries. We also acquired two additional sites, one in Chilmark, Wiltshire, and the other under option at Kettering, North Northants.

Following our strategic decision in 2024 to divest our portfolio of managed workspace investments, four buildings (assets) were sold in 2025. The managed workspace market has faced significant challenges post-Covid, affected by a shift towards more hybrid working and less demand for rented office space. In 2026, Wates Assets (formerly Needspace) will target investment in logistics.

Overall, 2025 was challenging for the land and housing sector, with trading conditions affecting home sales for a third year and the land market softening in response. Commercial markets proved more resilient, driven by stronger demand for logistics space.

Outlook

The year saw significant changes introduced in planning, including the Planning and Infrastructure Bill and revised rules for Nationally Significant Infrastructure Projects, both designed to speed up the delivery of housing and infrastructure.

A new office in Bristol enhances our presence in the south-west of England, opening up more opportunities to unlock residential and commercial land in high-potential markets. A number of land transactions faced delays towards the end of the year. These will conclude early in 2026, adding to a strong forward pipeline of consented sites.

Despite current headwinds, as market conditions improve and planning reforms take shape, our division is well-positioned to lead the way – creating places where people and nature can flourish.

Residential

Urban regeneration specialists operating across London, the South of England and Wales

At a glance

- A developer contractor, working in partnership with local authorities, housing associations and others to transform estates and shape places on brownfield sites.
- Fresh strategic direction under new Executive Managing Director Pip Prongué, who has driven a renewed focus on growth and operational excellence.
- Growth in 2025 turnover and order book from both existing customers and new partnerships.

£321.4m
turnover (2024: £281.5m)

£2.2bn
forward order book

2,123
homes under
construction

19
live sites

£43.7m
social value
generated

2,772
homes achieved
planning



“I’ve thoroughly enjoyed my first year at Wates Residential. Many businesses claim to be purpose led, and I’ve been struck by how our team truly lives it – reimagining places for people to thrive in everything we do. Surrounded by a talented team, I’m incredibly proud of our 2025 achievements and the trust our customers place in us. With a strengthened pipeline and deeper partnerships, 2026 will be a year of action – delivering at pace, with quality and with meaningful impact.”

Pip Prongué
Executive Managing Director,
Wates Residential



Maple Fields, Cardiff

Homes with purpose. Partnerships you can trust.

2025 was a defining year for Wates Residential, as the business achieved profitable growth despite a challenging operating environment and ongoing market uncertainty. The arrival of Pip Prongué as Executive Managing Director brought new leadership and a revitalised sense of direction.

This change marked a strategic reset, designed to accelerate progress and drive further growth. This was addressed using four priorities:

- strengthening and growing our pipeline of new partnerships and opportunities
- deepening customer relationships and ensuring these are at the centre of everything we do
- optimising how we work to deliver as effectively as possible
- embedding a growth mindset, encouraging collaboration and using marginal gains to drive towards bigger goals, both internally and with our partners.

Building momentum. Delivering homes.

2025 saw increased bid activity and a notable conversion of existing projects. At the height of the year, the business was managing 19 live projects on site and 19 in pre-construction, ultimately handing over 567 homes to customers. Our pipeline remains robust, with more than 2,000 homes under construction across three regions.

Momentum was particularly evident in our joint ventures with the London boroughs of Havering and Harrow, where planning consent for 1,500 new homes was secured. In the South region, we submitted a planning application for a flagship development of 258 homes with Guildford Borough Council, and we also welcomed a new partnership with the London Borough of Southwark, delivering 343 new homes.



The Pages is designed with community at its core, offering high-quality new homes that seamlessly connect residents to both nature and the vibrant local scene. Perfectly positioned between Wembley Park and the town centre, the development includes 153 one, two and three-bedroom apartments, available for sale, spread across four blocks named after legendary Olympians.

Customer-centric delivery. Broader value add.

Long-term partnerships are at the heart of what we do and in 2025 we strengthened our approach by adding senior Wates Residential representatives to our joint-venture boards, enabling faster decision making and more transparency. In 2025, 91 per cent of new projects came from repeat customers.

With significant expertise in multi-phase regeneration, we have demonstrated our ability to positively transform entire neighbourhoods. This year we’re progressing toward the 921st home with Be First and the remaining 334 homes in Phase 3 of the Gascoigne neighbourhood in Barking are scheduled to complete in 2026. We secured the next phase of our work at the Gorse Ride regeneration scheme after successfully completing Phase 2A for Wokingham Borough Council for 98 new homes, and we neared completion of the third phase of Abbey Road’s regeneration with the London Borough of Camden, which includes 139 affordable homes.

In Wales, our team completed 107 homes with Cardiff Council, helping to put the council into the top 10 council house builders in the UK. Private sales in the region also performed strongly, with excellent sales rates at Maple Fields and a successful launch at Willowbrook.

More broadly, we continued to strengthen strategic relationships with Homes England, the Greater London Authority, the Welsh Government and the Ministry of

Housing and Local Government – including the Building Safety Regulator – through ongoing opportunities and grant and funding discussions.

Smarter operations. Purposeful impact.

Throughout 2025, Wates Residential sharpened its focus on operational excellence and embedding a growth mindset across the business.

Internally, we undertook a comprehensive review of our processes to ensure that delivery and quality remain at the forefront of everything we do. As a result, we have reduced project delays by 50 per cent, strengthening our reputation for reliability.

We raised our profile with two major thought-leadership campaigns, one championing modular solutions to address the temporary accommodation crisis, and the other bringing together investors and local authorities to drive investment and growth in the sector.

Sustainability was key to our agenda, with the launch of our first ‘zero bills’ homes with Octopus. We also achieved significant carbon reductions across our sites, underscoring our commitment to the residents who move into our homes, while helping our customers to meet their sustainability requirements.

Our efforts within communities generated £43.7m in social value, delivering genuine positive outcomes for local residents.

Construction

A nationally recognised, tier-one construction and fit out business

At a glance

- Record forward order book of £4.9bn inc. share of frameworks.
- Multiple large-scale MoJ projects in progress.
- Construction revenue fell slightly, with profitability maintained, despite challenging market conditions.
- Three contract wins for Wates Fit Out to deliver high-end London commercial office space in the business's first year of operation.
- Roll-out of digital technologies, improving decision making and risk mitigation.
- A cultural reset, with substantial investment in benchmarking and employee engagement, resulting in significantly improved employee net promoter scores.
- A five-year strategy to achieve 5 per cent profit before tax laid the foundations for future growth.

£1.2bn
turnover (2024: £1.3bn)

£4.9bn
forward order book

£455m
work won

3,056
new prison places
under construction

£2.8m
spent with social
enterprises



“ 2025 has been a year of transformation. With a robust five-year strategy in place, we're clear on our future direction – sustainable growth, investing in new sectors and creating an environment that allows our people to thrive. This year, we advanced initiatives that strengthened employee engagement and enhanced customer satisfaction. We also refined our operations through a business-wide Certainty of Outcome programme, which is driving a culture of continuous improvement across the division. Construction now stands in the best shape for success in 2026 and beyond. ”

Steff Battle
Executive Managing Director,
Wates Construction



Life and Mind Building, Oxford University – see p26

Our Construction division delivers projects across the UK, serving both public and private-sector customers. Alongside our core construction activity, the division includes two specialist businesses: Smartspace and Fit Out. 2025 saw the division face challenging market conditions that affected project viability and delayed PCSA conversions on a number of private-sector projects. This resulted in a slightly reduced revenue for the year, at £1.2bn.

To support future performance, the division set out a five-year strategy with clear ambitions to deliver long-term, sustainable growth by investing in our culture, expanding our presence in the fit out and refurbishment markets, driving greater profitability and harnessing technology to embed data-driven decision making.

We also reset our customer approach, prioritising long-term, values-based relationships with strategic partners. This strategy contributed to rising customer satisfaction throughout 2025. It also helped to secure commercial, justice and public-sector contracts, including £1.5bn of Ministry of Justice (MoJ) projects as part of the department's largest prison-building programme in over a century.

Business optimisation and ongoing investment in digital platforms sharpened our performance, as well as our abilities to manage risk, protect margins and deliver certainty for our customers.

Some of the most complex and high-profile projects in our portfolio were completed in 2025, including Victoria House, a Grade-II listed life sciences hub; The Ribbon, a landmark mixed-use development on Oxford Street in London; and The Life and Mind Building, one of Oxford University's largest-ever construction projects.

The division's financial performance was negatively affected by the performance of a small number of challenging projects. These have now been completed and handed over, except for one ongoing project in London that continued into 2026.

Smartspace completed the transformation of an iconic Grade II listed building into Lloyds Banking Group's Halifax office, as well as fit out and refurbishment projects for long-term customers HSBC, MoJ and Marks & Spencer. The business's strong reputation for quality and reliability positions it well for continued growth.

Significant investment in Wates Fit Out – launched in late 2024 – helped the business achieve market traction and secure commercial office projects with three new customers in the City of London. Our new turnkey offer, combining construction, high-end fit out and facilities management capabilities in one end-to-end solution, was also launched to the market.

11 & 12 Wellington Place in Leeds set a new benchmark for low-carbon construction, becoming the UK's first office outside London to achieve a NABERS UK Five Star Energy Rating in operation. This all-electric, net-zero carbon ready development incorporates smart building technologies, rooftop photovoltaics and other carbon reduction measures that will save a forecasted 407 tonnes of CO₂ annually.

Work delivered by our teams earned industry recognition this year. Merseyside Fire and Rescue Service Training Academy picked up Sub-Regional Project of the Year at the North West Regional Construction Awards for its alignment with Constructing Excellence principles, innovative re-use of materials and enhancement of emergency response capabilities.

The European Women in Construction and Engineering (WICE) Awards in May also saw Kerry Quinn awarded as the Best Woman in Health & Safety, Melody Wood pick up Best Construction Planner and Darren Eccleston named Best Mentor.

Customers and partners



Frameworks include



SES

Reimagining the future of engineering in construction

At a glance

- 2025 was SES's first full year as a standalone division within the Wates Group.
- 100 per cent revenue growth since 2022.
- A new strategy to drive SES's ambition to be the UK's most profitable and sustainable engineering and technology business.
- National representation was strengthened, with three regionalised engineering businesses.
- Offsite manufacturing capability expanded with a second facility and two customer training centres.
- The SES Technology business was introduced to capitalise on the growing data centre and critical infrastructure market.
- First non-executive appointed.

£590.4m
turnover (2024: £432.7m)

£0.95bn
order book

33
active sites

309,801 hours
removed from site
through offsite
solutions



“ Our growth over the last five years has been exponential, and the opportunities that lie ahead for our business will not only see us strive to become the number one engineering and technology business in UK construction, but also shape the future of how the industry designs and builds the places where people, communities and the environment thrive. ”

Rob Clifford
Executive Managing Director,
SES



In 2025, SES reinforced its position as a pioneering force in the delivery of customised engineering and technology solutions, powering sustainable, high-performing buildings, data centres and critical infrastructure assets.

Ranked as the UK's fourth-largest MEP provider in Construction News' 2025 Specialists Index, SES achieved 100 per cent growth in the three years to the end of 2025.

Awards

ECA Industry awards 2025
Large Contractor of the Year

Women in Construction and Engineering Awards 2025
Lifetime Achievement
Award Sam Johnson
Head of Social Value

SES operates across three core areas:

- **Engineering** – the foundation of SES, delivering exceptional quality and agility at scale.
- **Technology** – powering complex, sustainable assets, such as data centres and critical infrastructure.
- **Offsite manufacturing** – delivering safe, efficient and sustainable solutions through two manufacturing facilities and two customer training centres strategically located to support major projects.

A new strategy launched in 2025 set a clear ambition: to become the UK's most sustainable and profitable engineering and technology business in UK construction.

This vision is underpinned by market-leading differentiators, including digitally enabled offsite manufacturing and advanced engineering capabilities, enabling SES to deliver at scale and drive innovation.

Collaboration remains central to our success, with SES partnering on major projects with Wates Construction and

other tier one contractors in sectors as varied as data centres, energy, education, science and research, health, government, justice and defence. This has strengthened SES's brand and deepened customer relationships, ensuring alignment with sectors where demand and capability converge.

Sustainability continued to be a priority, with our offsite manufacturing business removing 309,801 hours from site through the creation of nearly 33,000 products, including 1,170 modules, 118 risers and five complex plant rooms, while improving safety, quality and efficiency for our customers.

Looking ahead, SES will accelerate investment in digitalisation to enhance design, planning, offsite manufacturing and delivery to reinforce operational excellence and future readiness. With a clear strategy, strong partnerships and a commitment to innovation, SES is driving the future of engineering and technology in UK construction.

Our strategic marketing partnerships

SES harnesses its strategic marketing partnerships with stakeholders to champion progress across engineering, sustainability and digital innovation. Using our market leadership and industry influence, we actively promote collaboration and positive change, in order to drive initiatives that shape the future of construction and deliver lasting value for customers, communities and the wider sector.

Digital Buildings Council

SES is a founding member of and contributor to the Digital Buildings Council (DBC), an industry group focused on standardising best practices, improving collaboration and promoting clarity in the digital built environment, including initiatives to link Building Information Management with smart building

operations for a better return on investment and sustainability.

Durham University Business School

SES has partnered with Durham University Business School to drive innovation and leadership in UK construction. Having recently been the headline sponsor for its 60th Anniversary Gala, this partnership hopes to foster research projects that tackle real-world challenges and provide insights to strengthen our competitive edge. The partnership also connects SES with influential networks of business leaders, policymakers and academics, supporting our ambition to become the UK's most profitable and sustainable engineering and technology partner.

Electrical Contractors' Association

SES works with the Electrical Contractors' Association (ECA) to promote sustainable construction practices and reduce carbon emissions within the industry. In partnership with the association, SES champions the UK's electrification journey through the ECA's Electrifying Our Future campaign. Together with other ECA partners, SES is raising awareness of the urgent need for climate action and the pivotal role electrification plays in reshaping industries, infrastructure and everyday life.

WPS

A strategic partner for maintenance, compliance and energy transition solutions

At a glance

- WPS delivers housing maintenance services for social homes, plus facilities management to public and private-sector customers.
 - After three years of progressive growth, turnover increased again in 2025, and the year ended with a strong order book.
 - Following the acquisition of Liberty in 2024, WPS expanded its property services portfolio to include heating and compliance services, plus in-house delivery of renewables.
 - The management team was strengthened with two new appointments during 2025, to drive development of the facilities management business, as well as IT and transformation.
- £636.4m**
turnover (2024: £547.2m)
- £2.5bn**
forward order book
- 600,000+**
social homes
maintained in England



“From delivering healthier homes to helping manage buildings and estates more efficiently, we’re proud to help our customers tackle some of society’s biggest challenges. Whether it’s protecting standards in social housing or decarbonising the built environment, residents and building users are at the heart of what we do.”

David Morgan
Executive Managing Director,
WPS



WPS strategy in action

After launching the growth strategy in 2024, WPS delivered on its first year of targets during 2025, establishing the team and organisational capability needed for long-term success.

We worked to expand heating and compliance capability, positioning WPS to capture more of the rapidly growing social housing energy transition market and building on the acquisition of Liberty in 2024. Offering services across property maintenance, renewables, compliance and facilities management, WPS now occupies a substantial market position and worked to leverage that during 2025.

The property landscape and strategic focus areas

The UK continues to implement its net zero obligations and Awaab’s Law has brought changes to damp and mould response times. This puts property providers and owners under greater pressure to deliver healthier, more energy-efficient homes and buildings.

We have focused on integrating Liberty, acquired in October 2024, to meet these market challenges and leverage collective expertise across decarbonisation. Our experts are working together on heating and compliance, plus energy-efficiency retrofit projects. We have also refreshed the facilities management strategy to increase market share.

During 2025, significant progress was made to support our customers with the acceleration needed to provide healthier, more sustainable homes, with the number of energy-efficiency retrofit completions rising to more than 7,500. We also supported housing providers to access allocations in the third wave of the government’s warm homes funding, winning more than £300m worth of work during 2025 to improve the energy efficiency of more than 19,000 homes.



This saw the first collaborative delivery between WPS and Liberty teams to support customers through the entire energy transition process life cycle: helping customers to secure funding and develop decarbonisation strategies, delivery of fabric, renewable and low-carbon heating measures, plus maintenance of renewables assets. Already maintaining around 2,000 renewables assets through existing heating contracts, Liberty began work to install a pipeline of more than 6,800 renewables.

Both WPS and Liberty supported customers to provide thriving homes through significant planned and responsive maintenance delivery. This included mobilisation of works on behalf of ForHousing – the largest housing maintenance contract across WPS – supporting some 20,000 homes. Worth £260m over 10 years, this provides long-term stability, alongside other significant contracts won in 2025. These include Notting Hill Genesis (£150m over 15 years), Ealing Council (£66m over 10 years) and a renewal for a further 10 years of work with

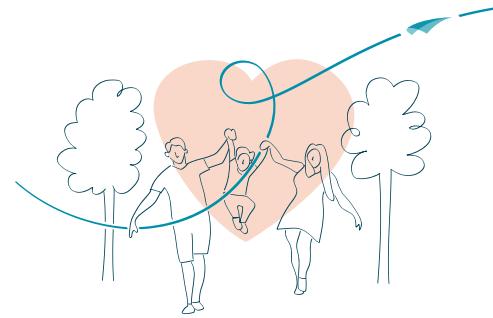
Brent Council (a total contract value of £182m).

It was also a year of growth for the Facilities Management team, which expanded to more than 360 people, increasing the direct labour workforce with engineering hires. They developed relationships with key customers, renewing contracts with the Association of Chartered Accountants (ACCA), Mercedes Benz and West Midlands Police. They also secured work with new customers, including Aviva Investors, Landmark, SAS Software and the University of Leeds.

With its refreshed strategy, the team is focused on growth in sectors with a strong track record of profitability. A new office in Manchester expanded its footprint in the north of England.

In summary, WPS has an expanded proposition delivering whole-property solutions across maintenance, compliance and energy transition solutions, providing services that put residents’ and tenants’ wellbeing at the heart of our operations.

Our purpose



Put simply, our purpose is to reimagine places for people to thrive. Under that sit three promises: Thriving Places, Thriving Planet, Thriving People. Together they guide our decision making – why and how we do everything that we do. We believe our purpose will deliver significant returns for us and for the world we operate in, both now and in the future.

Here we share some examples of our purpose in action, across the Wates Group.

Reimagining all our futures

Life and Mind Building, Oxford University

Oxford University's Life and Mind Building, completed by Wates Construction and SES in 2025, is a centre of world-class research and scientific endeavour that aims to benefit all our lives.

Located at the gateway to Oxford's Science Area, the £200m facility unites the Departments of Experimental Psychology and Biology. It forms part of a £4bn joint venture between Oxford University and Legal & General.

Here, more than 2,400 students, academics and researchers will work together to tackle some of the world's most pressing challenges, including climate change, ecological resilience, future food systems, biodiversity loss, mental health and childhood learning.

The building and its environmental systems were designed to Passivhaus principles by architects NBBJ following the university's Sustainability Implementation Plan. To meet these exacting standards in our construction, we prioritised advanced offsite manufacturing techniques and smart solutions to reduce operational energy, emissions and embodied carbon.

545
modules
manufactured offsite

Energy Performance
Certificate rating A

51,837
traditional onsite
installation hours
removed



Low-carbon technologies installed within the building included triple glazing to reduce heat loss and noise, adaptive ventilation, which adjusts

airflow based on real-time indoor environmental conditions, and air source heat pumps and rooftop solar panels for renewable energy.

Planning a vibrant, sustainable community

Chesterton, Oxfordshire

Wates Developments developed a planning proposal that will deliver 147 vital new homes in Oxfordshire, alongside a range of community-focused amenities.

The 36-acre site in Chesterton achieved outline planning permission from Cherwell District Council (CDC) and was sold to Bellway Homes in March 2025. This high-quality, sustainable housing will significantly contribute to addressing local housing needs.

The proposal was shaped through consultation with CDC, the Parish Council, Chesterton Football Club and the wider community. Despite having to navigate complex planning challenges and go to appeal, the team never lost sight of the Wates purpose.

New residents will benefit from a landscaped-led design featuring 17 acres of new open green space. All new homes will be net zero carbon ready and include photovoltaic panels, air source heat pumps and EV charging points.



c.20%
biodiversity net gain

50%
hedgerow net gain

A partnership of shared values and purpose

JLL

The partnership between WPS and JLL shows how aligned values and purpose, technical innovation and a shared commitment to sustainability deliver thriving places.

What began as a hard FM contract has evolved into a bespoke maintenance model spanning 180 buildings, focused on efficiency, net zero goals and the wellbeing of occupants.

The success of this model stems from the agility and customer-first approach of WPS and JLL. By adapting to changing needs and making occupant wellbeing a priority, the partnership has created efficient, sustainable and people-focused environments.



120 tonnes
of carbon emissions
saved since 2022

100%
achieved in all
ISO 14001 audits

Our purpose

New school buildings help students thrive

Woldgate School, North Yorkshire

Wates Construction opened the doors to a new teaching block for 1,200 students at Woldgate School in Pocklington, East Riding of Yorkshire, in November 2025 – a vibrant, bright environment to support both academic excellence and student wellbeing.

Inside the new building are spacious classrooms and cutting-edge science laboratories, a large assembly hall and welcoming dining area. The mental and physical wellbeing of the students informed our design, with each space maximising natural light and many rooms offering stunning views of the surrounding countryside, incorporating a biophilic approach.

The redevelopment also includes a multi-use games area and an upcoming sports hall, providing high-quality facilities for physical education and extracurricular activities.

Crucially, the project is designed to be net zero carbon in operation (NZCiO), using low-embodied-carbon materials and extensive photovoltaic solar panels, with increased biodiversity through careful landscaping to integrate with the surrounding countryside. Delivered through the Department for Education's School Rebuilding Programme, it reflects our Thriving Planet promise and commitment to sustainability and innovation.

Every detail – from the first survey to the final finishing touches – has been delivered with care and a desire to build a better future for Woldgate's students, their families and their neighbourhoods.

189 hours
of curriculum
support and
employability
workshops

15
new jobs for
local residents



Delivered through DfE's Construction Framework 21

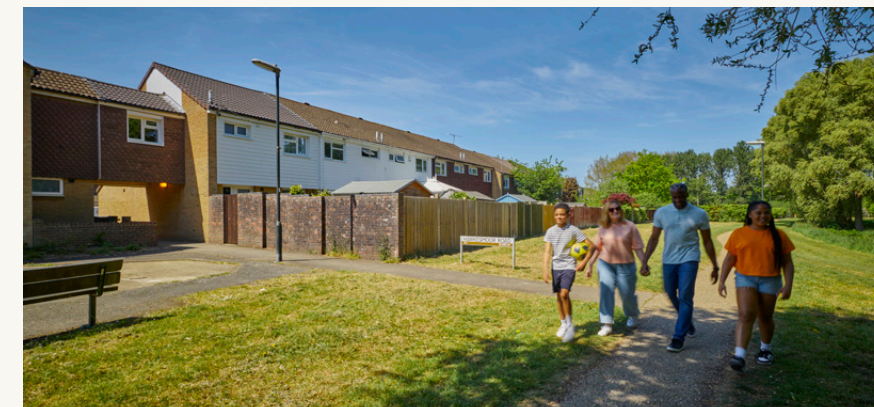


Reimagining the road to net zero

Crawley Borough Council

A housing maintenance and decarbonisation programme for Crawley Borough Council (CBC) is helping to tackle some of society's biggest challenges, improving the quality and efficiency rating of social housing and driving down energy bills for tenants.

WPS and Liberty teams are breathing new life into more than 4,000 homes in the borough, with a full range of works covering planned maintenance, day-to-day repairs, damp and mould services, void works, and gas and heating compliance, plus an extensive retrofit programme.



Answering CBC's need to invest in ageing housing stock, new roofs, windows, doors, cladding and ventilation, plus cavity, wall and loft insulation, are being installed in homes across the borough in a government-backed 'fabric first' phase that will bring the energy efficiency of the properties from EPC rating D/E/F up to C.

The project not only speaks to the Wates purpose but makes a key contribution to the council's ambition to achieve net zero by 2045.

The maintenance and retrofit works are all designed to reduce carbon emissions, support better health outcomes and deliver warmer homes that are cheaper to heat.

Heritage skills drive renewal

Norman Shaw North

Wates Construction has been engaged on vital refurbishment work on this Grade I listed building, which provides office space for the House of Commons.

This is a work of reimagination: restoring and preserving the property while transforming its offices into contemporary, energy-efficient, sustainable and accessible spaces.

We are using traditional skills and techniques to conserve the building's unique heritage features, while nurturing a new generation of craftspeople with a Heritage Grant Programme in partnership with the Building Crafts College in east London.

The project has brought significant investment to the economy, with more than £113m of work awarded to UK businesses. To restore the 133-year-old roof, Burlington Stone supplied 103 tonnes of Westmorland slate

from the Lake District, where it has been quarried for over 400 years. Throughout the project, our teams have engaged with local residents, visited schools and taken part in charity events, as well as talking to parliamentarians about their workplace.

101 tonnes
of CO₂ saved through
timber waste reuse
or recycling in 2025

282 tonnes
of timber waste rescued
from the waste stream

Delivered through the Northern Estate Programme framework



Training that changes lives

HMP Stoke Heath, Shropshire

A smaller-scale replica of SES's offsite manufacturing facility opened inside HMP Stoke Heath in Shropshire at the end of 2024, and it is giving power to prisoners hoping to improve their lives.

Partnering with the Ministry of Justice and New Futures Network, the workshop provides participants with purposeful activity, job-ready skills and training during their sentence, boosting their chances of securing employment on release.

Prisoners work for a minimum of six weeks, putting together modules that will be used to support SES's programme of works for the Ministry of Justice. The workshop is supervised by trained prison staff, with six employment spaces available on a rolling basis.

Our social value team, supported by Smartspace, also renovated a room at the prison for screen-based cognitive training. These 'Enhance' sessions use game-based technology and are being delivered by Evolve, an award-winning social enterprise. Those taking part have seen improved cognitive skills and a drop in reported negative behaviour, use of force and self-harm.



This initiative isn't just about individuals – it creates a ripple effect beyond the prison gates. Every prison leaver who finds sustained employment makes a meaningful contribution to businesses and the economy, reduces public spending and ultimately helps to build stronger and safer communities for all.

35
prisoners trained
in the workshop*

2
prison leavers
employed by SES
from workshop

7,926
mechanical and
engineering products
produced*

*August 2024-January 2026



Honouring heritage in a modern world

Lloyds Banking Group, Halifax

Wates Smartspace completed a landmark project in November 2025, delivering a high-profile full refurbishment of Lloyds Banking Group's Grade II-listed Trinity Building in Halifax, West Yorkshire.

Our team reimagined a workplace for 3,500 people, honouring the heritage of this iconic 317,000sqft office while creating modern, dynamic and inclusive future-ready spaces using cutting-edge design.

The transformation stands as a testament to the three Wates promises that accompany our purpose. The newly created collaborative zones, private workspaces, event spaces and wellbeing areas all support hybrid working and enhance the workplace experience.

Sustainability was central to the project, with efficiency upgrades spanning from the installation of three bio-diverse green roofs to re-lamping the executive boardroom chandelier with LED fittings. The building now also boasts a living wall, rainwater harvesting systems and zero-carbon heating. Combined with significant thermal upgrades, these measures have made the building three times more energy-efficient than before, securing an EPC rating of A and aligning with Lloyds' 360 sustainability plan.

Targeted social value initiatives delivered over £20m through local suppliers, supported 116 people into employment, including 75 apprentices, engaged 460 students and dedicated over 6,000 volunteer hours to local community projects.

99%
waste diverted
from landfill

11,000m²
of carpet reused from
Lloyds' Leeds site

100%
recycled metal and
glass in the curtain
walling

Delivered through Lloyds Banking Group Banking Framework; this project features on the cover of this report



Driving the future of sustainable development

AESC UK gigafactory, Sunderland

The AESC UK gigafactory in Sunderland is Wates' largest by single value project in our history. The facility will produce batteries for electric vehicles and is run on 100 per cent carbon neutral power with zero waste to landfill. It is a game-changer for clean mobility and a cornerstone of the UK's green manufacturing ambitions.

As an example of our purpose in action, the gigafactory showcases excellence in innovation, collaboration, sustainability and social value.

Builds of this scale and complexity are rare. During 2025, teams from Wates Construction and SES continued to deliver at pace and scale, following a comprehensive environmental management plan. By leveraging SES's offsite manufacturing capabilities we have saved over 83,500 hours of labour on site, while reducing waste and emissions.

All site power has been driven by renewable sources aligned with Wates' procurement strategy and 'planet-first' promise, with hydrogen fuel cells replacing diesel generators.



Improving biodiversity has remained in focus. Our environmental management plan included nesting bird checks, tree preservation and community-focused initiatives such as creating bee hives, bug hotels, wildflower planting and an allotment area.

Local people have been at the heart of the project too, particularly the younger generation, through the engagement of over 6,600 students at site tours, workshops, careers fairs and assemblies, and ties with schools, colleges and universities.

49/50
Considerate
Constructors
Scheme score

£382.5m
of social value
generated
(TOMs framework)

6,662
students supported



A place where families can flourish

Gorse Ride, Wokingham

Wates Residential is working in partnership with Wokingham Borough Council on its flagship regeneration development to replace 1970s-built prefabricated houses with 249 high-quality, energy-efficient homes, fit for the future.

The new neighbourhood will offer a mix of private and affordable properties, to suit local demand. Several offer wheelchair-friendly layouts and level-access showers, designed for residents with enhanced accessibility needs.

Energy saving has been front of mind too. All homes will feature air-source heat pumps, high-quality insulation and LED lighting – technology that can help reduce energy bills for residents, as well as cut carbon emissions across the borough.

Work during 2025 saw residents able to move back into the regenerated area, with the completion of 45 new houses and 51 apartments. Most of these were families who'd been moved out for the regeneration work or live close by.

To bring people together and create a sense of place, the Gorse Ride team has worked tirelessly to develop genuine relationships with local residents. Working together across the partnership, the team has organised meetings, green space projects and events, from barbecues to healthy cooking sessions, to help residents initiate new friendships and strengthen neighbourly bonds.

*Delivered through CCS
CWAS framework*

74%
affordable homes

358
residents engaged
in community events

Energy Performance
Certificate rating B

Group strategic priorities

We monitor progress on our strategic priorities, which are essential to business performance and delivering our purpose.

Health, safety and wellbeing

Supply chain and quality

Customers and partners

People and culture

Innovation

Sustainability

Health, safety and wellbeing

Reimagining safety

Over the last year we started the journey of reimagining our strategy for health and safety. The approach we are taking puts significant emphasis on controlling and mitigating significant and major hazards, to limit damage and lessen the impact on employees and supply chain workers. This reflects best practice beyond the construction sector. It also aims to create a culture where reporting

incidents is encouraged, not stigmatised, and where safety is embedded in everything we do.

Our ambition is to deliver a step change in safety performance. Rather than striving for zero incidents at all costs, we recognise that this is unrealistic and failures will occur. The goal is to ensure that, if something does go wrong, our operations are resilient enough to prevent serious

harm. No-one should suffer a significant injury or fatality because of our activities.

The strategy will be rolled out across the business in 2026, with training and upskilling sessions to ensure a successful uptake by Wates employees, as well as our supply chain. The process has already begun, with regular sharing of safety incidents and guidance on mitigation.

Highlights

Wates continued to perform strongly against industry benchmarks. Our Accident Incidence Rate (AIR, the number of people injured per 100,000 employees) remains below the Build UK membership average and well below the wider industry average. With an AIR of 138 in 2025, we continue to perform strongly in this area, yet seek to improve this further.

This progress is underpinned by our commitment to harm reduction and improve control resilience. We have introduced core KPIs focused on the major and significant hazards that carry the greatest potential for serious injury. Our KPI for control effectiveness is driving a step change in how we manage these hazards, ensuring that, wherever they exist, robust mitigation is in place.

In 2024, our baseline showed that 26 per cent of major and significant hazard events had effective mitigation controls in place. During 2025, this improved to 37 per cent. We have set a target of reaching 50 per cent and will continue to build momentum to achieve this in 2026 as part of our wider journey towards safer and more resilient operations.

37% of high-potential near-miss events effectively mitigated

11% improvement
(2024: 26%)

50% target for 2026

A high-potential near-miss event is one that could cause serious injury if control is lost. We manage these through preventative controls that stop events from occurring and mitigating controls that reduce the harm if something does go wrong, so that no-one working for us could be seriously injured.

73% reduction in harm across the Wates Group

7 high-potential near-miss events
(2024: 26 events)

Our harm reduction KPI measures how well we are reducing injuries from routine, task-based hazards that can lead to lost-time incidents, including those reportable under RIDDOR. It targets the most common harm trends identified in each business.

100% visiting managers' health and safety review (VMR) completions by senior leaders in 2025.

VMRs involve a structured conversation with the team they are visiting around a specific activity, the associated hazards and day-to-day challenges (erosion factors) that could weaken or erode any preventative or mitigating controls in place.

Group priorities

Health, safety and wellbeing

Engaging industry

We continue to partner with industry leaders to drive industry-wide advances in health and safety. Wates is leading the establishment of a charter, with BAM, Multiplex, Skanska and the Crown Estate, to ensure that the built environment industry adheres to the highest standards.

Health and wellbeing

At Wates, we're committed to building a workplace where mental health support is accessible, proactive and truly embedded in our culture. We're evolving our approach, moving away from a Mental Health First Aider model to a new Mental Health Ambassador Network. Over the years, we've trained more than 250 MHFAs and, while this has been invaluable, we want to ensure more colleagues feel equipped and confident to offer support. Our ambassador model is designed to be:

- **More accessible** – allowing more colleagues to step into the role
- **More structured** – with a bespoke one-day training course tailored to workplace conversations
- **More supported** – with continuous development and resources via the Everymind at Work platform

We have also strengthened our stress risk assessment process to ensure that anyone who has been absent because of stress is fully supported back into the workplace. This year, our stress and muscular skeletal related absences have improved, and days lost to stress-related illness have decreased by 808 days.



Case study

Addressing societal aggression

A general rise in aggressive and violent behaviour in society is reflected in the experiences of our teams when carrying out their work. We set our Future

Leaders board the challenge of how to address this. One of the measures is to pilot a personal safety app for our teams in WPS during 2026.



“ We're committed to building a workplace where mental health support is accessible, proactive and truly embedded in our culture. ”

Case study

AESC

The gigafactory project we are delivering for AESC in Sunderland is our biggest to date, with an average of over 1,200 workers on site each day, and their wellbeing is front and centre of the operation.

Community engagement has led to powerful partnerships between local charities and the site, with

visits to host talks about mental health, identifying the early signs of cancer and more. From hosting fish and chips days to inviting local children's choirs to sing on site, the project is constantly striving to help colleagues and supply chain workers thrive at work by focusing on their wellbeing.



Group priorities

Supply chain and quality

Our supply chain is fundamental to the successful delivery of our projects. In 2025, we worked with our suppliers to strengthen relationships and build the capabilities required to deliver our pipeline, alongside the introduction of new regulations placing greater emphasis on safety and quality.

At our February conference with key suppliers, we set out a clear strategy to establish stronger, more productive partnerships with a streamlined supplier base – enhancing capability and driving productivity to accelerate growth and deliver projects more profitably.

Five areas of focus dominated 2025.

1 The Building Safety Act

The legislation has been in place since 2022 and has meant significant changes in the way we do business – for the better. Alongside the measures put in place across Wates, we have engaged with our supply chain to make sure they are fully aware of the requirements of the Act and are putting in their own measures to ensure they comply.

2 Category strategies

Over the year, we started the process of developing our category strategies. These set clear standards, reduce risk and drive performance. By building long-term partnerships, we will improve efficiency, foster innovation and boost profitability for Wates and our supply chain.

3 Relationship management

Wates is building its strongest relationships with subcontractors that are investing in skills, capability and culture. We believe this investment drives continuous improvement in performance and profitability.

In turn, we strive to provide visibility of pipeline, to support ongoing engagement, planning and collaboration opportunities. Long-term agreements underpin the relationship, backed by key performance indicators on what matters: safety, quality, people, sustainability, cost, delivery and productivity.

4 Performance management

Effective management of suppliers is critical to our success. We updated our scorecard process this year to improve the way we share feedback to create a culture of collaboration where suppliers understand expectations and can take targeted action to improve.

5 Root cause analysis

We are adopting a data-driven approach to measure performance, supported by honest, two-way feedback to drive improvement. Root cause analysis is central to this process, identifying underlying issues rather than symptoms, enabling sustainable solutions and reducing repeat problems. This disciplined approach turns challenges into opportunities for lasting success.

Looking ahead to 2026

In the year ahead, we will build on the foundations laid in 2025 and accelerate progress across all areas. Our focus will be on deepening collaboration through fully developed category strategies, embedding Building Safety Act compliance into every aspect of delivery, and leveraging tools like Dalux and our enhanced scorecard to drive real-time performance improvement. We will strengthen long-term partnerships, provide greater pipeline visibility, and continue to foster a culture of openness and accountability.

By combining innovation, data-driven decision-making and shared commitment, we aim to deliver projects more safely, efficiently, and profitably – creating lasting value for Wates, our customers and our supply chain.



Customers and partners

Working with our public and private-sector customers to reimagine places for people to thrive is at the heart of our business.

How we support public-sector growth

We actively support the government's growth agenda and play a key role in delivering major investment programmes across the public sector, where we have a strong track record in building prisons, schools and other social infrastructure.

Wates holds a place on all the major frameworks through which most central and local government projects are procured, as well as those adopted by many other public-sector bodies. This enables us to offer a wide range of procurement routes to our customers, regardless of the size or complexity of a project. At the end of 2025, Wates was appointed to the DfE's £15.4bn CF25 education framework to design and build new and refurbished schools and educational buildings across England.

Our teams work closely with partners to ensure high standards of delivery and we apply the ISO 44001 international standard for managing collaborative business relationships.

Our commitment extends beyond delivery: we have contributed to government consultations on infrastructure and planning reform, procurement and social value, and published a white paper proposing a new framework for public-private partnership projects to help unlock private investment.



Alliancing

Wates is part of the Ministry of Justice's £10bn New Prisons Programme, delivering four new adult male prisons and creating over 6,000 prison places. Under a pioneering Alliance contract, we're using modern construction methods, standardised components and digital processes to drive efficiency and quality. Our teams will deliver over 1,700 prison places at HMP Welland Oaks, as well as prison places and enhanced facilities, through the Accelerated Houseblocks Delivery Programme and the Small Secure Houseblocks Programme.

As part of our social value work, we also work with prisons to help prison leavers into work.

Private sector

Specialist teams across our divisions deliver contracts in multiple sectors, including life sciences, housing, retail and offices buildings.

Customer satisfaction

Honest feedback helps us to continuously review and enhance our services to maintain an exceptional customer experience. In 2025, we gathered valuable insights using a robust, independent process, through which we received feedback from over 200 customers. This enabled us to celebrate successes and identify areas for improvement. We also strengthened our complaints management system to enable real-time resolution and delivered 3,839 hours of customer excellence training to colleagues to reinforce a customer-centric culture.

Group priorities

People and culture

In 2025, we focused on aligning our culture with our purpose and enhancing the employee experience through fair, inclusive practices that foster belonging and enable everyone to thrive.

We embedded our purpose into people processes and introduced progressive policies on reasonable workplace adjustments, neonatal care leave and relationships at work, as well as strengthening our stance on anti-bullying and harassment. We achieved Disability Confident Leader (Level 3) status and continued partnerships like Change100, the internship programme for people with disabilities, to create opportunities for diverse talent.

For all of our employees, the launch of a dedicated careers website provided resources for navigating career paths and the team paved the way for the introduction of a new recruitment applicant tracking and on-boarding system (ATS).

We continued to enhance leadership skills across the business through our Take the Lead programmes. The eight programmes within it provide a clear offering for defined development stages, from early careers through to those preparing for more senior roles. By investing in our managers, we ensure they continue to create a workplace environment for people to thrive.

In 2026, we're striving to have the most engaged and highest-performing employees in the industry, by:

- offering an inclusive, purpose-led employee experience that attracts talent and potential talent
- investing in the development and career mobility of our employees
- creating flexible people solutions that deliver performance and efficiency

Achievements under our people strategy pillars

Inclusive performance culture

- new bonus schemes to improve division-led performance (implementation in 2026)
- a Group culture ambition developed to enable review and refresh of behaviours and required leadership shifts
- refreshed engagement survey implemented

Great leadership

- ExCo leadership development, as well as refreshed career insights coaching for senior leaders
- further Take the Lead programmes launched, with a total of six now embedded
- initial design of the final two Take the Lead programmes, informed by a behaviours review

Learning organisation

- new online careers hub with resources for navigating career paths
- future skills focus on data analytics with new data apprenticeships introduced at Level 3 and Level 4
- manager dashboards with training completed and planned for individuals and teams
- strong pipeline of early career talent with 2025 cohorts of trainees and apprentices

Flexible people solutions

- new applicant tracking and on-boarding system (ATS) on track for Q1 2026 launch
- new policies and support introduced to enable flexibility, fairness and inclusion
- HR advisory and recruitment teams moved into divisions as part of a decentralised operating model

People stories

Great leadership

Kirsty McCulloch,
Commercial Manager on the Accelerate programme



"I took part in the Accelerate programme, a hands-on leadership experience designed to challenge and inspire. The course placed me in real-world scenarios and gave me access to insights from senior leaders, which helped me build practical skills and confidence in my leadership role. This has since led to a promotion. I continue to use the leadership blueprint I created and the principles I learned and feel that they have helped me to grow personally and in my career."

Inclusive performance culture

Stuart Campbell,
Site Surveyor, WPS

From 2021 to 2025, the number of parents working at Wates increased from 800 to 1,593 and our parental policies have changed to better support them. Partner leave was enhanced from eight weeks to

12 weeks of fully paid leave, which can be taken in one block or multiple blocks.

For WPS Site Manager Stuart, the extended parental leave meant precious time at home with his new family after he welcomed a baby boy last November following a miscarriage the previous year.

"I've spoken to a lot of other people who were surprised at the time off I got. It's more than what's available

Women employees

26.3%
(2024: 25.7%)
Target: 26.7%

Minority ethnic employees

14.6%
(2024: 13.7%)
Target: 14.7%

For 2025, we included all employees; previous years excluded operatives.

at other companies. It's been really helpful... Without that time, I would have missed out on so much."



Learning organisation

Hannah Foster, Business Administration Apprentice with Wates Construction at the AESC UK gigafactory project



"I never imagined myself in construction," says Hannah. "I just knew A-Levels weren't for me and I wanted to start working. I saw this apprenticeship and gave it a go – with no background in the industry."

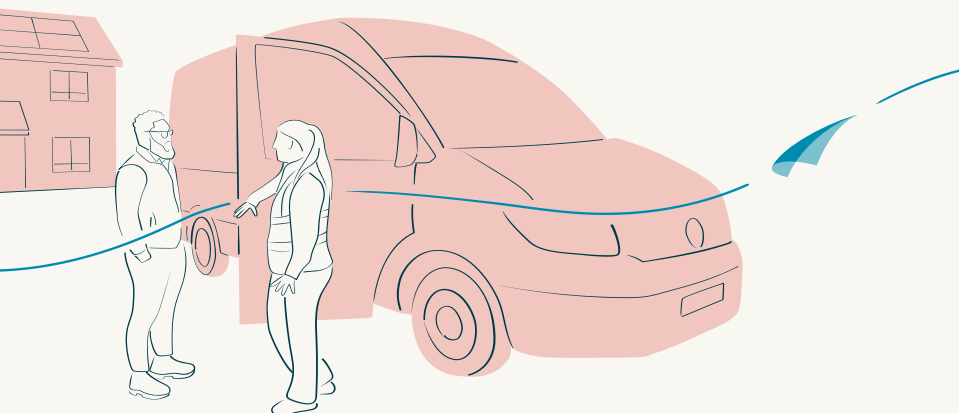
It turned out to be one of the best decisions she ever made.

"I discovered how many different roles come together behind the scenes. I love the fast pace and the variety. I feel like I'm contributing to something real and important."

As a Business Administration Apprentice, Hannah is helping to reimagine what a career in construction can look like for a young person.

Working with Wates Construction, she started at the AESC UK gigafactory project where she had a range of administration responsibilities.

She also reviewed the site's induction process, introducing a structured system to reduce bottlenecks and raise safety standards, ensuring operatives were onboarded quickly and safely. "Every day brings new challenges to solve. That's what keeps it exciting."



Group priorities

Innovation

As a strategic priority for the Group, innovation drives Wates' future success, embedding smarter, sustainable solutions across our operations, systems and culture.

In 2025 we:

- updated the Wates Innovation Network portal of more than 90 sustainable technologies
- strengthened and initiated strategic partnerships with partners in education, financial services and sustainable products
- continued CoPilot AI training and roll out across the Group

In 2026 we will:

- form more strategic partnerships with our supply chain, innovation partners and customers to continue to drive innovative change through the Group
- integrate our Technical Excellence Centre and Wates Innovation Network into an innovation hub to:
 - better connect teams and customers with sustainable innovators
 - accelerate collaboration and learning across our divisions
 - drive faster adaptation to market and customer needs
- embed a process to deliver AI agents
- progress the digitalisation of our front-end operations

Innovation is embedded in our processes, systems and culture, enabling us to deliver smarter, more efficient outcomes across the Group. Flagship initiatives, such as the Wates Innovation Network (WIN) portal and the Sustainable Technology Services team, have positioned us well in sustainable innovation, although our approach in 2025 extended beyond environmental solutions.

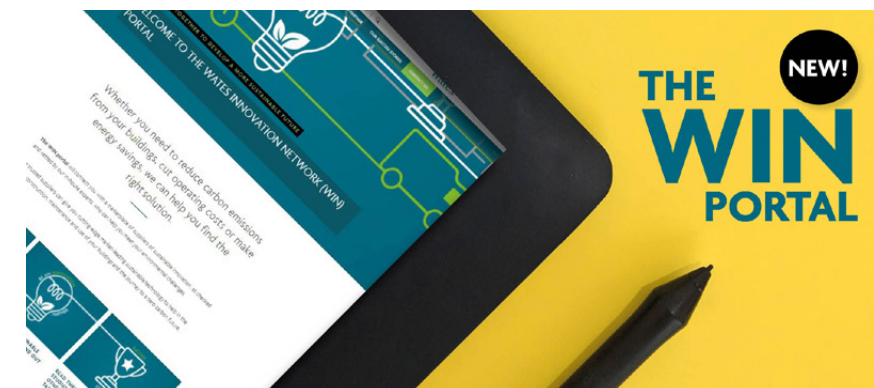
Operational innovation

Throughout the year, Wates continued to integrate advanced tools and methodologies that enhance project delivery and customer outcomes:

- Improvements in Building Information Modelling (BIM), digital engineering and virtual reality have optimised design processes, improved safety standards and supported environmental performance.
- Implementation of smart building technologies – in our own buildings and those of our customers – have enhanced the occupant experience and energy efficiency, contributing to our net zero operational carbon objectives.
- Post-occupancy evaluation and performance monitoring have provided real-time data to inform design and retrofit strategies, particularly for public-sector assets.

Digital transformation

The continued adoption of artificial intelligence (AI), data analytics and other digital innovations has supported predictive project planning, improved decision making and optimised resourcing. At the end of 2025 we also appointed a dedicated AI Delivery Manager.



Achievements include:

- continued evaluation and rollout of innovative solutions, such as Instagrid batteries, that contribute to our diesel phase-out programme and science-based targets
- participation in the UK Net Zero Carbon Building Standard Pilot in 2025, the UK's first cross-industry, science-based framework that provides a single agreed definition of a net zero carbon building
- partnership with five UK banks and building societies to trial nine innovative sustainable technologies
- updated portfolio of more than 90 sustainable technologies on the WIN portal, supporting energy efficiency and biodiversity enhancement for Wates, our customers and the industry in general
- expansion of schemes to maximise re-use of materials, minimise waste and progress towards Wates' 2045 zero waste target
- innovation Board created to improve innovation at Wates, sharing best practice, developing systems and processes and driving a culture of curiosity, not only to bring benefits to the business but also to respond to customer needs
- a new framework proposed for funding critical infrastructure projects through public-private collaboration and an alliance investment model (AIM)
- our first two Memorandums of Understanding with Durham University and London South Bank University, which will see us co-create research, secure joint funding, and open new opportunities for students and Wates colleagues through industry-informed teaching, guest lectures and collaborative projects
- strengthened partnership with further universities to deepen our research capabilities to solve complex business problems: Hertfordshire, Leeds Beckett, Northumbria, Canterbury, Cambridge, UCL and Imperial College London

The Group-wide Innovation Hub planned for 2026 will harness the power of the WIN portal and Technical Excellence Centre to better connect our teams and customers with sustainable innovators, foster collaboration across divisions and enable faster adaptation to evolving market and customer needs.

Sustainability report

Streamlined energy and carbon report (SECR)

We are reporting for the financial year to 31 December 2025, providing 2024 as a comparative year and 2019 as a baseline year.

Progress

Since our baseline year of 2019, we have reduced Scope 1 and 2 emissions (market-based) by 33.9 per cent and Scope 3 emissions from business travel and waste by 74.6 per cent.

Environmental indicators

Wates maintains ISO 14001 certification across the Group, excluding Wates Land & Development and SES Manufacturing. Liberty also holds ISO 50001 certification. Our management systems ensure that greenhouse gas (GHG) emissions data is captured in accordance with SECR reporting requirements and the GHG protocol. Details of the fuel types used during the year are detailed on page 46.

In 2025, we had one incident of a fugitive emission loss, which led to the release of 195kg of R-407A, equating to 375 tonnes of CO₂. The loss occurred as a result of two subcontractors cutting through a charged system without authorisation. Tighter controls are now in place to prevent recurrence of similar incidents.

Reporting boundary

The statutory entities in our GHG boundary for this report include all operations that fall under the Wates Group. Operations that fall outside the Group's operational control have not been included, in line with the GHG protocol's operational control approach.

Adjustments

As a result of the acquisition of the Liberty Group in October 2024, we have re-calculated our baseline year data for 2019 and adjusted subsequent years. We have also included excavation and demolition waste under Scope 3 Category 5 in our baseline. Previously these were reported under Scope 3 Category 1 emissions.

Measurement methodology

Our carbon footprint covers Scopes 1, 2 and selected Scope 3 emission sources: business travel and waste. The footprint is calculated in accordance with the GHG protocol.

This year's waste data includes excavation and demolition waste for the first time. The data does not include waste handled by specialist providers, such as asbestos removal subcontractors.

Outputs are reported in MWh and CO₂e (carbon dioxide equivalent) using the most recent available conversion factors from the Department of Energy Security and Net Zero.

GHG emissions are reported using both the location and market-based reporting methodology.

The location-based method reflects the average emissions intensity of the UK electricity grid, which is decreasing.

The market-based method reflects the emissions from renewable electricity tariffs that we have chosen to purchase, which are backed by renewable guarantees of origin (REGO) certificates. An emissions factor of zero tonnes of CO₂e per MWh has been applied in these cases.

In 2025, 10,902MWh of the Group's procured electricity supplies were from renewable sources, backed by REGOs. Where REGOs were not available, a residual mix emission factor has been applied.

Further detail on the different fuel types has been provided in the energy table on page 46.

In the comparative baseline year, red diesel (gas oil) figures include kerosene. The Group stopped purchasing red diesel in 2022, reflected in the reported reduction in red diesel usage and an increase in overall diesel usage over time.

The Scope 3 data for business travel in 2024 and 2025 includes emissions associated with hotel stays, flights and business mileage expenses from non-company-car vehicles. Business travel for company cars falls under Scope 1 for petrol or diesel vehicles and Scope 2 for electric vehicles.



2025 review

We decreased Scope 1 emissions in 2025 by a further 2.5 per cent against 2024.

WPS's commercial fleet accounted for 74.2 per cent of our Scope 1 emissions.

As a result of the acquisition of Liberty in 2024, the WPS fleet has grown considerably to 1,687 vehicles, increasing the proportion of Wates' Scope 1 emissions attributable to the fleet. In 2025, WPS developed a strategy to reduce emissions in line with our 2030 Scope 1 & 2 target through a combination of measures, including replacement of internal combustion engine (ICE) vehicles with electric vehicles (EVs), the adoption of scheduling software and an engagement programme to reduce harsh driving and idling. WPS replaced 27 diesel vehicles in 2025, taking the proportion of EVs in the fleet from 9 to 11.3 per cent.

The company car fleet accounted for 4 per cent of our Scope 1 emissions.

Three quarters of our company car fleet are now EVs (2023: 59.6 per cent), reflecting the introduction in 2023 of a salary sacrifice scheme that restricts new company cars to EVs and plug-in hybrids (PHEVs). The proportion of PHEVs remained steady at 15 per cent and just 8 per cent of our company car fleet have an ICE alone.

Diesel use on site accounted for 14 per cent of our Scope 1 emissions. In 2025, we introduced a diesel phase-out plan, methodically supporting teams to transition from diesel-powered equipment to electric. This required close collaboration with supply chain partners to ensure availability of electrified plant, equipment and vehicles, and the introduction of systems to make choosing electrified equipment easy.

During 2025, we undertook trials of 39 Instagrid battery units to replace small diesel generators. Battery units proved more cost-effective to operate, lighter and easier to handle. We also continued to assess electric alternatives for larger plant and successfully trialled a fully electric 17m Faresin telehandler. These trials provided valuable insights into the practical considerations required to accelerate adoption, particularly the need to ensure that plant and equipment can be charged safely, which remains a barrier to scaling use.

To make progress visible, we successfully trialled a diesel-free league table, ranking project sites as gold, silver or bronze based on actions taken. The initiative is now being rolled out nationally.

In 2025, we decreased 2024 Scope 2 emissions by 10 per cent.

The year saw 94.2 per cent of all electricity procured by the Group (10,902 MWh) from renewable sources (2024: 92.9 per cent), despite our electric van fleet at times having to use non-REGO supplier charging locations. We have steadily increased the percentage of renewable REGO-backed electricity bought as we exit existing contracts. This figure does not include electricity that was used to charge company cars by their owners, which made up 998 MWh.

Expensed business mileage increased by 1.6 per cent, reflecting our growing workforce and number of projects that cannot be accessed easily by public transport. Despite the increased mileage claimed, the emissions associated with business travel in cars was 0.67 per cent lower than in 2024, a reflection of the higher proportion of low-carbon vehicles in the company car fleet.

Intensity ratios

We have reduced location-based intensity ratio for Scope 1, 2 and Scope 3 emissions for business travel and waste by two thirds, from 21.7 tonnes of CO₂e/£m turnover in 2019 to 6.5 tonnes of CO₂e/£m turnover in 2025. The market-based intensity ratio has reduced from 20.0 tonnes of CO₂e/£m turnover in 2019 to 5.9 tonnes in 2025.

Assurance

The Carbon Trust was engaged to undertake limited assurance of the Group's Scope 1, 2 and selected Scope 3 emissions (waste and business travel) using the international standard ISO 14064-3:2019 over the GHG data in this report that has been highlighted with the symbol ° (see table to the right).

The limited assurance covered Wates Group Limited (including Liberty Group) for 1 January to 31 December 2025.

The Carbon Trust's full statement is available at www.wates.co.uk/GHGassurance.

Limited assurance represents a substantially lower level of audit than a reasonable assurance engagement. To reach its opinion, the Carbon Trust undertook a range of procedures on our GHG data. A summary of this work is included within its assurance statement.

	Absolute tonnes of CO ₂ e		
	Base year 2019	2024	2025
Scope 1	13,123	9,833	9,640°
Scope 2 (location-based)	5,243	2,747	2,225°
Scope 2 (market-based)	2,516	777	700°
Scope 3 for business travel and waste	17,359	4,311	4,404°
Total Scope 1 and 2 carbon emissions (location based)	18,366	12,580	11,846
Total Scope 1 and 2 carbon emissions (market based)	15,639	10,610	10,340
Total Scope 1, 2 and 3 carbon emissions (location based)	35,725	16,891	16,268
Total Scope 1 and 2 carbon emissions/ per £m (market based)	9.5	4.6	4.2
Total Scope 1, 2 and 3 carbon emissions per £m revenue (location based) including business travel and waste	20.0	6.5	5.9
Total Scope 1, 2 and 3 carbon emissions per £m revenue (market based) including business travel and waste	21.7	7.4	6.5

	Energy use in MWh		
	Base year 2019	2024	2025
Natural gas	11,689	2,561	2,188
Electricity (non-renewable sources)	8,042	1,227	665
Electricity (renewable sources)	12,470	11,615	10,902
Red diesel (gas oil)	12,805	-	-
Petrol (biofuel blend)	761	680	630
Diesel (biofuel blend)	28,932	34,977	33,635
LPG	2	-	28
Kerosene	-	-	95
Biodiesel (HVO)	-	421	1,360
Butane	-	-	-
Propane	-	532	417
Two-stroke (lubricant)	-	98	36
Business travel	29,658	15,544	14,815
Total	104,359	67,655	64,771

Progress on the Task Force on Climate-related Financial Disclosures (TCFD)

The report is our response to the Climate-related Financial Disclosure Regulations 2022

Alignment with the TCFD

The scientific evidence is clear that human action is changing our climate. Through public policy, business strategy and societal evolution, our world is starting to transform to mitigate further damage and to adapt to the effects of the climate heating up.

The built environment is a key contributor to climate change. This poses a risk to our business if we fail to evolve sufficiently quickly or in the right way. The transition also creates a significant opportunity: those who adapt and scale the right solutions will become more successful and resilient in the medium term. For a company in its fourth generation of family ownership, with explicit intent to hand a thriving business to the fifth generation in due course, these are powerful motivators for action.

Our commitment to environmental and social sustainability is enshrined in our purpose – reimagining places for people to thrive – alongside our promises: Thriving Places, Thriving Planet, Thriving People. To ensure rigour, we align with international standards, such as the Science-Based Target initiative (SBTi) and the Task Force on Climate-related Financial Disclosures (TCFD), and have mandated continuous improvement since 2020:

- **2020:** Wates became an official supporter of the TCFD
- **2021:** Wates' Sustainability Committee of the Board established to create oversight. TCFD incorporated into annual disclosures

- **2022:** PwC Building Better Trust Award for Reporting in Private Business, recognising the quality of Wates' climate disclosures and the strong connection between corporate strategy and climate performance
- **2023:** disclosure of initial financial opportunities within the retrofit and new build markets; alignment with UK Climate-related Financial Disclosure Regulations 2022
- **2024:** acquisition of Liberty Group, to seed a new business installing renewables into social housing
- **2025:** comprehensive review of our physical and transition risks, as well as opportunities. Creation of the Wates Wildspace business; capturing the opportunity created by the mandatory biodiversity net gain regime

Governance

The Board has oversight of climate-related risks and opportunities through the Sustainability Committee, which is chaired by non-executive director Jonny Wates. The committee consists of three non-executive directors. In 2025, the Chairman, CEO, CFO, Group Sustainability Director, Group Public Sector Director and Group Strategy Director attended all three meetings. Commercial opportunities resulting from climate change are presented at the Board's strategy session, both those that are specific to each division and from a Group perspective. Performance against key sustainability targets is reported to the Board quarterly. Climate change is represented on the Executive Committee by the

Group Sustainability Director, who updates the committee on market developments, areas of risk and opportunity and variations in the Group's performance.

Risks associated with climate change are managed through the Executive Risk Committee, which meets three times a year and comprises Executive Committee members. The Group Sustainability Director is responsible for the Principal Risk on Climate Change (see page 84).

The operational sustainability performance of each division is monitored through individual Quarterly Performance Reviews. These are chaired by the CEO and attended

by the CFO, Group Commercial Director, Group Strategy Director and Group Sustainability Director.

Every employee has an annual environmental objective with a portion of the annual bonus dependent on performance against the Group or division environmental target.

Over the last three years we have run a leadership programme with the UK Green Building Council (UKGBC) to enable members of our senior leadership team to lead the change on sustainability from their respective positions across the operational divisions. Since it started, 112 of Wates senior leaders have completed the programme.

Strategy: identifying climate-related opportunities and risks

Our business is already responding strategically to the opportunities and risks created by the transition to a low-carbon economy.

Each of our divisions has a dedicated value creation workstream that responds to the commercial opportunities presented by climate change, except our Residential business where the majority of the homes we build already exceed Part L energy efficiency requirements. Since 2019, we have reduced the carbon intensity of the homes we build (Scope 3 Category 11 emissions) by 66 per cent in CO₂/m².

£1,141m of our turnover in 2025 came from projects delivered to recognised sustainability standards, such as BREEAM, NABERS, AECB CarbonLite, Home Quality Mark, Net Zero Carbon in Operation, Passivhaus, PAS 2035, EPC A or B homes with PV and renewable heat, biodiversity net gain in excess of mandatory minimums and whole-life carbon assessments.

In 2025, our WPS division improved the energy efficiency of 2,797 existing social homes, reducing energy bills for thousands of residents.

In 2024, WPS acquired the Liberty Group of companies. In 2025, the division’s NetZero Collective completed more than 2,373 retrofit assessments, supporting the government’s Social Housing Decarbonisation Fund programme. These PAS 2035 aligned assessments created a robust evidence base to plan, fund and deliver whole-house

retrofit at scale, 59 per cent of which was delivered by WPS. The measures identified typically reduce household energy use and emissions by 20-35 per cent per year, alleviating fuel poverty and improving conditions for vulnerable residents.

Our Construction division is handling increasing volumes of BREEAM-certified projects, with 11 contracts targeting the highest level of ‘Outstanding’ in the year. It brings together low-carbon expertise from within the division, including Smartspace, alongside building optimisation capabilities from SES to deliver low-carbon solutions.

Our SES business has a manufacturing arm which produces standardised MEP components. MEP typically constitutes a significant proportion of a commercial building’s embodied carbon, and standardisation of components eliminates waste and reduces carbon. SES is also adept at building optimisation projects, working on eight projects targeting NABERS during 2025, including the

UK’s first new office building to achieve a five-star rating.

Wates Land & Development is capturing carbon through the new Wates Wildscape business, launched during the reporting period. Designed for developers looking to meet their legal biodiversity net gain requirements, Wates Wildscape has launched its first offsite BNG site in Ashurst, Kent, with planting underway. Over the course of the site, it will deliver 110 BNG units.

Scenario analysis

In 2025, we updated our scenario models using two transition and two physical risk scenarios, over short, medium and long-term horizons (see table 1).

Time horizons were chosen based on TCFD requirements. We note that for the physical time horizons, the baseline is considered to represent the short-term time horizon based on data availability and showing the change in indicators compared to the present day (see table 2).

Table 1: Illustration of transition and physical risk scenarios

Transition scenarios	
Stated policies scenario (STEPS): reflects only existing or announced policies by governments globally.	Balanced net zero pathway (BNZ): reflects the UK meeting its legally binding target of net zero by 2050 and therefore requiring faster cuts in emissions.
Physical scenarios	
Representative concentration pathway (RCP) 4.5: considers global temperature increases to reach approximately 2°C by 2050.	Representative concentration pathway (RCP) 8.5: temperatures continue to increase, exceeding 2°C by 2050 and reaching 4°C to 5°C above the baseline by 2100.

Table 2: Illustration of time horizons used for scenario analysis

Time horizon	Short	Medium	Long
Transition	2030	2040	2050
Physical	Baseline (2001-2020)	2030s (2020-2049)	2050s (2050-2079)

Risks and opportunities

To inform our corporate strategy, senior leaders from across our divisions reviewed the risks and opportunities from the scenarios presented above and scored their impact on our business.

Out of a shortlist of 18 risks and opportunities, 11 were identified as material for Wates. The highest scoring ones are illustrated in table 3.

This process enabled us to identify specific physical risks that require mitigation, as well as opportunities.



Table 3: Illustration of material risks

Risk		STEPS scenario			BNZ scenario		
		Short term	Medium term	Long term	Short term	Medium term	Long term
Transition-related risks							
TR1	Increased cost of materials	High	Very high	Very high	High	Very high	Very high
TR2	Energy security (as influenced by physical climate risks)	High	Very high	Very high	High	Very high	Very high
TR6	Shift in demand from new-build construction to retrofits	Medium	Medium	Medium	Medium	Medium	Medium
Physical climate risks		RCP 4.5 scenario			RCP 8.5 scenario		
PR1	Land supply and availability	Medium	Medium	Medium	Medium	Medium	Medium
PR3	Damage to materials or their properties	Medium	Medium	High	Medium	Medium	Medium

Risk rating Low Medium High Very high

Transition risks are likely to have a greater impact on our business in the medium term: both scenarios carry a higher risk of material cost increases in the medium term. Under the STEPS scenario, energy insecurity increases on this time horizon, while under BNZ this

pressure emerges in the long term, due to the methodical nature of the transition scenario.

Physical risks are expected to have a greater impact on our operations over the long term, as the climate shifts towards higher temperatures.

We are aware that global temperatures are on track to surpass the 1.5°C threshold required for a BNZ pathway.

Table 4: Illustration of material opportunities

Opportunity		STEPS scenario			BNZ scenario		
		Short term	Medium term	Long term	Short term	Medium term	Long term
Transition-related opportunities							
TO1	Reduction of embodied carbon with innovative materials and solutions						
TO2	Differentiate against competitors and grow market share in retrofits and green buildings and spaces						
TO3	Adopt digital and MMC solutions to drive low-carbon outcomes, and reduce costs and time						
TO4	Attract and retain talent						
Physical-related opportunities		RCP 4.5 scenario			RCP 8.5 scenario		
PO1	Implement resilience by design (acquisition of land and areas less exposed to climate hazards, and increased adaptation in new and existing developments)						

Risk rating Low Medium High Very high

The opportunity to develop new services and products is the greatest commercial opportunity across both transition scenarios, with additional potential under the BNZ scenario to expand our manufacturing facilities and digital capability to help customers drive down carbon, reduce costs and improve delivery.

Both physical scenarios also offer opportunity through enhancing our focus on land with lower exposure to climate hazards and helping customers and communities to adapt their space to tolerate extreme weather, so they are able to thrive. These opportunities are materially greater under the RCP 8.5 scenario.

Description of risks and opportunities

Transition risks

TR1: Increased costs of materials, due to the effect of carbon prices and policy shifts

Material costs are expected to rise due to resource scarcity, carbon pricing and evolving policy and market dynamics. Under the BNZ pathway, procurement standards increasingly favour low-embodied-carbon products, creating strong competition for green steel, low-carbon cement, sustainable timber and recycled aggregates, particularly in the near term before production capacity scales. Global demand for technologies like heat pumps and EV chargers also drives pressure on critical minerals like copper and rare earths.

To mitigate these risks, we are implementing a category management structure for suppliers, supported by Wates' Sustainability Playbook. This approach includes minimum carbon intensity benchmarks for key materials with supplier assessments against playbook criteria. Building relationships with the right suppliers and prioritising low-carbon options, such as electric arc furnace steel, will help reduce exposure to cost volatility and supply constraints.

TR2: Energy security

Grid connection delays and rising electricity costs, driven by increased electrification and a changing energy mix, pose a significant risk to projects during construction. Under the disorderly STEPS scenario, exposure to power shortages could be higher due to physical climate risks and underinvestment in grid capacity and flexibility.

Power supply constraints may force greater use of diesel generators, increasing costs and potentially delaying programmes. This could also reduce our ability to meet carbon and SBTi-aligned targets, creating reputational risk.

To mitigate these risks, we use detailed power profiling to match project needs with local capacity, and we prioritise early grid connection. Where there are grid limitations, battery solutions are deployed to reduce use of fossil fuels. For our contracting businesses, their bonus-related environmental target is aligned to phasing out the use of fossil fuels in operation.

TR6: Shift in demand from new-build construction to retrofits

Under a BNZ scenario, retrofit activity is expected to dominate construction by the early to mid-2030s, focusing on insulation, electrification, ventilation upgrades and reduced embodied carbon. If the diversification of our Land & Development, Construction and Residential divisions into low-carbon activities slows, this shift could reduce revenues and increase operational cost.

In WPS, we are well positioned to respond through our home retrofit work, and in Construction, through our premium-grade office refurbishments. However, further expansion of our proposition, particularly in whole-life carbon reduction, will be required to mitigate revenue risk.



Workshops on our Sustainability Playbook were held at the annual supply chain conference, 2026

Physical risks

PR1: Land supply and availability

Availability of land for development is expected to become increasingly constrained by flooding and water scarcity, driving greater competition for suitable sites. Local authorities may introduce water-neutrality requirements and heavier localised rainfall could increase phosphates and nitrogen in watercourses, leading to stricter planning conditions. These factors may result in higher premiums for land that carries lower exposure to climate hazards, affecting both Wates and our customers.

To mitigate these risks, we employ tools to assess flood risk, water scarcity and other environmental designations. We are also introducing resources like the UKGBC Urban Heat Island map, which uses satellite imaging to assess temperature variations within urban environments. In areas affected by water scarcity, we incorporate water-saving measures into new dwellings and retrofit solutions to reduce consumption in existing properties.



PR3: Damage to materials and physical properties

Extreme weather events pose significant risks to the durability and performance of construction materials. Heavy rainfall, storms, flooding, high winds and heatwaves can damage stored materials, while high temperatures accelerate deterioration and compromise specifications. Examples include warping of engineered timber, mould growth on shrink-wrapped items, accelerated concrete curing leading to cracking, and reduced performance of insulation, sealants and coatings. Metals, plastics and cladding are also vulnerable to heat-related expansion, corrosion and UV degradation.

These can result in costly delays, rework and specification changes, potentially affecting planning and compliance timelines. Limited on-

site storage can increase exposure, while offsite manufacturing offers some protection but remains susceptible to heat stress. Mitigation measures, such as improved storage controls and just-in-time deliveries, can reduce risk but introduce supply chain challenges.

To manage this risk, we monitor exposure of our project sites. At present, 17 per cent of our largest project site compounds and offices are at a high risk of surface water flooding. Some 14 per cent of our largest project site compounds and offices are in Flood Zone Category 3 areas. Zone 3 areas present the highest risk, with a 1 per cent or higher chance of flooding from rivers in any given year, though this assessment is often informed by historical flood records. The risk of flooding from reservoirs and groundwater is low for our current project portfolio.

Transition opportunities

TO1: Reduction of embodied carbon with innovative materials and solutions

Buildings account for a significant proportion of carbon emissions, and the UK Net Zero Carbon Buildings Standard (pilot updated in 2025) introduces stricter limits on upfront and life-cycle carbon. These requirements will tighten annually through 2050, accelerating demand for low-carbon materials and retrofit solutions to protect asset value.

Alongside this, BREEAM certification is already a key market differentiator, with certified buildings commanding significant premiums which is, in turn, influencing procurement standards. This is reflected in a near-doubling of contracts mandating BREEAM certification in the last two years.

We are unlocking the opportunity by methodically sourcing low-carbon materials through our supply chain

category strategy, standardising system designs in the Construction and Residential divisions, adopting offsite timber-frame systems and introducing minimum carbon benchmarks for our supply chain through our Sustainability Playbook.

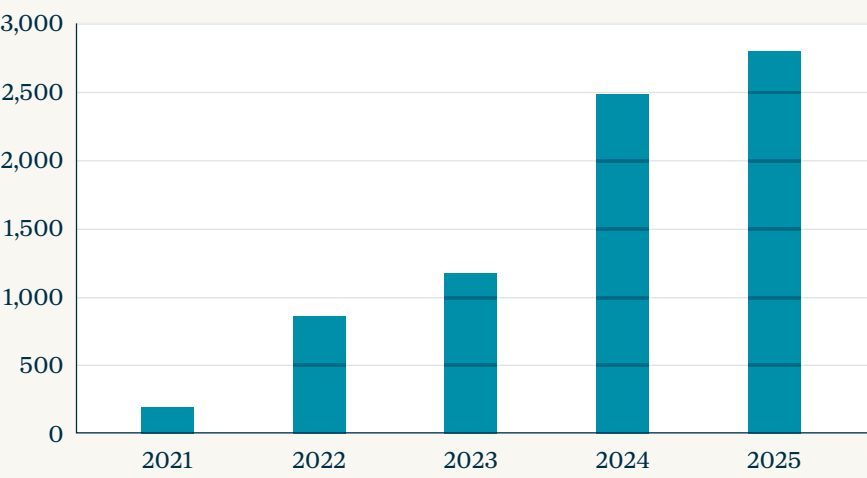
We have seen a sharp rise in BREEAM-certified projects, completing 13 in 2024, 28 in 2025, and securing 21 for 2026, reflecting growing demand for high-performance, sustainable buildings. We are scaling PAS 2035 retrofits and installing air source heat pumps, supported by public funding, and leveraging our 2024 acquisition of Liberty to expand services. Over the past five years we have retrofitted 7,501 homes to PAS 2035 standard using a fabric first approach. Our WIN portal helps to identify emerging technologies, while initiatives such as the diesel phase-out working group targets carbon reductions in construction processes.

TO2: Improve asset efficiency for customers: differentiate against competitors and grow market share in retrofits and green buildings/spaces

Under the MEES (Minimum Energy Efficiency Standards) regulations, non-domestic properties require an EPC of B or better by 2030 in order to be leased; this will require 87 per cent of the UK's current building stock to be retrofitted, representing a significant commercial opportunity. Demand for sustainable refurbishment is already rising and likely to accelerate later this decade as landlords recognise the impact on income-producing assets.

Most buildings are unique, requiring a different calibration of expertise for each customer. To capture this opportunity, we have brought together capabilities from our Construction, Fit Out and SES businesses to create a turnkey offer that can adapt to the specific needs of each customer. In 2025, our Smartspace and SES teams collaborated to deliver a flagship project for long-standing customer, Lloyds Banking Group, transforming its Grade II listed headquarters in Halifax into an energy-efficient, smart building featuring renewables, rainwater harvesting and biophilic design.

Number of homes retrofitted to PAS 2035



TO3: Adopt digital and MMC solutions to drive low carbon outcomes, reduce costs and time

Demand for modular, energy-efficient homes continues to grow, particularly in Cardiff, where we delivered modular homes across the Ty Ephraim, Cherrydale and Narberth schemes worth £20m in 2025. These units, predominantly timber-structured, with some steel-framed units manufactured at Narberth, achieve EPC A ratings, can be assembled within days and enable a rapid response to acute housing need. We also showcased our modular demonstrator with Rollalong and published #AwayBackHome with LDN Collective to promote scalable solutions.

Across our SES business, digital twins and MMC are enabling faster delivery and supporting circular design principles. Public-sector contracts increasingly require pre-manufactured value (PMV) and modern methods of construction (MMC) adoption. In 2025, Wates met its own PMV target of 65 per cent. Significant opportunities remain to standardise designs for schools, homes and other buildings, driving efficiency, circularity and carbon reduction.

TO4: Attract and retain talent

Our sustainability credentials increasingly influence our ability to attract and retain employees. New recruits tell us that integration of environmental factors into governance and Wates' continued progress against our targets are viewed as attractive indicators of authenticity.

To strengthen this, we have introduced environmental objectives into performance and development reviews, developed a suite of training to upskill employees and fostered collaboration through working groups and supply chain engagement. In 2025, we launched a new employee-led Nature Network, which brings people together to informally propagate nature-positive awareness for employees to use at work and at home. Annual employee engagement surveys and supply chain feedback inform our approach.

Physical opportunities

PO1: Implement resilience by design: acquisition of land and areas that are less exposed to climate hazards, and increased adaptation in new and existing developments.

Land is a limited commodity and climate change will reduce the availability of resilient locations, altering market dynamics. Wates' expertise can be used to secure land and integrate adaptation measures early in a development's or building's design, materially increasing asset value. Such measures include flood mitigation, water-saving solutions and urban heat management through nature-based solutions. Under RCP 8.5, adaptation needs will be greater, but developments with higher resilience through the implementation of such measures could command premiums.

We already advise customers on environmental design, such as incorporating passive cooling strategies like natural ventilation and optimised orientation. Wates also met its 2025 target of 20 per cent biodiversity net gain, creating greener, more climate-resilient spaces. Tools such as flood risk assessments and the UKGBC Urban Heat Island map support site selection and design decisions.

Risk management

Wates uses an enterprise risk management (ERM) framework to track risks and opportunities. The findings of the climate scenario workshops are reflected in our principal risk on climate change. Where the findings guide other principal risks, these have also been identified and are disclosed on page 74.



Metrics and targets

At an enterprise level, we track revenue from 'sustainable business'. This is defined as the proportion of revenue that carries environmental contractual obligations, such as BREEAM or Passivhaus certification, retrofits to PAS 2035 standard or biodiversity net gain above the mandatory minimum. The metric indicates our resilience as the market re-aligns to more stringent sustainability standards, and our ability to benefit from the opportunity this presents.

To assess the potential of our supply chain to support our sustainability objectives, we encourage and actively support our supply chain to obtain science-based targets.

The proportion holding – or committed to holding – targets is reported at an enterprise level to the Sustainability Committee and through each division's Quarterly Performance Review.

Absolute greenhouse gases (GHG) emissions for Scope 1 and 2 operations are reported quarterly by division, on both a location and a market basis, and a proportion of employees' bonus depends on their division or function achieving a specific level of decarbonisation annually. An intensity metric is used to track emissions against turnover.

Our absolute Scope 3 emissions baseline is 2019. Of the 15 Scope 3 categories, 11 are relevant to Wates. Scope 3 emissions are reported annually in our GHG inventory.

Obtaining actual Scope 3 emissions data continues to pose challenges in our sector, so these are calculated using three sources: actual data from suppliers able to deliver this; the Supply Chain Sustainability School's Carbon Calculator, which apportions actual carbon data to spend and is therefore more accurate than proxies; and – where neither of the above can fulfil the requirement – an environmentally extended input-output (EEIO) model. In 2025, 130 suppliers were able to deliver data, which is a 490 per cent increase year on year.

The work required to obtain, collate and verify the data from multiple sources prevents us from including an accurate Scope 3 emissions figure in the annual report. Instead, the data is published on our website in our GHG inventory as soon as the process is complete. In 2024, Scope 3 emissions represented 98.7 per cent of the Group's GHG emissions and were calculated to be 597,917 tonnes CO₂e. Despite Wates' turnover increasing 48 per cent between 2019 and 2024, Scope 3 emissions have risen over the same period by just 3 per cent.

Energy use in MWh is disclosed in the SECR section of this report, on page 45.

	TCFD recommendation	Alignment with UK Climate-related Financial Disclosures	Summary and 2025 progress	Reference
Governance	Describe the Board's oversight of climate-related risks and opportunities	A description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities	- The Sustainability Committee oversees climate-related risks and opportunities on behalf of the Board. - Climate risk is assessed at Executive Risk Committee, which reports to the Audit Committee of the Board. Climate-related physical and transition risks are formally reviewed annually at a Group level. - Progress against environmental targets is reported to the Sustainability Committee three times a year, and by each division's Board through quarterly performance reviews. - The Group Sustainability Director oversees the Principal Risk on climate change. Physical and transition risks are integrated into the Group's strategic risk matrix and reviewed throughout the year.	See Taskforce on Climate-related Financial Disclosures Governance section on p47
	Describe management's role in assessing and managing climate-related risks and opportunities			
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	A description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed	- Climate change is a principal risk and is monitored through the Group's risk report. - Scenario models have been updated to include two transition and two physical risk scenarios, representing 'business-as-usual' and 'plausible worst case' scenarios over the short (2030), medium (2040) and long-term (2050) horizons. - Two physical risks, three transition risks and five opportunities were identified as being material under the 'plausible worst case' scenario.	See Principal risks and uncertainties from p74 See Material risks and opportunities tables on p49-50
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP	- A comprehensive review of the impacts of five physical and eight transition risks and five opportunities was undertaken in 2025 to inform business planning and strategy development. - All Wates' divisions incorporate climate-related opportunities into their business strategies.	For summary description of the actual and potential impacts see p51-52 See Strategy section on p48 See Material risks and opportunities tables on p49-50
	Describe the resilience of the organisation's strategy, taking into account consideration of different climate-related scenarios, including a 2°C or lower scenario	An analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration of different climate-related scenarios	- The business growth strategy is aligned with a net-zero, nature-positive future, leveraging the transition as a commercial advantage. - Four climate scenarios, including a BNZ (1.5°C) pathway, have been used to assess resilience. Initiatives include phasing out diesel and expanding low-carbon solutions. - Sustainability is being embedded into day-to-day decision making, with 112 senior leaders having completed a bespoke UK Green Building Council environmental leadership programme. - Sustainability criteria are woven into recruitment and annual performance review processes. - Minimum supply-chain criteria on GHG emissions have been developed and strategic supply chain partners are required to set science-based targets.	See Strategy section on p48 and Description of risks and opportunities on p51

	TCFD recommendation	Alignment with UK Climate-related Financial Disclosures	Summary and 2025 progress	Reference
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks	A description of how the company or LLP identifies, assesses and manages climate-related risks and opportunities	Climate scenario analysis was updated in 2025 to reflect evolving understanding of climate change and its impacts.	See Risk management section on p55
	Describe the organisation's processes for managing climate-related risks		The Group's Sustainability team reviews and updates principal climate change risks, including physical and transition risks, as well as opportunities annually. These feed into the Group's strategic risk matrix.	
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	A description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company or LLP	- Climate-related risks and opportunities have been reported as principal risks for the past five years and form part of the Group's overall risk management framework. - Progress on managing our climate-related risks is reported to the Risk Committee that meets three times a year and reports to the Audit Committee.	
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	Performance is monitored using metrics covering energy usage, carbon emissions, building certifications (AECB CarbonLite, Passivhaus, NABERS and BREEAM), PAS 2035 retrofits and project value.	See TCFD section on Metrics and targets on p55
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	No requirement to disclose	Scope 1 and 2 emissions are disclosed as part of the Annual Reports and Accounts while Scope 3 emissions are published annually in our GHG inventory. Wates follows the GHG protocol for reporting its GHG emissions.	See SECR section of the ARA on p44 See GHG Inventory on our website https://www.wates.co.uk/wp-content/uploads/2025/07/Wates-Group-GHG-Inventory-2024-1.pdf
	Disclose the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	A description of the targets used by the company or LLP to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Wates has validated near-term and net-zero targets through the Science-Based Target initiative. Diesel phase-out targets for the divisions are linked to these	See https://sciencebasedtargets.org/target-dashboard and look up Wates.

Wates Family Enterprise Trust

The work of the Wates Family Enterprise Trust (WFET) is now in its 17th year and has provided over 2,000 grants to over 1,880 charities and organisations across the country. The majority of financial support was strategic philanthropy, with the remainder in small Group Grants, Thinking Differently grants and employee-linked giving.

Over the year, WFET further developed its three strategic areas for investment:

Quality homes – as a foundation for life

Sustainability – centred around nature-based neighbourhoods

Improving life opportunities for young people

Thinking Differently

In 2025, WFET awarded three new grants under its Thinking Differently programme, which supports organisations to make a significant change in their activities.

The grants were awarded to organisations which had previously received Thinking Differently grants, helping the organisations to embed the changes which were started with the original grants:

Construction Youth Trust:

A grant of £50,000 to extend its 'Thinking Differently About Future Talent' programme to support the construction industry to attract, recruit and retain a more diverse workforce

Down to Earth Derby:

A grant of £17,500 to support the development of its Electric Daisy education and events space, to become a focus for sustainability and nature-based regeneration activities in an inner-city area

Embassy:

A grant of £50,000 to develop its housing and support service for homeless women in Greater Manchester

Since the Thinking Differently programme began in 2021, it has awarded a total of £647,500 to six organisations. An important factor in the effectiveness of Thinking Differently grants is the three-way relationship between the Trust, Wates Group and the funded organisations – with the involvement of Wates employees being pivotal.

Recipients of Thinking Differently grants say that the size and duration of the funding, and the connection with colleagues in Wates Group, have allowed them to:

- build and sustain meaningful strategic partnerships
- think creatively and increase the scale of their operations
- add capacity to increase their impact

The work of the Trust would not be possible without the support of all the Group employees involved, directly and indirectly.

Employee giving

In 2025, the Wates Family Enterprise Trust awarded over £125,000 in match funding to organisations where employees have undertaken fundraising activities. Employees can apply for up to £750 match funding.

Here is a spotlight on four of this year's fundraisers.

Tim Garnett Wates Construction

Tim Garnett took on the 100km Trailwalker Challenge – an endurance event across the South Downs – completing it in 28 hours and raising £5,550 for the Gurkha Welfare Trust, which provides aid to Gurkha veterans and their families in Nepal.



Alan Reynolds WPS

As a Fit at 50 challenge, Alan ran the Sheffield Half Marathon in March, climbed Ben Nevis in April, Scarfell Pike in May and Mount Snowden in October, and completed the Total Warrior fitness challenge in June. He raised £810 for the Sheffield Children's Hospital Charity to purchase Actiwatchs and bright light equipment for the Sleep Team. WFET matched a further £750 for the charity.



Vaseema Hussain Wates Residential

In September, Vaseema Hussain conquered Mount Kilimanjaro – a trek through rainforest, alpine desert and icy summit conditions. Vaseema and her friend raised £4,500 for Action for Humanity's Prosthetic Limbs campaign, supporting children in Syria who have lost limbs due to conflict.



Colin Kimmins Wates Construction

Colin tackled the 25km Sea2Sky challenge, while his friend Martin took on the 53km Ultra Marathon – crossing Barmouth Estuary and summiting Cadair Idris.

Together they raised £2,000 for Moving Senses Positive Futures, a charity that Martin's 8-year old autistic son Callum benefits from. "Callum absolutely loves it there – he skips in and comes out so happy, the team is amazing."



Wates Group board



Back row, from left to right: Andrew Wates, Timothy Wates, Philip Wainwright, Sir James Wates CBE, Jonathan Oatley.
Front row, from left to right: Charles Wates, Rachel Addison, Jonathan Wates, Elizabeth Reilly, Eoghan O'Lionaird.

The Wates Enterprise Board comprises the Chairman, Deputy Chairman, Chief Executive, Chief Financial Officer, two independent non-executive directors and four non-executive directors from the Wates family.

The Board's primary responsibility is to promote the long-term success of the Group so it can create sustainable value for its shareholders. The Board seeks to achieve this by, among other things, being clear about the company's purpose and by ensuring that its goals, strategy and behaviours align with that purpose.

Timothy Wates Chairman

Timothy (Tim) Wates joined Wates in 1993 and was appointed Chairman in May 2023. His career in Wates has been predominantly focused on housing and finance, and he has a particular interest and expertise around the interface between the private and public sectors. He has previously served as Chairman of the Coast to Capital Local Enterprise Partnership and sat on the Advisory Board of the Cambridge Judge

Business School. He lectures on leadership and family business at the London Business School and Cambridge University. He is a trustee of various Wates family charities and leads the Wates Family Enterprise Trust's philanthropic and thought leadership work on housing. He was previously a Trustee of the Clink charity. He is a Deputy Lieutenant of Surrey and served as High Sheriff of Surrey during 2023-2024.

Eoghan O'Lionaird Chief Executive

Eoghan O'Lionaird joined Wates as Chief Executive in February 2023. He sits on the Group Board, Executive Committee and Sustainability Committee. He was previously Chief Executive of FTSE-listed marine services company James Fisher and Sons plc and has held executive roles at Spectris plc, Danaher Corporation, Philips and Mitsui Kinzoku. Eoghan holds bachelor's and master's degrees in engineering and an MBA from IMD, Lausanne.

Jonathan Oatley Deputy Chairman

Jonathan (Joe) Oatley was appointed to the Board as a non-executive director in July 2017 and assumed the role of Deputy Chairman in May 2023. Formerly Chief Executive at Cape plc and prior to that Chief Executive of Hamworthy plc, Joe spent his earlier career in the engineering sector across a broad range of roles. Joe is currently a member of the Audit Committee and Nominations Committee, having served as Chair of the Wates Remuneration Committee for four years. He is also Chairman of Carclo plc and a non-executive director of Centurion Group Ltd.

Rachel Addison Independent Non-Executive Director

Rachel Addison is a member of the Institute of Chartered Accountants in England and Wales. She was appointed to the Board as a non-executive director and Chair of the Audit Committee in July 2023 and is a member of the Remuneration Committee and Nominations Committee. With nearly 30 years of finance and operational management experience, Rachel has held several executive board level and senior management roles, including at Future plc, TI Media Limited, Reach Regionals, Northcliffe Media Limited and Boots the Chemist. Rachel is also a non-executive director of Watkin Jones plc, Gamma Communications plc, Hollywood Bowl Group plc and Tapir Holdings.

Elizabeth Reilly Independent Non-Executive Director

Elizabeth (Liz) Reilly was appointed to the Board as a non-executive director and Chair of the Remuneration Committee in October 2023. She is also a member of the Sustainability Committee and Nominations Committee. Liz has more than 30 years of executive experience in organisational design and development, talent management, reward and cultural transformation. She was Group Human Resources Director at SEGRO, and previously the Group HR Director for FCC Environment UK. Prior to this, Liz was at J Sainsbury plc. She is also a non-executive director of Watkin Jones plc.

Sir James Wates CBE Non-Executive Director, Wates family

Sir James Wates CBE joined the Wates Group in 1983 and was appointed to the Board in 1997. He served as Chairman from 2013 to 2023 and is currently a member of the Nominations Committee. Outside of the company, James is Chairman of England's Rugby Football Union (RFU), Chairman of Vestey Holdings Limited, Chairman of Tewke and on the Board for The King's Trust 50th Anniversary Campaign. Sir James feels passionately that good business, well done, is a force for good in society. In 2012 he was honoured with a CBE and in 2019 was knighted for services to business and to charity.

Andrew Wates Non-Executive Director, Wates family

Andrew (Andy) Wates joined the Group in 1995 and was appointed to the Board in 2011. A member of the Audit Committee and Nominations Committee, he is also Chairman of the Wates Family Enterprise Trust. In 2023 he became Chairman of the Wates Family Council and the Family Shareholder Forum. Andy is active within Family Business UK, is a director with social enterprise No Going Back Cleaning and Support Services CIC and in 2025 was appointed non-executive director of Buckland Group. He also serves on the Court of Assistants (governing body) for The Clothworkers' Company and is a trustee of the Unicorn Theatre.

Charles Wates Non-Executive Director, Wates family

Charles (Charlie) Wates was appointed to the Wates Board in 2011. He is a chartered surveyor with over 20 years' experience in the commercial property sector and the founder and former Managing Director of Needspace (now Wates Assets), Wates' managed workspace business. He serves as a member of the Remuneration Committee and the Sustainability Committee. Outside of the company, he is a member of the British Council of Offices and British Property Federation.

Jonathan Wates Non-Executive Director, Wates family

Jonathan (Jonny) Wates joined the Wates Group Board in 2008, and previously served as founder and Chairman of Myriad CEG, Group Head of Strategy and Sales Director of Wates Homes Limited. He chairs the Sustainability Committee and is a Trustee of the Wates Family Enterprise Trust, the William Wates Memorial Trust and the Wates Foundation. Outside of Wates he is a Trustee of Forum for the Future, an advisory Board Member for the Centre for Climate Change and Social Transformations, and an Ambassador of the World Benchmarking Alliance, among others.

Philip Wainwright Chief Financial Officer and Company Secretary

Philip Wainwright joined Wates as Chief Financial Officer in 2018 and sits on the Group Board, Executive Committee and Sustainability Committee. Philip has an engineering degree and began his career with Balfour Beatty, before qualifying as a chartered accountant with Ernst & Young. He held senior finance roles in the Man Group and for over 20 years was CFO in global development, utilities and construction operations.

Wates Executive Committee



- 1

Eoghan O'Lionaird
Chief Executive
- 2

Steff Battle
Executive MD,
Wates Construction
- 3

Stephen Beechey
Group Public Sector Director
- 4

David Brocklebank
Executive MD,
Wates Land & Development
- 5

Rob Clifford
Executive MD, SES
- 6

Chris Cornall
Group Technology and Data Director
- 7

Cressida Curtis
Group Sustainability Director
- 8

Pat Fitzgerald
Chief Commercial Officer
- 9

Nick Jones
Chief Strategy Officer
- 10

Brian Long
Group Health, Safety
and Wellbeing Director
- 11

Anna Mann
Group Communications
and Marketing Director
- 12

David Morgan
Executive MD, WPS
- 13

Pip Prongué
Executive MD, Wates Residential
- 14

James Saunders
Chief People Officer
- 15

Rosie Toogood
Chief Supply Chain & Quality Officer
- 16

Philip Wainwright
Chief Financial Officer
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Chelsea Walters
Group Legal Director

Wates business structure



Governance and financial statements

For the year ended 31 December 2025

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Directors and advisors

Directors	Timothy A. D. Wates (Chairman)
	Jonathan M. Oatley (Deputy Chairman)
	Eoghan P. O’Lionaird (Chief Executive)
	Philip M. Wainwright (Chief Financial Officer)
	Rachel B. Addison
	Elizabeth Reilly
	Andrew E. P. Wates
	Charles W. R. Wates
	Sir James G. M. Wates CBE
	Jonathan G. M. Wates
Company secretary	Philip M. Wainwright
Independent auditors	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU
Registered office and business head office	Wates House Station Approach Leatherhead Surrey United Kingdom KT22 7SW
Telephone	01372 861000
Website	www.wates.co.uk

Strategic report

The Chief Financial Officer’s review can be found on pages 14 to 15. The following sections make reference to the summary financial performance shown on those pages.

Turnover and trading performance by division

Group turnover increased by 6.9 per cent or £0.17bn, from £2.40bn last year to £2.57bn in 2025, our highest-ever reported turnover. This includes the Group’s share of joint-venture turnover of £75.9m, compared to £103.3m last year,

reducing due to fewer new home completions during the year. On a statutory turnover basis (excluding the share of turnover of joint ventures and associates) the increase was 8.4 per cent or £0.19bn, from £2.30bn to £2.49bn.

All divisions except Wates Construction demonstrated statutory turnover growth in 2025. See below for information on turnover, other key performance indicators and trading performance by business unit.

Wates Land & Development

	2025	2024
Land & Development turnover Land & Development turnover including Land & Development’s share of joint ventures’ and associates’ turnover	£94.7m	£119.6m
Land & Development statutory turnover	£21.5m	£20.2m
Plots controlled on privately owned land	22,537	19,938
Units for which planning permission was achieved	1,052	312
Land sales completed	3	3
Units completed in the year through joint ventures	342	567

Throughout 2025, the Land & Development division continued to face a challenging housing market, with economic uncertainty impacting house buyer confidence. This uncertainty, combined with having less active residential joint-venture sites, resulted in the business completing on 342 (2024: 567) homes in the year.

The business sold three consented sites in the year (2024: three) and started 2026 with five sites ready for sale, putting the business in a strong position for land sales in 2026.

The business has also grown its long-term pipeline, increasing plots under control by 13 per cent to 22,537 (2024: 19,938), with 13 new land control contracts exchanged during the year.

Needspace
(now known as Wates Assets)

Following a strategic decision to divest the portfolio of managed workspace investments held by the business, five buildings were sold in 2025, with net proceeds of £24.3m received. Two buildings remain in the Wates Assets portfolio.

Wates Residential

The Residential division works alongside our public-sector partners to deliver housing-led developments on publicly owned brownfield sites.

	2025	2024
Residential turnover Residential turnover including Residential’s share of joint ventures’ and associates’ residential turnover	£321.4m	£281.5m
Residential statutory turnover	£318.7m	£277.6m
Units for which planning permission was achieved (including through joint ventures)	2,123	2,593
Units completed in the year (including through joint ventures)	567	1,028
Open market sales in the year	53	61
Forward order book	£2.2bn	£2.0bn

Throughout 2025, the division continued to progress sites of strategic importance. These locations, in Harrow, Havering, Cardiff, Brent and Barking, remain central to our proposition as a developer contractor, supporting public-sector customers across London, the South and Wales.

Borough Council and the London Borough of Southwark. As a result, the forward order book increased by 11.8 per cent to £2.2bn (2024: £2.0bn).

Amid ongoing market challenges, the division secured new opportunities in 2025 with Brighton & Hove City Council, Wokingham

Completions in the year totalled 567 units (2024: 1,028), including 53 open market sales (2024: 61). The majority of completions continued to be within affordable housing schemes. The sustained investment in development opportunities through joint ventures

and collaborations with public-sector partners has contributed to a growing development pipeline.

Significant progress was also made on planning during the year in collaboration with our development partners. The pipeline now includes 3,992 units (2024: 3,571), further strengthening future activity. At year end, the division was active on 32 sites (2024: 31) and had secured planning consent for 2,772 units (2024: 2,593).

Wates Construction

The Construction division comprises four regional construction business units, two sector business units (Advanced Manufacturing and MoJ) and the Fit Out and Smartspace business units.

	2025	2024
Construction statutory turnover	£1.22bn	£1.27bn
Forward order book	£4.9bn	£3.6bn
Average project value: Construction	£104.1m	£53.9m
Average project value: Smartspace	£5.7m	£1.5m

Construction delivered another year of solid performance. Turnover of £1.22bn was broadly in line with 2024. The division ended the year with a forward order book of £4.9bn, £1.3bn higher than the prior year.

The construction business unit had a positive year, with a revised focus on quality of earnings leading to revenue decreasing slightly to £0.99bn (2024: £1.04bn). During the year, some delays to projects commencing

continued as our customers’ investment decisions remain impacted by high interest rates and prolonged viability challenges. Key projects included delivery of critical infrastructure for the Ministry of

Justice, refurbishment on the Parliamentary Estate and re-securing our framework position with the Department for Education on Construction Framework 25. The construction business units ended the year with a forward order book of £4.7bn, £1.2bn higher than prior year, with opportunities in pre-construction for Wellcome Trust, MEPC and University of Portsmouth.

Within Smartspace, following continued strong framework performance, revenue remained broadly consistent at £217.0m, as some larger projects completed in year. The outlook for 2026 remains positive having secured additional frameworks with customers such as Barclays, building on our strong reputation in the financial services industry. Additionally, large projects are expected to progress to site for key customers such as the

Government Property Agency, HSBC and Lloyds. This supports an improved forward order book position of £212.1m (2024: £188.4m).

In its first year of trading, the Fit Out business unit successfully secured three contracts as it penetrated the London commercial fit out market. Market response has been positive and we expect to continue the positive momentum as we grow our market share.

SES

SES specialises in engineering technology and offsite manufacturing services. The division has established itself as one of the UK’s leading design-led mechanical and electrical providers, offering comprehensive and technologically smart solutions to customers across the built environment.

	2025	2024
SES turnover SES turnover before the elimination of intercompany trading	£590.4m	£432.7m
Eliminated intercompany trading	£298.1m	£254.3m
SES turnover after eliminations SES turnover after the elimination of intercompany trading	£292.3m	£178.4m
SES forward order book SES forward order book before the elimination of intercompany contracts	£0.95bn	£1.23bn
Eliminated intercompany contracts	£0.56bn	£0.82bn
SES forward order book after eliminations SES forward order book after the elimination of intercompany contracts	£0.39bn	£0.41bn
Number of new wins	14	21
Number of sites achieving practical completion	23	14

2025 has been another excellent year for SES. The division grew significantly in the year, continuing a trend of annual growth in turnover every year since 2020. In 2025, turnover reached its highest level in the history of the business, increasing by 36.4 per cent to £590.4m (2024: £432.7m).

The division has a gross forward order book totalling £0.95bn (2024: £1.23bn) and is focused on generating a strong pipeline of opportunities aligned to its strategic ambitions in the data centre and advanced manufacturing sectors, as well as continuing to work closely with key customers across its regional businesses.

2025 saw a 64 per cent year-on-year increase in the number of contracts achieving practical completion, further demonstrating the continued growth trajectory of the business in recent years.

WPS

WPS comprises four business units: Housing Maintenance (social housing maintenance), Facilities Management (private facilities management services), Liberty (heating and gas compliance) and NetZero Collective (energy efficiency strategy).

	2025	2024
WPS statutory turnover	£636.4m	£547.2m
Forward order book	£2.5bn	£2.7bn

Housing Maintenance performed positively in 2025, with revenue increasing by 1.3 per cent on the prior year, driven by strong demand for services across all workstreams. The forward order book was £1.69bn (2024: £1.88bn) at the end of 2025, with key new long-term contracts secured with Notting Hill Genesis, Ealing Council and Brent Council. The business is well positioned for further organic growth in the markets in which it operates, supported by regulation change and the requirements to decarbonise social housing stock.

Facilities Management continued strong year-on-year growth, recording a 7.4 per cent revenue increase for 2025, driven through securing new contracts with Aviva Investors, Landmark, SAS Software and the University of Leeds. These key new contracts, alongside renewing contracts with key customers such as The Association of Chartered Certified Accountants, Mercedes Benz and West Midlands Police, helped the business end the year with a forward order book of £215.3m (2024: £214.2m). General market conditions remain favourable for growth, with the business well positioned to secure further market share in the medium term.

Liberty looks after heating systems in more than 188,000 homes each year and provides consultancy services in respect of energy efficiency strategies, offering a full life cycle of heating, decarbonisation and maintenance services for thriving homes. With £611.1m (2024: £565.4m) of secured work, the business is well placed for growth and meeting the increasing need for social housing providers to navigate the energy transition.

Group operating profit/(loss) before interest and tax

Group operating profit before interest and tax was £25.7m in 2025 (2024: £3.0m loss). In 2025 this figure was negatively impacted by the timing of a number of land transactions that we now anticipate to complete in 2026, as well as a significant charge in relation to building remediation costs in line with our response to the Building Safety Act.

Gross profit increased by £47.4m, from £266.1m in 2024 to £313.5m in 2025. This is a 1.1 percentage point increase to the Group’s gross profit margin as a percentage of Group turnover from 11.1 per cent in 2024 to 12.2 per cent in 2025, through a combination of growth in turnover and the full-year impact of the acquisition of Liberty Group in October 2024.

Administrative expenses of £286.1m were charged in 2025, compared to £269.0m in 2024, an increase of £17.1m. This increase reflects inflation, the full-year impact of the acquisition of the Liberty Group, as well as continued investment to support increased activity levels. Administrative expenses include the benefit of research and development tax credits;

Wates’ focus on innovation and investment in research and development to support modern methods of construction and decarbonisation projects is reflected in both research and development expenditure and tax credits. The tax credits relate to amounts recoverable from HMRC on previously incurred expenditure (see note 4 to the financial statements). Administrative expenses included research and development credits of £11.4m in 2025, a decrease of £0.9m on the prior year (2024: £12.3m). This reduction was caused by the mix and stage of completion of projects during the year.

Finally, a net £2.2m charge in the year in relation to the revaluation of the Group’s two remaining investment properties and buildings (2024: credit of £1.3m) resulted in the Group operating profit (before share of post-tax loss from joint ventures and associates) increasing by £26.8m to £25.2m in 2025, from a loss of £1.6m last year. This is the combined result of a £47.4m increase in gross profit, offset by increased administrative expenses of £17.1m and the net movement in revaluation profit and loss charge by £(3.5)m.

Share of post-tax loss from joint ventures and associates in 2025 was a loss of £8.6m, compared to a loss of £10.2m in 2024. This is after charging the Group’s share of interest of £7.9m (2024: £9.6m) and a tax charge of £1.2m (2024: tax credit of £0.8m). At an underlying operating profit level, before interest and tax, the Group’s share is a £0.5m profit in 2025, compared to a £1.4m loss last year. The Group’s share of

interest includes interest on funding provided to joint ventures (linked to the Bank of England base rate) by the Group of £7.0m in 2025, which is also reflected as interest receivable in the consolidated profit and loss account (see note 7 to the financial statements – included within other interest).

Share of joint-venture post-tax loss depends on stage of completion and forecast site margin for the various joint ventures entered into by the Group for the development of residential property. Profits are only recognised when the assets being developed by the joint venture are sold.

Group statutory operating profit before interest and tax (after share of post-tax loss from joint ventures and associates) grew by £28.4m to £16.6m, compared to a loss of £11.8m in 2024. A key bridging item is the pension settlement expense incurred in 2024, while strong trading across many of the businesses has improved the 2025 result.

Exceptional items

In 2025, no exceptional items were recognised in the Consolidated profit and loss account.

In 2024, the Group operating loss was arrived at after recognising an exceptional charge of £28.8m in relation to the bulk transfer of defined-benefit assets and liabilities from the Wates Pension Fund to Clara Pensions, for all defined-benefit members of the fund. See note 3 to the financial statements for further information.

Net interest receivable

Group statutory profit before tax of £29.2m includes net interest receivable of £12.6m, a decrease of £1.8m on the prior year (2024: £14.4m). Within this, bank interest receivable has increased through increased average daily net cash, offsetting the reduction in the average Bank of England base rate during 2025. This reduction also negatively affected interest receivable on our own joint-venture funding, down by £1.5m to £7.0m in 2025 (2024: £8.5m). In addition, 2025 reflects lower income from the unwind of discounts on deferred consideration receivable for land sales within Land & Development of £2.4m (2024: £4.2m).

Tax

The Group’s tax liabilities arise and are met fully within the UK. The tax charge for the year (including joint ventures and associates) was £14.1m (2024: £11m), which gave an effective rate of 46.3 per cent (2024: 62.8 per cent). This compares to the UK mainstream corporation tax rate of 25 per cent (2024: 25 per cent). The current year tax charge exceeds the UK mainstream corporation tax rate principally due to disallowable costs such as the amortisation of goodwill.

Treasury management and financing

The key objective of the Group’s treasury function is to manage the financial risks of the business and to ensure that sufficient liquidity is available for the Group. All treasury activity operates within a formal control framework. The Wates Enterprise Board has approved treasury policies and guidelines and periodically reviews treasury activities.

As at 31 December 2025, the Group had net cash of £248.3m and access to £125m of undrawn bank facilities through two revolving credit facilities, £25m of which is ringfenced for Wates Property Services (Holdings Limited) (a wholly owned subsidiary of the Group). The facilities were not utilised throughout 2025 and remained undrawn at 31 December 2025

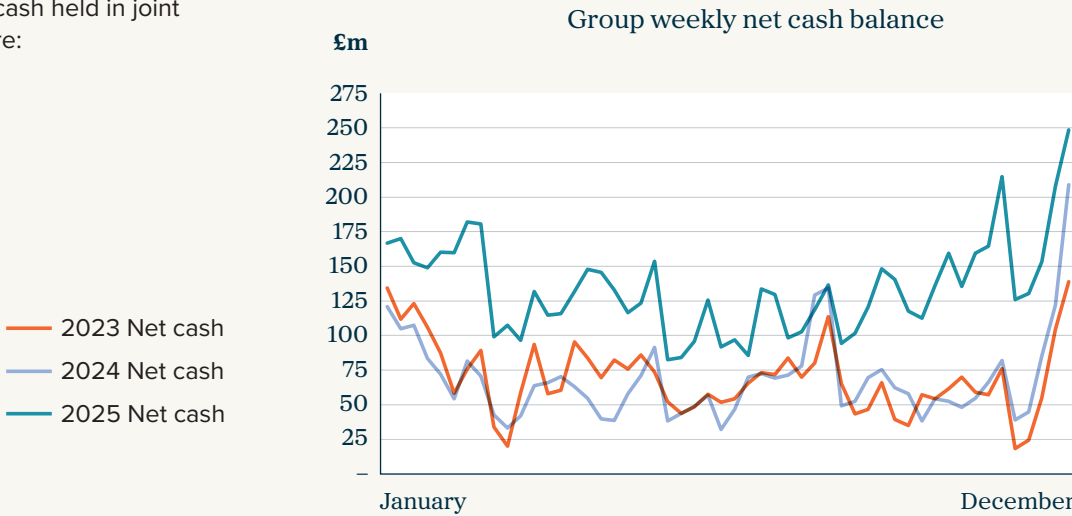
(2024: undrawn). Wates Property Services (Holdings) Limited also has a £15m term loan in place at 31 December 2025. Wates Group Limited (the company) undertakes a trade in finance by offering money-lending services to the Group and controlling and managing bank facility arrangements.

Cash

The cash position of the Group is set out below.

	2025	2024
Average daily gross cash balance	£148.0m	£80.9m
Average daily gross cash balance excluding cash held in joint ventures		
Average daily net cash balance	£147.7m	£80.9m
Average daily cash balance net of debt excluding cash held in joint ventures		
Year-end cash	£263.3m	£195.6m
Year-end bank loans	£(15.0)m	£nil
Year-end net cash	£248.3m	£195.6m
Cash balance excluding cash held in joint ventures, net of bank loans		

The Group’s weekly net cash balance (being the average weekly cash balance net of debt excluding cash held in joint ventures) is shown here:



The Group operated with an increased level of net cash compared to the previous year throughout most of 2025. This profile was in line with expectations, impacted by the timing of receipts from construction contracts, investment, quarterly VAT payments and dividends. In line with previous years, the net cash figure climbed significantly towards the end of the year, closing at £248.3m, £52.7m higher than at the

end of 2024, largely a result of an improved working capital position paired with increased activity levels.

Group operating activities generated cash of £58.1m (2024: £83.8m, including the impact of the £18.7m payment to Clara Pensions under the bulk transfer agreement). Cash flows from investing and financing activities included amounts paid to joint ventures of £67.8m

(2024: £61.1m) and dividends paid totalling £15.1m (2024: £18.9m). These were offset by amounts received from joint ventures of £77.5m (2024: £77.2m) and proceeds received on sale of tangible fixed assets of £25.0m (2024: £nil). See note 22 to the financial statements for more information on cash generated by operations.

Shareholders’ funds

Shareholders’ funds increased by £1.3m to £149.8m:

	£m
Shareholders’ funds at 31 December 2024	148.5
Profit for the financial year	16.3
Pension movements (including deferred tax)	(0.1)
Dividends	(15.1)
Movements relating to share-based payments	0.2
Shareholders’ funds at 31 December 2025	149.8

Dividends

Dividends of £5.4m, £5.0m and £4.7m were declared in 2025 and paid on 25 April, 2 June and 8 July 2025, respectively. Dividends of £15.2m and £3.7m were declared in 2024 and paid on 9 April and 28 October 2024, respectively.

Wates Family Enterprise Trust

The Group continued to award funds to the Wates Family Enterprise Trust (WFET) to support its charitable giving. In 2025, this amounted to £1.8m (2024: £1.8m). The themes on which WFET focuses are: life opportunities for young people; housing; and sustainability.

Principal risks and uncertainties

Commitment to risk management

Wates’ ability to understand uncertainty, and manage its effects, is critical to our success. Enterprise-wide risk and opportunity management are at the heart of Wates’ principles of good corporate

governance (see Corporate Governance Report on page 99, principle 4). It is a key decision support tool and a strategic enabler that helps us to pursue opportunities while guarding against threats that

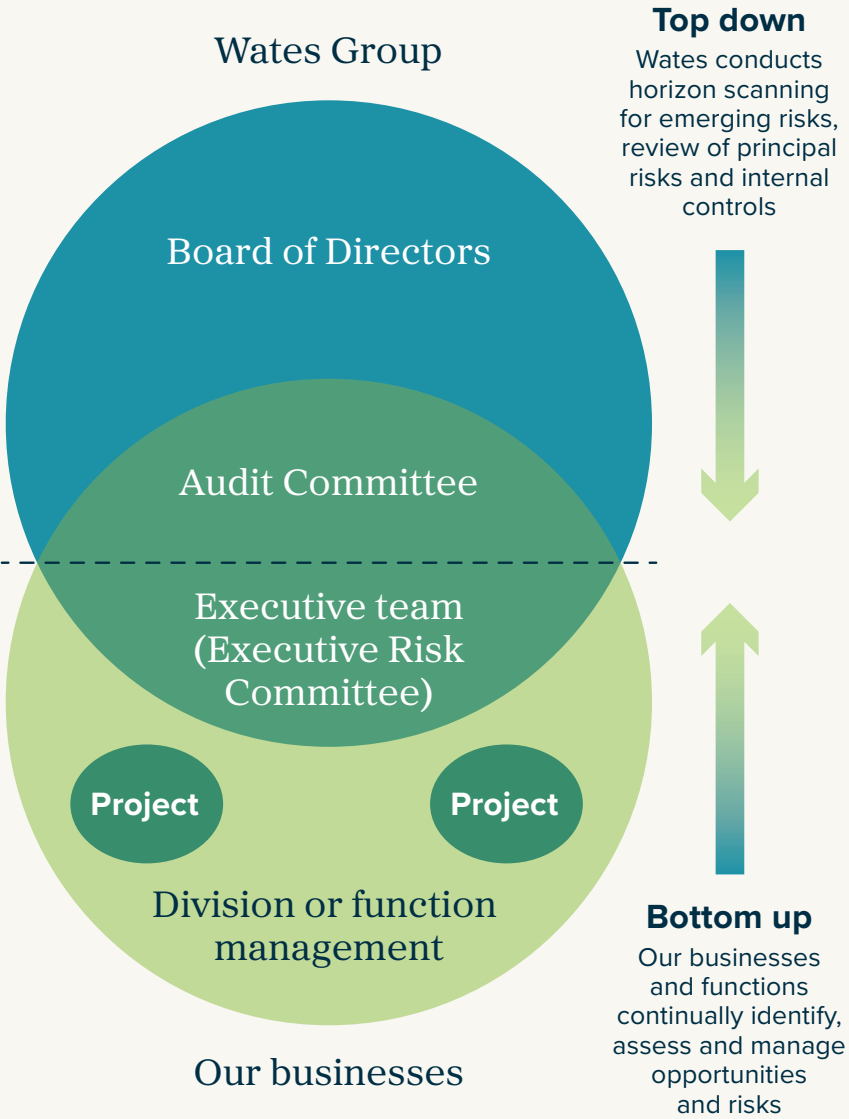
seek to derail our commitment to our purpose. It provides parameters within which we can conduct our business responsibly, safely, legally and in line with our code of conduct.

Governance

Our approach to risk management is both top down, from the Wates Enterprise Board and its sub-committees, and bottom up, led by executive management and division boards.

The Board has overall responsibility for ensuring the Group’s systems of risk management and internal control are appropriate and operating effectively. In doing so, it regularly considers the Group’s ability to create and preserve value, focusing on how Wates identifies and pursues business and market opportunities. The Board is supported by the Audit Committee in discharging these responsibilities.

Operationally, the Executive Committee, led by the Chief Executive, is accountable to the Board for effective risk identification, assessment and mitigation across the entire Group and its businesses. Furthermore, Executive Managing Directors and group function leaders proactively manage and, where appropriate, escalate specific risks within their remits. Their risk management activity is overseen by the Executive Risk Committee. This structure gives Wates a framework for decision making and evaluation of risk, determining the Group’s approach and policy surrounding effective risk management.



Risk management maturity

Wates fosters a culture of risk awareness and risk management accountability across the organisation so that all colleagues incorporate risk management into their daily activities proactively. We continue to evolve our enterprise risk framework and to develop a coherent and consistent approach to the management of uncertainty, with a primary purpose to support the leaders of divisions and functions to identify those risks directly affecting the successful delivery of their strategic and business objectives.

In doing so, we are cognisant of the Group’s increasingly decentralised corporate structure, where our divisions assume greater accountability for managing both their risks and assurance agendas in an effective manner and embedding risk management at operational and site level.

Throughout the year, the Risk Committee carries out a formal cycle of reviews of material risks and opportunities, monitors emerging trends and works with the key risk owners on determining mitigations where required.

This is underpinned by a formal process for risk identification, assessment and mitigation via

extensive engagement with the risk owners across the Group and its businesses, and periodically monitored through Group risk reporting, including regular division updates to the Audit Committee.

In 2025, we introduced additional rigour to the risk registers, improved our reporting templates with greater emphasis on root causes and actions, and revisited the Group consolidation principles. Furthermore, more formalised processes for tracking of material legislative requirements were introduced, as well as enhanced accountability for controls development via process ownership.

Group. It aligns directly with our wider Group strategy by helping us operate more efficiently, deliver high-quality outcomes and remain competitive in a fast-changing market.

Furthermore, Wates is increasingly embracing strategic relationships with key supply chain partners to increase resilience and generate better value within the supply chain. This is supported by robust category strategies and structured relationship and performance management.

Our activities are guided by an operating framework that mandates rigorous policies and procedures throughout a project’s life cycle and ensures the right governance and oversight of design and programme delivery supporting our teams in meeting customer expectations. A process to streamline the operating framework commenced in 2025, with the new framework launching in 2026.

At a macro level, Wates closely monitors significant domestic and foreign political and geo-political events and any government policy changes, including retrospective elements of the Building Safety Act.

The above is underpinned by a robust people strategy that aims to build capability through learning and leadership development, while retaining and attracting high-performing, forward-thinking talent. This ensures that our people are competent and of industry-leading calibre, and that we promote continuous learning as an organisation, sharing lessons and innovations with our customers.

Wates maintains its commitment to building an inclusive workplace with a market-leading policy framework, supported by our inclusion and diversity agenda. This includes a focus on women and ethnic minorities in leadership, health and wellbeing, and promoting a strong code of conduct.

Above all, we are committed to operating to the highest standards of health and safety management, applied to both Wates and supply chain workforces. We have adopted continuous improvement across all areas of health and safety, with robust contingency plans and testing in place, actively learning from observations and incidents, then incorporating them into our operating framework and promoting them via our business and project leadership.

Climate change is altering the way we live, how we work and the type of work we deliver. Wates has responded decisively to transitional and physical climate change risks by embedding sustainability into its operations, offerings and culture. This is overseen through Board-level governance and regular Sustainability Committee meetings and supported by leadership training through a bespoke programme delivered by the UK Green Building Council. We also integrate sustainability criteria into recruitment and performance processes and set minimum supply chain standards.

As the scale and sophistication of cyber-attack is growing globally, the risk of targeted attacks for our Group and the wider supply chain has become more prominent, posing a tangible threat to our

operational resilience, data and systems. We continually develop and update our IT suite of policies and technical controls, including strengthening compliance concerning sensitive personal data. To enhance governance in this area, we have recently established the Security Working Group, which is overseen by the Executive Risk Committee.

Wates maintains an effective system of financial control and a strong balance sheet, supported by access to committed credit facilities via established lender relationships. Funding arrangements are reviewed regularly and approved by the Board. In addition to net cash of £248m at 31 December 2025, the Group refinanced and increased its revolving credit facility with two three-year facilities. These comprise a Group revolving credit facility of £100m and a new £25m standalone revolving credit facility and term loan of £15m for the WPS businesses.

A summary of our principal risks is set out in the tables below, which illustrate the key mitigating activities for each risk, either completed in the year or in progress, and our assessment of risk movement and trends.

Principal risks and uncertainties

As part of Wates’ commitment to continuous improvement, the Board carries out periodic reviews of principal risks. These are defined as those that may affect our strategic ambitions, future performance, prospects or reputation. They are classified into four categories: strategic/opportunities, external, operational and business as usual.

Delivering value for our customers and shareholders is also underpinned by the following group-wide strategic priorities: health, safety and wellbeing; supply chain and quality; people (including inclusion and diversity); innovation; customers and partners; and sustainability. Taken together, these priorities deliver profit.

In an increasingly complex and fast-moving economic landscape, with cost, margin and supply chain pressures affecting our businesses, innovation and dynamism remain central to Wates’ strategic approach to drive change, to deliver for our customers and to exceed expectations. We prioritise those opportunities and investments that promise to deliver significant shareholder, business and social value, focusing on sector-specific growth areas and emerging trends – delivered through concrete action plans and supported by structured KPI monitoring.

We aim to balance and diversify our exposure, both regionally and across market sectors of interest, namely residential, commercial

and the public sector, to avoid reliance on a single sector. In addition, we monitor the impact of housing market volatility and remain selective in our bid procurement strategy and contract engagement, targeting areas where we have competitive advantage, in particular social housing, net-zero aligned developments (in line with UKGBC and emerging industry standards), low-carbon buildings and energy-efficient retrofits.

Innovation improves how we operate and how we solve problems for our customers. Our innovation strategy sets out how we streamline internal processes, identify, develop and deploy technologies, and work smarter across every part of the

Strategy and transformation



Having a clear and coherent strategy aligned to Wates’ established purpose, goals and behaviours is critical to our future. Our purpose and performance priorities are at the heart of our operations.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates fails to deliver for its customers and does not meet customer expectations by adopting a sufficiently innovative or dynamic strategic approach to drive change.	• Continue to develop detailed action plans for each division and function growth area, supported by quarterly progress reviews and KPI monitoring, ensuring activities align with Group priorities and deliver shareholder value. • Continue to maintain strong Board oversight to provide clear direction and challenge across the Group, embedding evolving strategic priorities into all division strategies, across topics such as sustainability, supply chain and quality, health and safety, people and innovation. • During the year, an innovation strategy was developed to directly service the requirements of our customers and partners. This has included developing partnership arrangements with academic institutions and venture capitalists to help address some of the fundamental challenges within our sector and identify appropriate solutions. • Continue to consult and engage key stakeholders on material initiatives, while ensuring environmental, social and governance considerations – especially climate change – are at the foundation of strategic thinking and commitments. • Understand the external marketplace by conducting ongoing market research, competitor analysis and reviews of short, medium and long-term disruptors to identify opportunities, maintain a diverse customer base and product range, and respond to new challenges with agility. • Prioritise and focus future investments on those strategies that deliver significant shareholder and business value, ensuring adaptability to sector-specific growth opportunities and emerging trends.

Principal risks:

- strategic/opportunities
- external
- operational
- business-as-usual

Risk movement:

- increasing
- no movement
- decreasing
- new risk

Group-wide strategic priorities:

- health, safety and wellbeing
 - customers and partners
 - supply chain and quality
 - people (including inclusion and diversity)
 - innovation
 - sustainability
 - profit
- Taken together, these priorities deliver profit

Performance



We continue to face challenges to our performance in an increasingly complex and fast-moving economic landscape, with cost, margin and supply chain pressures affecting our businesses. To maintain strong performance, we focus on our customers and seek to innovate wherever possible to serve them better. With a highly selective approach to the work we bid for and take on, we consider risks related to performance to be well managed.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates does not focus on continuous improvement to achieve operational efficiencies and elevate customer experience, and fails to unlock new value streams.	• Continue Board and Executive Committee oversight on performance, strategy and opportunity. • Continue a risk-based approach for the strategically important bids, contracts and investments, with clear mitigation measures for high-value or high-risk contracts. • Remain selective in our bid and contract engagement and continue to target areas where we have competitive advantage. • Continue to undertake market scanning and competitor analysis to inform our focus and ensure our performance priorities align with customer requirements. • Continue to focus on opportunity areas, such as social housing, net-zero aligned developments, low-carbon buildings and energy efficient retrofits. • Continue work to attract and retain high-performing, forward-thinking talent, underpinned by a people strategy that ensures our employees are competent, industry leading and at the forefront of successful delivery. • Continue learning as an organisation, sharing lessons and innovations with our customers.

Competition



We work in a competitive industry in an increasingly complex and fast-moving economic landscape, with costs, margin and supply chain pressures affecting the sectors in which we operate. To maintain our strong order book, we focus on our customers and seek to innovate wherever possible to serve them better. We remain highly selective in the work we bid for and take on. We therefore consider risks related to competition to be well managed.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates fails to pursue strategic opportunities and does not outpace competitors, deliver new avenues for growth or leverage our strengths to improve both customer and financial outcomes.	• Continue to undertake market scanning and competitor analysis to inform our focus and ensure our performance priorities align with customer requirements. • Focus on opportunities that complement our core business and skills. • Continue to work with strategic customers that align with our values and behaviours. • Continue to work with key partners to provide certainty of outcome, value and opportunity.

Principal risks:		Risk movement:		Group-wide strategic priorities:		
 strategic/opportunities	 increasing	 health, safety and wellbeing	 customers and partners	 innovation		
 external	 no movement			 sustainability		
 operational	 decreasing	 supply chain and quality	 people (including inclusion and diversity)	Taken together, these priorities deliver profit		
 business-as-usual	 new risk			 profit		

People strategy and culture



A strategic imperative is to attract, retain, motivate and develop the best talent. Having the necessary people with the right knowledge, skills and behaviours to drive and deliver business growth is critical to our success.

We care deeply about culture and are committed to an inclusive workplace in which all employees are supported, treated fairly and feel they belong.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates fails to actively embed its purpose and promises into its colleague experience and does not cultivate a workplace where individuals feel empowered, connected or motivated to thrive.	• A people strategy with action plans and measures of success approved by the Board. • Oversight of succession planning, remuneration policy and standards with our Nomination Committee and Remuneration Committee. • Continue to perform regular reviews of remuneration packages to ensure market competitiveness, using external insights and expertise for market analysis and benchmarking, including for fair pay, and to incentivise and reward high performance. • Build capability through learning and leadership development, while attracting talent to strengthen resource, skill and talent pipelines. • Continue to attract and retain a diverse pool of talent through our commitment to an inclusive workplace with a market-leading policy framework. • Continue to support our Group inclusion and diversity agenda, including a focus on women and ethnic minorities in leadership, health and wellbeing and promoting a strong code of conduct.

Health, safety and wellbeing



The health, safety and wellbeing of those interacting with Wates is of paramount importance to the Group. We are committed to operating at the highest standards of health and safety management and meeting all regulatory requirements. These standards are applied to both Wates and supply chain workforces. See further detail in the section on health, safety and wellbeing on page 35.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
An event occurs resulting in death or life-altering injury, and or materially adverse financial, reputational and regulatory consequences to the Group.	• Continue to operate to the highest possible standards, via the operating framework, with strong governance oversight and the three lines of assurance to test effective application of relevant standards. • Continue to strive for continuous improvement across all areas of health, safety and wellbeing. • Use lessons learned to update the operating framework, conduct business briefings and workshops, and provide updated guidance to support management understanding. • Put contingency plans in place for efficient and effective incident response, including robust investigation; ensure these are reviewed and tested on a regular basis. • Continue to understand and manage psychological hazards and put suitable controls in place to manage or mitigate the effects of such hazards. • Monitor for the influence of erosion factors (such as extreme weather) to maintain resilient and effective operating standards. • Promote increased use of modern methods of construction and technology, including artificial intelligence, to proactively manage health, safety and wellbeing.

Principal risks:

strategic/opportunities

external

operational

business-as-usual

Risk movement:

increasing

no movement

decreasing

new risk

Group-wide strategic priorities:

health, safety and wellbeing

customers and partners

supply chain and quality

people (including inclusion and diversity)

innovation

sustainability

Taken together, these priorities deliver profit

profit

Project delivery



We use our professional judgement in estimating, planning, designing and delivering our projects, often in complex environments. Each project could encounter difficulties that lead to cost and time overruns, litigation or disputes.

Our activities are guided by an operating framework that mandates rigorous policies and procedures throughout a project's life cycle. We seek to always deliver a high level of quality and are focused on customer service as a strategic priority. In recent years, we have also focused significantly on innovation to improve our service delivery, supporting our customers through our service excellence training for employees and our customer insights programme.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates does not consistently deliver projects on time, within budget, and does not exceed customer expectations; consequently the organisation fails to strengthen its market reputation, fails to enhance financial resilience and does not unlock further growth.	• Develop a technical offering that ensures we have the right governance and oversight of design, programme and delivery to enable our teams to meet customer expectations. • Build on our significant project assurance programmes, including peer reviews and customer feedback, which help mitigate the risks to successful project delivery and keep us focused on learning and continuous improvement. • Continue to use our well-defined operating framework, which includes comprehensive management oversight and risk management processes, to support successful project delivery. • Employ strategic procurement to increase resilience and generate better value within the supply chain, and maintain strategic supplier relationships to ensure they are sufficiently flexible and agile to support the Group's aspirations. • Develop effective crisis and incident management processes, enabling efficient and appropriate responses, including stress testing of scenarios that may affect the markets where we operate.

Strategic report

Supply chain



A robust supply chain is critical to Wates’ ability to deliver projects and services. To ensure effective management of performance and risks, we operate due diligence and onboarding processes and set standards for operational performance through our operating framework.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates does not meet or exceed customer expectations; this requires excellent performance throughout our supply chain, supported by robust category strategies and structured relationship and performance management.	• Continue to manage our supplier network, defining clear standards for performance. • Continue to test supplier organisational and duty holder competence in line with Building Safety Act requirements. • Continue to carry out performance monitoring on our projects and provide feedback to the supply chain. • Continue to carry out assurance checks on areas of legal and regulatory compliance, with a working group supported by our Group Legal team. • Develop and roll out our category strategy, supplier relationship and performance management approaches.

Political environment



The Group monitors the political and geo-political environment and emerging trends that could affect our business plans, customer engagement or operational delivery to allow for an effective and timely response.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates does not continuously monitor and anticipate significant domestic and foreign political or geo-political events, and fails to respond appropriately to any government policy changes.	• Continue to conduct regular reviews, analysis and reporting of political factors to the Board and Executive Committee to support decision making and strategy planning, including closely monitoring government policy and encouraging leadership participation in regulatory forums. • Deepen relationships with our customers, manufacturers, distributors and sub-contractors, using market intelligence to inform decisions, this would benefit us at times of policy changes. • Form specialist working groups to devise scenario analysis and response plans and make use of subject matter expert panels to provide support and guidance in the event of political/geo-political shifts such as the conflict between Iran, Israel and the USA. • Continue to manage the risks and impacts related to the Building Safety Act.

Principal risks: - strategic/opportunities - external - operational - business-as-usual	Risk movement: - increasing - no movement - decreasing - new risk	Group-wide strategic priorities: - health, safety and wellbeing - customers and partners - supply chain and quality - people (including inclusion and diversity) - innovation - sustainability - profit Taken together, these priorities deliver profit
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Economic factors



The Group closely monitors economic factors and emerging trends that could affect our business plans, customer engagement or operational delivery to allow for an effective and timely response.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates is exposed, and does not respond, to changing economic conditions and factors, both in the UK and abroad, which can significantly influence commercial outcomes.	• Sector diversification: balance exposure across residential, commercial and public-sector projects to avoid reliance on one market. • Continue to maintain a regional presence to counteract any over reliance on the London market. • Continue to maintain fair contract terms that include escalation clauses to protect against unforeseen economic shocks. • Continue to form strategic relationships with key suppliers and monitor ongoing performance and financial standing, ensuring a robust and resilient supply chain. • Monitor the impact of housing market volatility, with a strong bid procurement strategy and a focus on contract value and contract selection. • Employ detailed procurement plans to manage the supply of materials through our supply chain and make use of cross-project procurement opportunities. • Use external market data to engage customers on cost pressure issues.

Climate change



Climate change is altering the way we work and the type of work we deliver. In response, we are reducing the environmental impact of our operations, improving the Group’s ability to operate effectively in a net-zero environment and leveraging the opportunity this changing market presents.

Our near-term and net-zero aligned targets have been validated by the Science-Based Target initiative.

In 2026, we will introduce minimum supply chain requirements for embodied carbon in key materials and require suppliers to set science-based targets.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
Wates does not take strategic opportunities to respond decisively to transitional and physical climate change risks by embedding sustainability into its operations, offerings and culture.	• See page 47 for our Task Force on Climate-related Financial Disclosures and page 44 for our Streamlined Energy and Carbon Report. • During the year we undertook a complete review of our climate-related risks and opportunities with Ramboll, which led to the development of two transition risk and two physical risk scenarios. • Ongoing Board-level governance and oversight of climate-related risks and opportunities through regular meetings of the Risk Committee and the Sustainability Committee, with progress against sustainability targets reported monthly to the Executive Committee. • To help achieve these goals, we are phasing out diesel use across the Group and all our businesses are offering or developing products and services aligned to net zero, such as large-scale sustainable refurbishment, fabric-first housing retrofits and the adoption of digital and modern methods of construction to drive low-carbon outcomes. • Updated scenario analysis covering both transition and physical risks, using four climate scenarios, including a balanced net-zero pathway, to inform business planning and resilience. • Embed sustainability into day-to-day decision making, including training of senior leaders through a bespoke environmental leadership programme, led by the UK Green Building Council, and integrating sustainability criteria into recruitment and performance processes. • Establishment of minimum supply chain standards, requiring suppliers to set science-based targets and comply with trade-specific criteria for key materials to reduce embodied carbon. • Set decarbonisation pathways for divisions to 2030.

Principal risks:	Risk movement:	Group-wide strategic priorities:		
strategic/opportunities	increasing	health, safety and wellbeing	customers and partners	innovation
external	no movement	supply chain and quality	people (including inclusion and diversity)	sustainability
operational	decreasing	Taken together, these priorities deliver profit		
business-as-usual	new risk	profit		

Legal and regulatory change



The legal and regulatory landscape in which we operate is evolving, with more regulation of businesses leading to the potential for greater penalties. Wates’ commitment to our legal and regulatory obligations is central to our culture and values, and remains at the forefront of our communications, compliance programmes and policies. The Building Safety Act remains a key area of focus for the Group and for the industry more widely.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
An incident occurs or behaviours are observed that give rise to a serious governance, legal or regulatory compliance breach that affects the Group’s reputation or our ability to do business, and or results in fines or criminal proceedings.	• Ongoing implementation of the Group’s ethics and compliance programme around the principles of top-level commitment, risk assessment, policies, procedures and governance, due diligence, training and communication, and monitoring and review. • Apply a risk-based approach to our Ethics and Compliance programme, underpinned by our Ethics and Compliance Framework, which records each of the relevant controls, policies and procedures in respect of each principle. • Continue to monitor emerging areas of legal and regulatory compliance, using both our in-house specialist team and a panel of external advisers. • Continue to monitor compliance with the Group’s Code of Conduct, which requires annual compliance certification by senior management. • Continue to monitor, assess and mitigate against risks arising from the Building Safety Act, using both our in-house building safety team and a panel of external advisers.

Financial resilience



Wates maintains an effective system of financial control and a strong balance sheet, supported by access to committed credit facilities via established lender relationships. Funding arrangements are reviewed regularly and approved by the Board. In addition to net cash of £248m at 31 December 2025, the Group refinanced and increased its revolving credit facility with two new three-year facilities. These comprise a Group revolving credit facility of £100m and a new standalone facility for the WPS businesses broken into a £25m revolving credit facility and a £15m term loan.

Wates maintains an infrastructure of systems, policies and reporting to ensure discipline and oversight on all financial matters, including tax, treasury and financial reporting. We continuously monitor economic and market factors, such as cost and wage inflation, along with interest rate movements, and undertake stress testing of our liquidity position. We proactively monitor risk factors to understand our exposure and make informed decisions in a timely way, to give our business a sound financial footing and the ability to respond with agility to changes in trading conditions.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
We fail to maintain sufficient levels of liquidity to meet our financial liabilities or secure funding for our strategic growth plans and investment opportunities at the optimal time.	• Maintain strong discipline and oversight of all financial matters, with regular reviews of liquidity levels, sources of funding and access to committed credit facilities. • Maintain a strong system of financial controls, strong balance sheet and established lender relationships, and perform regular short-term cash flow forecasting and trade debtor reviews with our businesses' finance teams. • Continue quarterly Treasury Committee meetings, chaired by the CFO, with stringent governance of funding and investment approvals. During the year, four of these meetings were held, which were supplemented by over 20 short-term cash flow reviews to monitor and manage liquidity levels. • More than 15 investment committee meetings were held to appraise investment opportunities and ensure opportunities were taken accordingly. • Maintain Audit Committee and Board oversight and governance of key financial areas. • Monitor proposed changes in tax legislation and other relevant legislative requirements and develop action plans as required.

Principal risks:

- strategic/opportunities
- external
- operational
- business-as-usual

Risk movement:

- increasing
- no movement
- decreasing
- new risk

Group-wide strategic priorities:

- health, safety and wellbeing
 - customers and partners
 - supply chain and quality
 - people (including inclusion and diversity)
 - innovation
 - sustainability
 - profit
- Taken together, these priorities deliver profit

Cyber security



The scale and sophistication of targeted cyber-attacks are growing, while the ongoing macro-economic challenges and impact of conflicts like the war in Ukraine mean that cyber-threat levels continue to increase. More zero-day incidents and ransomware attacks are being reported by organisations globally. As a result, we consider the external risk of cyber-attack to have increased for our Group and the wider supply chain. These risks pose a threat to operational resilience, data, information and systems. We hold sensitive data, including customer and colleague personal data, and so continue to manage and monitor our internal controls robustly through our structured regulatory compliance and assurance programmes.

Risk:	Key mitigating actions the Group has taken or will undertake in 2026:
In a world of advancing threat capabilities, cyber resilience and protection of the systems holding Wates' and customers' information remain critical and enduring concerns for our Group and the wider supply chain. Failure to do so risks our reputation and market position, exposing the Group, our colleagues, our partners and our customers to significant damage.	• Continue to develop and update our IT suite of policies and technical controls (such as infrastructure and software) to maintain Cyber Essentials Plus certification, along with cyber threat detection, assessment and response capabilities. • During the year, a Data and Information Security Committee was implemented and met twice with board level representation to improve data and security governance across the Group. • Continue to review and enhance our internal information security and data governance capabilities as part of our continuous improvement agenda. • Continue to invest in training and communications on data protection, data security, information security and general cyber security awareness. • Enhance our approach to initial and periodic due diligence on suppliers' cyber security and ensure contracts contain appropriate terms for all IT suppliers and relevant others, including those holding personal data.

Section 172 Companies Act 2006

This report sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements affected the Wates Enterprise Board’s decision making throughout 2025.

Engaging with stakeholders to deliver long-term success is a focus area for the Board and all decisions taken consider the impact on a wide range of stakeholders. Views of stakeholders are collated and shared in Board papers and inform the decisions made in Board meetings. Stakeholders are affected by Board decisions in different ways. However, it is the Board’s priority to ensure that the directors have acted both individually and collectively in a way that it considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, with due regard to all its stakeholders and to the matters set out in paragraphs a to f of Section 172 of the Companies Act 2006.

Long-term strategy and vision

The Board operates a forward agenda of standing items appropriate to our operating and reporting cycles. Items requiring Board approval or endorsement are defined clearly. These include strategy and key contracts, as well as items required by law and regulation. The Board monitors or reviews progress against strategic priorities, risk management, financial performance and the adequacy of internal controls.

The focus of the Board in 2025 continued to be ensuring that the Group manages the risks to the Group effectively and is positioned to take advantage of opportunities for future growth. The Board approves an updated strategic plan every year and monitors its implementation using detailed reports on operating and financial performance. In approving the plan, the Board considers factors such as competitor behaviour and the performance of the residential and construction sectors, as well as evolving social, economic, political and market conditions.

During 2025, strategic reviews were undertaken across each part of the business, analysing changes in markets and external factors influencing each business. Each business also reviewed its performance and progress against strategic plans and the internal factors affecting these. Each business then adjusted its strategy to take account of the factors identified. Strategy work also continued to develop plans for the Group’s strategic priorities: health, safety and wellbeing; innovation; sustainability; supply chain and quality; customers and partners; and people.

In determining the strategic plan, as well as the day-to-day management of the business, the Board considers the views of the stakeholders referred to in the table that follows.

Employees		
How the Group engages	Outcomes	Further details
- Engagement activities led by employee networks, like the Thriving Together framework - Collecting colleague feedback through a variety of channels, like online surveys, focus-group discussions and in-person meetings - Measuring employee engagement and wellbeing through a regular survey - Site and office visits by shareholders, directors and Executive Committee members - Group Leadership Conference, Management Conference and regular ExCo Live calls through which messaging is cascaded to colleagues - Group-wide newsletters - Comprehensive intranet for the Group - Internal and external social media channels	- Implementation of new incentive arrangements for 2026 onwards, including six new annual bonus schemes and four long-term incentive schemes; the existing MyShare scheme delivered £46.4m in employee bonuses for the 2025 performance year (2024: £26.7m) - Group culture ambition developed to enable review and refresh of behaviours and required leadership shifts in a decentralised business - Refreshed engagement survey focusing on purpose, wellbeing, psychological safety and employee experience - Improved employee wellbeing support by introducing a proactive mental health ambassador model, strengthening stress risk management, enhancing the risk management framework to visualise and mitigate hazards, and expanding the support offered through the Wellbeing Hub - New careers hub launched with resources for navigating career paths - Evolving our ethnicity-linked reverse mentoring programme, 'Partnerships for Change', where senior leaders are mentored by colleagues from underrepresented groups who share their lived experiences and perspectives - Sense of belonging and advocacy for inclusivity from employee network activities - Colleagues supported at every life stage by moving away from a one-size-fits-all model towards tailored, human-centred approaches, including life-stage-specific policies (parental leave, pregnancy and baby loss support and carer leave), personalised wellbeing and mental health interventions, flexible working solutions shaped around individual and operational needs, and community-based support networks that colleagues can access as and when they need; launch of policies on neonatal care leave, personal relationships at work and reasonable adjustments; pilot of promotions policy - Awarded the Disability Confident Leader accreditation - Retention of Investors in People Gold accreditation	People on page 40

Customers		
How the Group engages	Outcomes	Further details
- Regular dialogue with customers, sharing insights and updates, to build trust and provide evidence of consistency and value - Regular customer engagement surveys by independent third parties - Meetings and events, both face to face and online - Interaction through the Wates Innovation Network (WIN) portal - Contract negotiation and ongoing management - Routine site visits - Indirect engagement through the Group website and campaign pages, social media content, project reports and marketing material - Communication about changes to legislation - Invitations to participate in internal conferences	- Net promoter score (NPS) survey outcomes reviewed monthly by the business and the Board to monitor progress in customer engagement - Feedback and testimonials received from customers - Supporting customers to achieve their sustainability targets through Wates Sustainable Technology Services (WSTS) and the WIN portal - Regular, effective and collaborative communication with customers about the Group's efforts to mitigate the effects of inflation, as well as product, materials and labour supply issues, on their projects and contracts - Knowledge sharing through thought leadership - Strong customer retention across all of the Group's businesses	Customers and partners on page 39

Supply chain		
How the Group engages	Outcomes	Further details
- Strategy is set by the supply and quality group function and implemented by the divisions - Supplier selection and relationship management is carried out by the division project teams, including contract negotiation, reporting on and managing KPIs, and ensuring capability and capacity to deliver - Annual Group-level supplier conference for strategic supply chain - Local supplier conferences held regularly by divisions as required - Starting to implement strategic sourcing - Local community events, like Meet the Buyer	- Desired strategy and implementation plan - Selection and management of suppliers in line with business needs - Communication of business and regulatory requirements to suppliers - The Group's commitment to paying suppliers promptly has ensured that over 95 per cent of invoices are paid within 60 days, with Wates Construction Limited paying 98 per cent of its invoices and Wates Property Services Limited paying 96 per cent of its invoices within 60 days - Helping our suppliers to meet mutual short and long-term sustainability targets - Strengthening relationships with subcontractors that are investing in skills, capability and culture	Principle six stakeholders on page 101

Financial institutions		
How the Group engages	Outcomes	Further details
- The CFO and treasury team meet regularly with banks, insurers and finance providers - Presentation of annual budgets and strategic plans - Quarterly performance reporting	- Renewal and expansion of the Group's revolving credit facilities, with two three-year revolving credit facilities comprising £100m across the Group and a new £25m standalone revolving credit facility and term loan of £15m for the WPS businesses - Ongoing covenant compliance and positive average daily net cash of £147.7m (2024: £80.9m)	Treasury management on page 71

Communities and environment		
How the Group engages	Outcomes	Further details
• Focused expenditure with social enterprises • Mentoring of social enterprises to facilitate business growth through the ASSETS programme • Direct engagement with sustainable solution providers and promotion of their products and services via the WIN portal • Direct interaction to support individual suppliers seeking to decarbonise • Chairing the Climate Action Group for the Supply Chain Sustainability School (SCSS) to support small and medium-sized businesses • Supporting wider SCSS programmes through workshops and membership of working groups • PhD research projects with the University of Exeter and the University of Surrey • Participation in government consultations on sustainability matters • Membership of the Considerate Constructors Scheme • Support of charitable programmes • Membership of the Building Services Association • Membership of UK Green Building Council (UKGBC) • Project Partner of UKGBC's Advancing Net Zero Workstream • Supporting CL:AIRE in the digitisation of soils reuse materials reporting • Chairing Chartered Institute of Wastes Management Resource Efficiency and Waste Technical Group • Co-chairing CIOB Presidential Round Table series on the Sustainable Development Goals • Leading Lab 5 for the Purpose in Practice Community on Redefining Value • Upskilling to increase employment opportunities for those furthest from the workplace, including prison leavers • Providing training and supporting work experience, including T-Level industry placements • Promoting employment opportunities for people facing barriers to work • Membership of the Institute of Corporate Responsibility and Sustainability (ICRS) • Monitoring our supply chain to mitigate the risk of modern slavery and engaging with Unseen to undertake GAP analysis	• Through Wates Sustainable Technology Services (WSTS), the Group is helping customers to achieve their sustainability targets through innovation • Through the WIN portal, WSTS is increasing our portfolio of partners, offering 90 solutions to cut carbon and make the built environment industry more sustainable • In 2025, the Group created £464m of social value and engaged with 27,975 young people • In 2025, the Group spent £5.4m on social enterprises, taking the cumulative spend since 2007 to £67.9m • Since 2020, more than £1.4bn (subject to external assurance) of social value has been created • The Group donates funds to the Wates Family Enterprise Trust. £1.8m was contributed in 2025 (2024: £1.8m), taking the total amount given since 2008 to £22m • In 2025, 96 per cent of the Group's priority suppliers were registered with the Supply Chain Sustainability School. • The Group's top 200 suppliers (by spend) are encouraged to put in place science-based decarbonisation targets to reduce overall impact on the environment	• TCFD and SECR reports from page 44 • Wates Family Enterprise Trust on page 58

Shareholders		
How the Group engages	Outcomes	Further details
• Open and transparent engagement with shareholders is essential to the Group's long-term success. It takes place through a structured programme that includes regular dialogue between the Board, senior leaders and shareholders, including away days, corporate events, the Chief Executive's twice-yearly presentation to the Shareholder Council, regular interaction with the Wates family office and membership of the Board, which comprises five members of the fourth generation of the Wates family, the CFO and the CEO, and non-executive directors • The Annual General Meeting, which offers shareholders an opportunity to question the Board and to engage directly on strategic priorities, governance and performance • The annual reports and financial statements document, which sets out the Group's performance during the previous year	• Board members and other shareholders remain informed through regular dialogue from the directors • A long-term increase in investment across the Group's businesses, supporting its objective to become a more profitable and sustainable company	• 'Corporate Governance Report' on page 96

Standards of business conduct

In 2018, the Wates Corporate Governance Principles for Large Private Companies was developed by a coalition group chaired by Sir James Wates (then chair of Wates Group and a current board member) to help large private companies to fulfil their corporate governance practices and reporting requirements. The Wates Principles are now one of the most widely adopted corporate governance codes in the UK by large private companies.

The Board is committed to maintaining the highest standards of business conduct, recognising that responsible governance and ethical behaviour underpin long-term resilience and value creation.

The Group’s ethical culture is anchored in its purpose, behaviours and code of conduct, which set out the standards that all employees, partners and suppliers must follow. The Board provides active oversight of compliance and ethical decision-making, in line with evolving regulatory and stakeholder expectations.

The Board regularly approves the Group’s policies and procedures on anti-slavery, human trafficking, anti-bribery and corruption, to ensure these remain effective and aligned with legislative and industry standards. Copies of the Group’s policies are on the Group’s website www.wates.co.uk. The Board has also considered the Group’s gender

pay gap reporting, reflecting the worldwide shift towards enhanced transparency and integrated ESG reporting.

The Board recognises the role that the Group plays in contributing to economic and social value in the UK, as well as responsible corporate citizenship. In 2025, the Group (including its share of joint ventures) contributed taxes, all within the UK, whether borne by the Group or collected on behalf of HMRC, of £512.2m (2024: £405.4m). The Group is proud of the part it plays in the industry’s contribution to society through its economic activity.

Taxes paid in the year (as defined below)	Definitions	2025 £m	2024 £m
Taxes borne by the Wates Group			
Corporate income tax receipts		(0.4)	(2.8)
Employment-related taxes	2	53.1	42.7
Other taxes	3	13.6	7.4
		66.3	47.3
Taxes collected for HM Government (in addition to taxes borne above)			
Employment-related taxes	4	143.7	97.9
Net VAT	5	302.2	260.2
		445.9	358.1
Total tax contribution (taxes generated by the Group from Wates Group activity)		512.2	405.4

Definitions

- 1) All taxes are paid in the UK; none in other jurisdictions
- 2) Employer National Insurance contributions, income tax paid on benefits in kind and apprenticeship and CITB levies
- 3) Business rates, insurance premium tax, stamp duty land tax, irrecoverable VAT, fuel duty and vehicle and other taxes
- 4) Income tax and employee national insurance contributions deducted from salaries and wages
- 5) Net VAT collected and paid

Non-financial and sustainability information statement

This section of the strategic report constitutes the Group’s non-financial and sustainability information statement, which is produced in accordance with Sections 414CA and 414CB of the Companies Act 2006. The non-financial information is contained within sections of the annual report and is cross-referenced below to help stakeholders find the relevant information.

Reporting requirement	Statements, reports and policies	Information required to understand our business	Further details
Environmental matters	ISO 14001: Environmental Management certification Near-term science-based target Environmental Sustainability Plan Environmental Policy	Progress on the Task Force on Climate-related Financial Disclosures (TCFD) Streamlined Energy and Carbon Report (SECR)	See link below * Pages 47 to 57 Pages 44 to 46
The Group’s employees	People Fair Pay Reports Strategy	People Strategy	Pages 40 to 41 See link below * Page 40
Social matters	Social Value Policy		See link below *
Respect for human rights	Code of Conduct Slavery and Human Trafficking Statement Anti-slavery and Human Trafficking Policy Anti-slavery and Human Trafficking Standard (supply chain)		See link below *
Anti-corruption and anti-bribery matters	Code of Conduct Bribery Act Statement		As above See link below *
Description of the principal risks	n/a	Principal risks and uncertainties	Pages 73 to 87
Non-financial key performance indicators	n/a	Health and safety Progress on TCFD SECR People	Page 35 As above As above As above
Climate-related financial disclosures	n/a	TCFD section: Governance Strategy: identifying climate-related risks and opportunities Scenario analysis Climate-related impacts Description of risks and opportunities Risk management Metrics and targets	As above

* Please refer to our website for statements, reports and policies: www.wates.co.uk/about-wates/corporate-governance/

Approved by the Board of Directors on
27 March 2026 and signed on its behalf by:



T. A. D. Wates
Chairman



P. M. Wainwright
Chief Financial Officer

Corporate governance report

For the year ended 31 December 2025, under the Companies (Miscellaneous Reporting) Regulations 2019, the company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council). The following report summarises how the Wates Group has applied the principles over the past year.

Preface

Now in the fourth generation of family ownership, the Wates Group is guided by the shareholder ethos that business done well is a force for good in society. The family maintains a long-term perspective, committed to protecting and building on the family legacy. This ethos is reflected in everything Wates does, including its governance.

A system of family governance – including the Family Assembly and the Shareholder Council – ensures that the business understands shareholder expectations for strategic direction and risk appetite. A critical element of family governance is the appointment of governing owners – shareholders who are non-executive directors, sit on the Wates Enterprise Board and are prominent in the business. They attend internal events, meet customers and suppliers, and represent the business on external platforms. By doing so they serve to ensure a cohesive governance structure. The Chairman, as a governing owner, takes on additional responsibilities, working closely with the Chief Executive to ensure close coordination of family and corporate governance.

The governance structure consists of the Wates Enterprise Board, four standing committees of the Board and several executive committees. Details of the remit and membership of each committee is included on pages 102 to 104. The Board seeks to ensure that governance is in line with best practice in the listed sector, benefitting from expertise provided through the committee structure and with independent challenge from the involvement of non-executive directors. The combination on the Board of executive directors, non-executive directors and family non-executive directors is a critical element to ensuring independent challenge and informed decisions.

Principle 1 – Purpose and leadership

Purpose

Last year's corporate governance report highlighted the development and roll-out of the purpose – reimagining places for people to thrive – and the three promises that accompany it: Thriving Places, Thriving Planet and Thriving People. This delivers on the governing owners' ethos as shareholders: to protect and build on the family legacy we have been entrusted with by being a force for good in everything we do together.

During 2025, the Wates Group continued to embed the purpose in all aspects of business operations, with guidance from the Board. A tool was developed to help teams consider the purpose and promises when making business decisions, and this is gaining traction. The principles within this purpose prompter tool will also be used by the Board and the Investment Committee in their decisions, such as capital allocation and the assessment of opportunities (described in the section below on Opportunity and risk).

Strategy

The Board routinely reviews the strategies of individual business divisions and devoted two days in November to discussing broader strategic topics. The Wates Group strategy features the decentralisation of its business divisions, reflected in a target operating model, and the Board is actively engaged in overseeing progress. The Board also reviews progress made towards the Group's strategic priorities: health, safety and wellbeing; supply chain and quality; people; innovation; customers and partners; and sustainability.

Culture

The Board seeks to ensure that the Wates purpose and promises, as well as the Wates family business ethos, is embedded in the culture of the organisation. During 2025, considerable effort went into aligning the culture with the purpose and promises. The business took specific actions to implement fair and inclusive practices in order to foster belonging and to enable employees to thrive, which are described on page 40.

The governing owners maintain a prominent profile within the business, regularly visiting offices and project sites, as well as attending operational milestone events and celebrations like the annual 25-Year Club luncheon, which recognises staff and pensioners who have worked for Wates for more than 25 years.

The Annual Chairman's Awards celebrate and reward individuals and teams that put the Group's desired values into practice, with award categories that are aligned to the Wates purpose and promises.

Principle 2 – Board composition

The Board comprises a Chairman, Deputy Chairman, four family non-executive directors (governing owners), two members of the executive team, and two independent non-executive directors (NEDs). Details about the individuals holding those roles is found on pages 60 to 63.

The NEDs provide an independent perspective and constructive challenge, drawing on a range of business backgrounds that include expertise in finance and audit, risk management and organisational design, and talent management across a range of sectors.

The size of the Board is comparable to that of similar-sized companies and allows for representation of different governing owners on each of the four Board committees, with two of those committees (Audit and Remuneration) chaired by NEDs.

As noted in previous corporate governance reports, the directors acknowledge the relative lack of diversity on the Board in the context of ambitious inclusion and diversity targets that are in place for the whole organisation. The Board remains committed to developing a more diverse workforce, including at the most senior levels.

The Chairman works with the Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are maintained effectively. The Deputy Chairman acts as senior independent director, supporting the Chairman.

Principle 3 – Director responsibilities

In 2025, the Board had a programme of six principal meetings, with two additional days for strategic planning. The application of the Wates Principles is addressed as a standing agenda item at every Board meeting.

The position of Company Secretary is held by the Chief Financial Officer, Philip Wainwright.

The Board delegates responsibility for the day-to-day management of the business to the Executive Committee (see description on page 104).

Board committees, all of which contain family and non-executive membership, play a major role in ensuring that the Board receives good-quality and reliable information.

A system is in place to ensure that the Board receives appropriate information to allow directors to monitor and challenge the company management. Board papers follow a standard format designed to enable a focus on strategy, with detailed information usually provided in appendices or made available in a separate virtual ‘reading room’. Papers must be provided at least eight days before the meeting; they are reviewed by both the Chief Executive and the Chairman before being made available to the rest of the Board.

In 2025, the Board considered its responsibilities in respect of various legislative requirements – including anti-bribery and corruption, modern slavery and health and safety – and confirmed the Group’s compliance.

Using a specialised software package, BoardClic, the Board has continued to carry out a pulse survey after each Board meeting to identify Board strengths and areas requiring development. In November 2025, the Board retained Korn Ferry to undertake an external review of Board effectiveness, which was completed in January 2026. The review provided a positive evaluation, with some recommendations for improvement that will be taken forward in 2026.

Principle 4 – Opportunity and risk

The Board has overall responsibility for ensuring that the Group’s systems of risk management and internal control are operating efficiently and effectively in support of creating and preserving long-term value. These systems are overseen by the Audit Committee (see page 103), which ensures a disciplined approach to evaluating and improving the effectiveness of the Group’s risk management, internal controls and governance processes. As set out in pages 102 to 104, the following individuals and committees play key roles:

- Chief Executive
- Executive Committee
- Executive Risk Committee, chaired by the Chief Financial Officer and led by the Group Head of Assurance, with attendance by the Executive Committee
- Investment Committee
- Division Boards

In addition, the Integrated Assurance Group is in its second year of operation, with a remit to ensure that all Group-wide risks are managed effectively, applying a robust governance framework with coordinated assurance activity across all divisions and group functions. Consisting of senior-level representatives from functions in key risk areas – including Supply Chain and Quality, Environment, Health and Safety, Finance and Legal – it seeks to maintain a strategic focus, influencing assurance activities throughout the Group and periodically re-evaluating the

balance of control and compliance across the first, second and third lines of defence in the standard risk management model. It periodically reports into the Audit Committee through the lens of major risk areas and control requirements. This provides a consolidated view of risk and mitigation across all divisions and group functions.

As part of a broader decentralisation process within the Wates Group, the Integrated Assurance Group, alongside the Executive Risk Committee, works with business divisions to enable them to assume greater responsibility for risk assurance. While central risk functions will continue to provide policy frameworks, strategic guidance and advice, the divisions will be expected to bear responsibility for their own risk management in the future, including putting in place appropriate assurance plans and monitoring.

Opportunity

The Board ensures that the shareholders’ desire to foster a culture of entrepreneurship across the business is reflected in the Group strategy. Opportunities are reviewed in the yearly two-day strategy meeting and in routine Board meetings. Capital allocation decisions are assessed with consideration to their alignment with the Wates family ethos and the Wates Group purpose.

Bids for major projects (as defined by their value and risk profile) are first considered by the Investment

Committee. Those that exceed certain monetary thresholds (which vary according to the type of work) are reviewed by the Board and must be approved before bids are finalised. During 2025, the Board considered and approved a range of proposals from the Investment Committee, as diverse as housing maintenance contracts in Birmingham, the new Ministry of Justice prison next to HMP Gartree and residential developments in Guildford.

Risk

Risks are considered alongside opportunities, taking into account the shareholders’ desire to pass on to the next generation of owners a stronger, more sustainable business. The Group’s approach to managing risks and uncertainties is described in detail on pages 73 to 87.

The Board receives regular updates from the divisions’ Executive Managing Directors and the function leaders concerning their risk identification and management. The Board also reviews major project risks (which are managed by the divisions) to understand their root causes and impacts.

Following a 2024 Data and Information Security Audit, the Group established a Data Security Working Group, chaired by the Chief Financial Officer, to strengthen governance and to provide regular updates to the Executive Risk Committee.

Corporate governance report

In 2025, the Board considered the following risks (among others):

- Market challenges in an increasingly complex and fast-moving economic and legislative landscape
 - Constraints on the Group’s ability to attract, retain, motivate and develop the best and most diverse pool of talent
- Potential impediments to meeting the highest standards of health and safety, in the business and across our supply chain
 - Complex operating environments that might affect project delivery and lead to cost and time overruns, litigation or disputes
- Potential threats to excellent performance throughout the Group’s supply chain
 - Domestic and foreign political and geo-political events
 - Environmental changes impacting the Group’s operations
 - Cyber security threats

Principle 5 – Remuneration

The Board aims to ensure that remuneration policies across the business are fair and meritocratic. Salary scales, variable pay arrangements and benefits are aligned closely to the markets in which the business operates, and the grading structure is underpinned by a job evaluation methodology that minimises bias and inequity. The Group regularly reports on gender and ethnicity pay gaps in its annual Inclusion and Diversity report, published online: <https://www.wates.co.uk/about-wates/diversity-inclusion/>

During 2025, the Board considered regular reports from the Remuneration Committee, which has a broad remit. This includes setting and approving pay for members of the Executive Committee (such as annual salary reviews, bonus payments and compensation for new appointments) and the all-employee profit share scheme.

The profit share scheme considers both personal and division performance and applies a range of non-financial targets linked to safety, diversity and sustainability performance that may reduce bonus payments if targets are not achieved.

In 2025, the Remuneration Committee’s Board reports addressed a range of issues, including future annual bonus arrangements for employees that better support the divisions.

Principle 6 – Stakeholder relationships and engagement

Further details about relationships with stakeholders may be found in the report on Section 172 Companies Act 2006 responsibilities in the Strategic Report (pages 88 to 94). Below, we highlight a few developments that are specifically relevant to Board governance and decision making.

Employees

During 2025, Board meetings included a review of the Wates Group People Strategy and the aspiration to become a greenhouse for talent, with the most engaged and highest-performing employees in the sector. The Board also received a briefing on the annual employee engagement survey, conducted in June 2025. The survey, in which 72 per cent of colleagues participated, indicated that 84 per cent of employees were familiar with the Wates purpose and the majority felt a sense of inclusion within their respective teams. The results showed an engagement index of 74 per cent, reflecting strong levels of staff motivation and emotional connection with the business.

Board members are actively involved in the ExCo Live online broadcasts aimed at employees. In 2025, topics included the bonus scheme, sustainability and health and safety issues, among others, with the opportunity to ask questions of senior management.

In 2025, Board members also participated in internal conferences, providing managers with updates on business performance and promoting the Wates purpose. Further detail on engagement with employees is in the Section 172 reporting on page 89.

Customers

The approach to maintaining relationships with customers in line with the purpose is outlined on page 90.

The Board monitors relationships with its joint-venture partners and major customers, and Board members engage with customers directly on site visits and at other events, such as ground-breaking and topping-out ceremonies.

Discussions by the Board about customer relationships are informed by the outcomes of the customer ‘net promoter score’ surveys.

Supply Chain

The Group’s supply chain is fundamental to the successful delivery of its projects. The approach to maintaining strong and effective relationships with its suppliers is outlined on page 91. Board members participate in an annual conference that brings suppliers together to discuss how best to collaborate in addressing industry challenges and improving performance.

During 2025, the Board discussed the impact on suppliers of issues such as the Living Wage and the Building Safety Act.

Environment

The Board’s Sustainability Committee oversees the policies and performance of the Group relating to its Thriving Planet promise. Further information about the Sustainability Committee and its membership is on page 104.

The Board considered sustainability issues in its investment decisions, allocating capital to initiatives that support the reduction of carbon emissions in the built environment and promote biodiversity.

Details of the Group’s environmental impact are in the TCFD and SECR reports on pages 44 to 57.

Committee information

The role of the Wates Enterprise Board

The Board’s primary responsibility is to promote the long-term success of the Group so that we fulfil our purpose of reimagining places for people to thrive, while creating sustainable shareholder value and making a lasting contribution to society. The Board seeks to achieve this by setting out an overarching strategy, monitoring performance against strategic objectives and reviewing the Executive Committee’s implementation of the strategy.	A formal schedule of matters reserved for Board approval is maintained and reviewed regularly. This includes a determination of the Group’s strategy and long-term direction, a review of health and safety performance, approval of budgets, capital expenditure, organisational changes (including new business ventures and the acquisition or disposal of assets) and changes in key policies. The Board also monitors the effectiveness of the Group’s systems of internal control, governance and risk management.	The Board delegates authority for all day-to-day management of the Group’s affairs to the Executive Committee. In addition, certain governance responsibilities are delegated to Board committees, which support the Board in carrying out its duties. These committees are made up of independent non-executive directors, together with non-executive directors from the Wates family, and provide the Board with independent oversight.
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The Board

Details of individual directors’ attendance of Board meetings in 2025 are shown in the following table:

Name of Director	Maximum no. of principal board meetings director could attend	No. of principal board meetings director attended	Percentage of principal board meetings attended
Chairman Tim Wates	6	6	100%
Executives Eoghan O’Lionaird – Chief Executive	6	6	100%
Philip Wainwright – Chief Financial Officer	6	6	100%
Non-executives – Wates family Andy Wates	6	6	100%
Charlie Wates	6	6	100%
Sir James Wates	6	6	100%
Jonny Wates	6	6	100%
Non-executives – independent Rachel Addison	6	6	100%
Joe Oatley – Deputy Chairman	6	6	100%
Liz Reilly	6	6	100%

Audit Committee

The Audit Committee’s primary responsibilities are: the integrity of the Group’s financial statements; the effectiveness of internal controls; the performance of the internal audit function; the performance and independence of the external auditors; risk management; and our compliance with legal and regulatory requirements.

The committee has clearly defined terms of reference, which are reviewed annually and maintained by the Company Secretary. These outline the committee’s objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting standards and procedures. Specific responsibilities include reviewing and recommending for approval the annual financial statements, reviewing the Group’s accounting policies, estimates and judgements, reviewing the effectiveness of internal controls, internal audit and risk management processes, and reviewing the scope and results of the external audit.

The committee approves the internal audit plan of work annually and approves any changes to that plan as may be required throughout the reporting period. The committee is satisfied that the Internal Audit team is appropriately resourced.

Rachel Addison, a chartered accountant, is Chair of the Audit Committee. During the year, the committee comprised two other non-executive directors: Andy Wates, a non-executive director

from the Wates family; and Joe Oatley, an independent non-executive director. The committee was supported by a number of Board and senior management attendees. The Board is satisfied that the recent and relevant financial experience and sector knowledge of both the committee Chair and the committee’s members during 2025 followed the principles of good governance in relation to their collective skills, knowledge and experience.

External auditors

The Group appointed BDO LLP as external auditors on 1 November 2019. The Audit Committee assesses the effectiveness of the external auditors’ performance after the completion of the annual audit, including an assessment of their governance, independence and professionalism. In July 2025, the committee evaluated the external auditors’ performance in relation to the 2024 audit. Both management and the external auditors are committed to a positive working relationship that enhances the effective execution of the audit plan. The Audit Committee re-tenders the external audit service at least every 10 years, in accordance with good practice.

As a private company, the Group is not subject to external restrictions in terms of the non-audit work that is provided by the external auditors, but for good governance we have chosen to follow a similar approach in relation to their remuneration and the extent of their non-audit services, which are kept to a de-minimis level.

Remuneration Committee

The Remuneration Committee’s primary objective is to set remuneration at a level that will enhance the Group’s resources by attracting, retaining and motivating quality senior management who can deliver the Group’s strategic ambitions within a framework that is aligned with shareholder interests.

The committee firmly believes that the best people, remunerated effectively, with an emphasis on performance-related pay, strengthen the Group’s ability to face challenges emanating from economic and market changes and help us deliver long-term sustainable value for all stakeholders.

Liz Reilly is Chair of the Remuneration Committee. During the year, members of the committee included: Charlie Wates, a non-executive director from the Wates family; and independent non-executive directors Rachel Addison and Joe Oatley, all of whom were supported by members of the Board and other members of the management team.

Nominations Committee

The Board operates a Nominations Committee to ensure that it remains balanced and effective, that succession plans are in place and that its structure, composition and skillset remain aligned to the Group’s strategic objectives. The committee’s primary objective is to identify and evaluate candidates for future appointments and, in doing so, it takes advice from independent external recruitment consultants.

In 2025, the committee was chaired by Tim Wates. During the year, members of the committee included independent non-executive directors (Rachel Addison, Joe Oatley and Liz Reilly) and non-executive directors from the Wates family (Sir James Wates and Andy Wates, with invitations also extended to Charlie Wates and Jonny Wates).

Sustainability Committee

The Sustainability Committee brings oversight and challenge to the Group’s corporate responsibility programmes and explores the impact and opportunities that global trends might bring to the built environment sector.

Jonny Wates, a non-executive director from the Wates family, is Chair of the committee. During the year, members of the committee included: Charlie Wates, a non-executive director from the Wates family; Liz Reilly, an independent non-executive director; the Chief Executive; and the Chief Financial Officer. Invitations were extended to the Group Sustainability Director, the Group Public Sector Director and other members of the management team.

Executive Committee

The Executive Committee is responsible for the day-to-day management of the Group’s business affairs. It is led by and chaired by the Chief Executive. The committee is responsible for ensuring that the agreed strategy is implemented in a timely and effective manner.

The committee consists of individuals responsible for the divisions and functions. A list is on page 62 and a biography for each Executive Committee member can be found on the Group’s website www.wates.co.uk.

Executive Risk Committee

The Executive Risk Committee is a management sub-committee of the Executive Committee. It has a reporting line to, and also supports, the Audit Committee. The purpose of the committee is to assist the Executive Committee and Audit Committee in overseeing the effectiveness of the Group’s risk management framework and legislative and regulatory compliance programmes.

In 2025, the committee was chaired by the Chief Financial Officer and comprised members of the Executive Committee, with invitations extended to members of the Group Assurance, Internal Audit and Risk teams.

Investment Committee

The Investment Committee is a sub-committee of the Executive Committee. Its purpose is to consider and contribute to all investment decisions and to act as the advisory body for primary operational governance for proposals for new invested capital and projects of the Wates business.

In 2025, the committee was chaired by the Chief Financial Officer and comprised certain members of the Executive Committee.

Directors’ report

The directors present their annual financial statements and reports for the year ended 31 December 2025. This report is to be read in conjunction with the strategic report on pages 66 to 95.

Principal activities

The company undertakes a trade in finance by offering money-lending services to the Group and controlling and managing bank facility arrangements. It acts as a holding company for its subsidiaries and associates and actively manages many of the Group’s joint ventures. The Group’s activities include development, building and property maintenance.

Dividends

The directors declared dividends in 2025 totalling £15.1m (2024: £18.9m) of which £5.4m was paid on 25 April 2025, £5.0m was paid on 2 June 2025 and £4.7m was paid on 8 July 2025. No further dividends have been declared in the year ended 31 December 2025.

Health and safety

The Wates Enterprise Board remains committed to eliminating physical and psychological harm, while providing a safe and resilient working environment for employees, partners and members of the public. In 2026, this will be achieved by monitoring compliance with all relevant legislation and regulations, managing the Group’s significant and major health and safety hazards, and continuing to empower employees and subcontractors to demand the highest health, safety and wellbeing standards.

Specifically, the Board will support the evolution of a behavioural-based safety curriculum to one that promotes curiosity, heightened risk awareness and the ability to manage complex safety trade-offs; an increased focus on psychological hazards, particularly those that impact the working environment and or can put undue demands on people while at work; and, finally, a push to challenge the industry status quo and encourage others to innovate and recalibrate the way health and safety is practiced within the construction industry.

Employees

We recognise the importance of engaging employees to enable them to make their fullest contribution to the business. The Group views this as fundamental to achieving its strategy and long-term objectives, and driving the company’s purpose – to reimagine places for people to thrive. We use a variety of channels to inform and engage our people about development and prospects, best practices and learnings, and we seek out and listen to employees’ views and opinions.

Throughout the year, we host a series of virtual and in-person events through which the Chief Executive, together with members of the Executive Committee, update our employees on our performance, purpose and strategy. This includes our online ExCo Live broadcasts, which give all employees more

opportunities to hear directly from members of the Executive Committee and put questions to them. In 2025, we introduced Thriving Times, our digital news platform, which pulls together all the latest news from across the Group. This publication targeted at the various divisions to ensure it is relevant to the specific audience group.

Our annual Chairman’s Awards provides the perfect opportunity for our Chairman and governing family members, alongside the Chief Executive, to recognise the outstanding achievements of Wates people and projects, with award categories aligned to our purpose through the Thriving Places, Thriving Planet and Thriving People categories. In 2025, we celebrated our 11th anniversary of the awards. Our annual 25 Year Club luncheon honours the dedication and loyalty of long-serving colleagues, past and present, and has 380 members, 32 of whom joined in 2025.

Employee surveys are undertaken periodically to allow colleagues to provide honest feedback about their experience working at Wates. During the year, the Group’s senior leadership team convenes to share knowledge, disseminate good practice and to discuss strategic priorities – all of which were cascaded through a Group management conference.

Directors’ report

Conferences, roadshows and informal meetings are held at division and regional levels, and further communication is delivered through targeted communications, the use of a group-wide intranet and enterprise social network, electronic bulletins, digital screens, notice boards, social media, the Group’s website and blogs from contributors from all parts of the Group.

We are committed to improving the skills of employees through training and development and by nurturing a culture in which employees feel valued for their contribution, motivated to achieve their full potential and part of a successful, thriving company. Statistics relating to the average number of people employed by the Group during the year can be found in note 5 to the financial statements.

Equal opportunities

We are an active equal opportunities employer and promote an environment free from discrimination, harassment or victimisation, where everyone receives equal treatment and career development across all ages, sexes, nationalities, ethnic origins, religions, marital statuses, sexual orientations and disabilities. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

The Group has for many years focused on creating and sustaining a fair and inclusive working environment where everyone can thrive. Encompassing the full

employment life cycle, our policies and processes are designed to help us hire the best person for the job from a diverse talent pool and to ensure everyone is treated fairly and with respect. If someone finds themselves not treated fairly, they have access to channels to share their experience. Where an employee speaks up, they are listened to and appropriate action is taken. The Group is committed to offering fair opportunities to all employees. This includes equitable access to development and progression opportunities to build a meaningful career of choice and equity in pay for all.

Corporate responsibility

Corporate responsibility continues to remain an integral part of our business and long-term strategic aspirations. The Group’s approach, priorities and objectives in the corporate responsibility arena, specifically to the environment and communities in which it works, are published, communicated and embedded within the business as part of our overarching purpose and strategic objectives.

Research and development

We are dedicated to the research and development of innovative construction methods and techniques, focusing on areas such as enhanced safety, project delivery, the development and integration of new materials and working techniques, energy efficiency and information modelling.

Share capital

Details of the company’s share capital are set out in note 21 to the financial statements.

Articles of association

The company’s articles of association may be amended by a special resolution of the company’s shareholders. The current articles were adopted by shareholders on 5 May 2022.

Conflicts of interest

The Board may consider and, if deemed fit, authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the company. In the event that a director becomes aware that they have an interest that may be a conflict, they are required to notify the Board in writing. Internal controls are in place to ensure that any related party transactions involving directors are conducted on an arm’s length basis. Directors have a continuing duty to update changes to these conflicts. The Board considers that the procedures in place for reporting and considering conflicts of interest are effective.

Directors’ and officers’ indemnities and insurance

The company’s articles of association provide for the indemnification of its directors and the Company Secretary to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the company, in the event that they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the company has directors’ and officers’ liability insurance, in respect of certain losses or liabilities to which officers of the company may be exposed in the discharge of their duties.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

- Timothy A. D. Wates** (Chairman)
- Jonathan M. Oatley** (Deputy Chairman)
- Eoghan P. O’Lionaird** (Chief Executive)
- Philip M. Wainwright** (Chief Financial Officer)
- Rachel B. Addison**
- Elizabeth Reilly**
- Andrew E. P. Wates**
- Charles W. R. Wates**
- Sir James G. M. Wates, CBE**
- Jonathan G. M. Wates**

Donations

During the year the Group made charitable donations amounting to £1.9m (2024: £1.8m). No political donations were made.

Going concern

The directors have reviewed the forecast future performance of the Group and have prepared a cash flow forecast for 12 months from the date of approval of these financial statements. The Board considers it has sufficient cash reserves to continue trading, while meeting the financial covenants set within its banking facilities.

Accordingly, the directors continue to adopt the going concern basis in preparing the Group’s financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Disclosure of information to auditors

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

- So far as the director is aware, there is no relevant audit information of which the company’s auditors are unaware; and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Annual general meeting

The next Annual General Meeting of the company will be held on Thursday, 14 May, 2026.

Streamlined energy and carbon report (SECR)

The SECR is presented on page 44.

Post balance sheet events

Post balance sheet events are disclosed in note 29 to the financial statements.

Approved by the Board of Directors on 27 March 2026 and signed on its behalf by:



P. M. Wainwright
Secretary

Statement of directors’ responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 ‘The Financial Reporting Standard applicable in UK and Republic of Ireland’ and applicable law). 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 company and of the profit or loss of the Group for that period.

- In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
 - state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
 - make judgements and accounting estimates that are reasonable and prudent; and
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the ultimate parent company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor’s report

to the members of Wates Group Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2025 and of the Group’s profit for the year then ended; and
- the 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 Wates Group Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 December 2025 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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 or Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group’s operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group’s commitment as set out in Sustainability Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors’ going concern assessment and in management’s judgements and estimates in relation to the carrying value of residential land and development assets and the valuation of investment properties.

Independent auditor’s report to the members of Wates Group Limited

We also assessed the consistency of managements disclosures included as ‘Other Information’ on pages 1 to 108 within the annual report and with our knowledge obtained from the audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Reports & Accounts, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the 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 Group and Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors’ responsibilities in respect of the financial statements, 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’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group’s policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be, but not limited to, the Companies Act 2006, distributable profits legislation and UK pension and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Building Safety Act 2022, health and safety legislation, data protection legislation and employment law.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;

- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Audit Committee and internal audit, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group’s policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Independent auditor’s report
to the members of Wates Group Limited

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls that are otherwise operating effectively.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, and considered whether there was evidence of bias by the directors within the significant judgements and estimates by agreeing to supporting documentation;
- Involvement of internal forensic specialists in the fraud risk assessment procedures;
- Assessing significant estimates made by management for bias; and
- Testing operating effectiveness of controls around the procurement and tendering process.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council’s website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

Use of our report

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

Signed by:

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Peter Latham
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
Gatwick, UK

27 March 2026
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements and
notes to the financial
statements

Consolidated profit and loss account
For the year ended 31 December 2025

	Note	Statutory 2025 £m	Underlying 2024 £m	Exceptional (note 3) 2024 £m	Statutory 2024 £m
Group turnover:					
Group and share of joint ventures and associates		2,564.5	2,399.6	-	2,399.6
Less share of turnover of joint ventures and associates		(75.9)	(103.3)	-	(103.3)
Group statutory turnover	2	2,488.6	2,296.3	-	2,296.3
Cost of sales		(2,175.1)	(2,030.2)	-	(2,030.2)
Gross profit		313.5	266.1	-	266.1
Administrative expenses		(286.1)	(240.2)	(28.8)	(269.0)
Net (deficit)/surplus on revaluation of investment properties		(1.9)	1.5	-	1.5
Net deficit on revaluation of buildings		(0.3)	(0.2)	-	(0.2)
Group operating profit/(loss)	4	25.2	27.2	(28.8)	(1.6)
Share of post-tax loss from joint ventures and associates	12	(8.6)	(10.2)	-	(10.2)
Group statutory operating profit/(loss): Group and share of joint ventures and associates		16.6	17.0	(28.8)	(11.8)
Analysed between:					
Total operating profit/(loss) before interest and tax		25.7	25.8	(28.8)	(3.0)
Net interest payable – joint ventures and associates		(7.9)	(9.6)	-	(9.6)
Tax – joint ventures and associates		(1.2)	0.8	-	0.8
Interest receivable	7	14.9	16.0	-	16.0
Interest payable and similar charges	7	(2.3)	(1.6)	-	(1.6)
Group statutory profit/(loss) before tax		29.2	31.4	(28.8)	2.6
Tax on profit/(loss)	8	(12.9)	(9.2)	7.3	(1.9)
Group profit/(loss) for the financial year		16.3	22.2	(21.5)	0.7

The above results have been derived from continuing operations.

Financial statements

Consolidated statement of comprehensive income/(expense)

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Group profit for the financial year		16.3	0.7
Remeasurement of net defined benefit pension liability	25	(0.2)	(4.8)
Tax relating to remeasurement of net defined benefit pension liability	25	0.1	1.2
Other comprehensive expense for the year		(0.1)	(3.6)
Total comprehensive income/(expense) for the year		16.2	(2.9)

The profit and total comprehensive income/(expense) for the financial years set out above is all attributable to equity shareholders of the company.

Consolidated balance sheet

At 31 December 2025

	Note	2025 £m	2024 £m
Fixed assets			
Intangible assets	9	50.8	55.1
Tangible assets – land and buildings	10	14.6	42.5
Tangible assets – assets other than land and buildings	11	35.7	34.0
Investments in joint ventures and associates	12	86.4	103.0
Other investments	12	0.3	0.3
		187.8	234.9
Current assets			
Stocks	13	80.3	68.7
Debtors			
– due within one year	14	411.4	453.1
– due after one year	14	51.4	90.1
		462.8	543.2
Cash at bank and in hand	15	263.3	195.6
		806.4	807.5
Creditors: amounts falling due within one year	16	(744.8)	(803.1)
Net current assets		61.6	4.4
Total assets less current liabilities		249.4	239.3
Creditors: amounts falling due after more than one year	17	(43.5)	(31.3)
Provisions for liabilities			
Contract and other provisions and recoveries	18	(55.8)	(53.2)
Deferred tax	19	(0.2)	(6.2)
Pension	25	(0.1)	(0.1)
Net assets		149.8	148.5
Capital and reserves			
Called up share capital	21	12.3	12.3
Share premium account	21	1.0	1.0
Capital redemption reserve	21	19.9	19.9
Profit and loss account	21	116.6	115.3
Shareholders' funds		149.8	148.5

The notes on pages 120 to 151 form part of these financial statements.

The financial statements of Wates Group Limited (registered number 01824828) were approved by the Board of Directors on 27 March 2026 and signed on its behalf by:



T. A. D. Wates
Chairman



P. M. Wainwright
Chief Financial Officer

Company balance sheet

At 31 December 2025

	Note	2025 £m	2024 £m
Fixed assets			
Tangible assets – land and buildings	10	2.1	-
Investments	12	95.3	92.5
		97.4	92.5
Current assets			
Stocks	13	25.0	21.6
Debtors			
– due within one year	14	101.5	161.4
– due after one year	14	2.7	2.2
		104.2	163.6
Cash at bank and in hand		113.5	62.3
		242.7	247.5
Creditors: amounts falling due within one year	16	(255.1)	(244.7)
Net current (liabilities)/assets		(12.4)	2.8
Total assets less current liabilities		85.0	95.3
Net assets		85.0	95.3
Capital and reserves			
Called up share capital	21	12.3	12.3
Share premium account	21	1.0	1.0
Capital redemption reserve	21	19.9	19.9
Profit and loss account	21	51.8	62.1
Shareholders' funds		85.0	95.3

The notes on pages 120 to 151 form part of these financial statements.

The profit for the financial year dealt with in the financial statements of the parent company was £4.8m (2024: £22.7m). This includes dividends received from subsidiaries and joint ventures of £4.0m (2024: £25.2m).

The financial statements of Wates Group Limited (registered number 01824828) were approved by the Board of Directors on 27 March 2026 and signed on its behalf by:

Tim Wates

T. A. D. Wates
Chairman

P. M. Wainwright

P. M. Wainwright
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Note	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
At 31 December 2023		12.3	1.0	19.9	137.1	170.3
Profit for the financial year		-	-	-	0.7	0.7
Remeasurement of net defined benefit pension liability		-	-	-	(4.8)	(4.8)
Tax relating to remeasurement of net defined benefit pension liability		-	-	-	1.2	1.2
Total comprehensive expense		-	-	-	(2.9)	(2.9)
Dividends declared on equity shares	21	-	-	-	(18.9)	(18.9)
At 31 December 2024		12.3	1.0	19.9	115.3	148.5
Profit for the financial year		-	-	-	16.3	16.3
Remeasurement of net defined benefit pension liability		-	-	-	(0.2)	(0.2)
Tax relating to remeasurement of net defined benefit pension liability		-	-	-	0.1	0.1
Total comprehensive income		-	-	-	16.2	16.2
Dividends declared on equity shares	21	-	-	-	(15.1)	(15.1)
Movements relating to share-based payments		-	-	-	0.2	0.2
At 31 December 2025		12.3	1.0	19.9	116.6	149.8

Company statement of changes in equity

For the year ended 31 December 2025

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
At 31 December 2023	12.3	1.0	19.9	58.3	91.5
Total comprehensive income	-	-	-	22.7	22.7
Dividends declared on equity shares	-	-	-	(18.9)	(18.9)
At 31 December 2024	12.3	1.0	19.9	62.1	95.3
Total comprehensive income	-	-	-	4.8	4.8
Dividends declared on equity shares	-	-	-	(15.1)	(15.1)
At 31 December 2025	12.3	1.0	19.9	51.8	85.0

The total comprehensive income of the company for each of the two years ended 31 December is its profit for those financial years.

Consolidated cash flow statement

For the year ended 31 December 2025

	Note	2025 £m	2024 £m
Net cash inflow from operating activities	22	58.1	83.8
Cash flows from investing activities			
Purchase of tangible fixed assets	10 and 11	(11.9)	(8.3)
Proceeds from sale of tangible fixed assets		25.0	-
Loans provided to joint ventures		(67.8)	(61.1)
Loans repaid by joint ventures		77.5	77.2
Acquisition of subsidiaries (net of cash acquired)		(10.2)	(14.4)
Net cash inflow/(outflow) from investing activities		12.6	(6.6)
Cash flows from financing activities			
Equity dividends paid	21	(15.1)	(18.9)
Bank loans borrowed	17	15.0	-
Finance lease obligations paid		(2.9)	(0.7)
Net cash outflow from financing activities		(3.0)	(19.6)
Net increase in cash and cash equivalents		67.7	57.6
Cash and cash equivalents at the beginning of the year		195.6	138.0
Cash and cash equivalents at the end of the year	15	263.3	195.6

Notes to the financial statements

1. Accounting policies

The principal accounting policies, which have all been applied consistently throughout the year and the preceding year, are set out below.

i) General information and basis of accounting

Wates Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 65. The nature of the Group's operations and its principal activities are set out in the Strategic report.

These financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties and buildings, in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wates Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Wates Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial

statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions.

In accordance with Section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the company. However, the profits for the year and the prior year have been disclosed with the company balance sheet.

ii) Adoption of amendments to FRS 102

At the reporting period end date of these financial statements, there were a number of amendments to FRS 102 that have been published but which were not yet effective. These include:

- a new model for revenue recognition which is broadly aligned to IFRS 15: Revenue from contracts with customers
- on balance sheet accounting for leases which is broadly aligned to IFRS 16: Leases
- other amendments including to fair value measurement, business combinations and intangible assets

These amendments will become mandatory for the Group's accounting period beginning 1 January 2026 as the Group has not adopted any of these amendments early. On transition, the Group intends to apply several practical expedients, to streamline initial implementation and ongoing accounting.

The Group has performed an assessment of the amendments to the standard, identifying the following areas of impact:

Revenue

The revised standard introduces a single, comprehensive five-step model for the recognition of revenue from contracts with customers.

Key impacts for the Group include:

- Contract cost: for certain larger projects, the Group will recognise an asset for 'costs of fulfilling a contract' on transition. This asset will be amortised to match the pattern of transfer of goods and services to the customer. This is expected to defer revenue in line with the percentage-of-completion method based on costs incurred relative to total forecast costs, resulting in a deferral of profit margin.
- Multiple performance obligations: a limited number of contracts will require revenue to be allocated across more than one performance obligation.
- Variable consideration: revenue relating to variable consideration will be deferred until it becomes highly probable that the amount recognised will not reverse. Under the existing standard, such amounts are recognised when considered probable and a reliable estimate can be made.

These changes will not affect the Group's cash flows.

Leases

The amendments remove the distinction between operating and finance leases, resulting in most leases being recognised on the balance sheet.

Key impacts for the Group include:

- Recognition of a lease liability, measured at the discounted value of future lease payments, and a corresponding right-of-use asset. The majority of the Group's operating lease commitments, which totalled £34.8m at 31 December 2025 (see note 24 to the financial statements for further information), will be brought onto the balance sheet.
- Operating lease expenses currently recognised in operating costs will be replaced by depreciation on right-of-use assets, and interest expense on lease liabilities.
- Exemptions are expected to apply for short-term leases and leases of low-value assets.

Other amendments

No material impact is anticipated.

iii) Basis of consolidation

The consolidated financial statements include the financial statements of Wates Group Limited and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Business combinations are accounted for under the purchase method. The cost of the business combination is measured at the aggregate of the fair values of assets given and liabilities incurred or assumed by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

Contingent consideration is included in the cost of the combination at the acquisition date if additional payments are probable and can be measured reliably. The liability is measured at the present value of the estimated future payments using a discount rate reflecting conditions at the acquisition date.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the transition to FRS 102 on 1 January 2014.

iv) Going concern

The activities of the Wates Group, along with the factors that may affect its future performance and position are set out in the Directors' report.

As at 31 December 2025, the Group had net cash of £248m, direct access to £100m of its undrawn bank facilities through the Revolving Credit Facility and a 2026 forecast that is underpinned by a strong forward order book. Additionally, the Group's wholly owned subsidiary, Wates Property Services (Holdings)

Limited, also has its own separate £25m Revolving Credit Facility. The two available facilities were entered into during 2025 and provide cash resilience through the assessed going concern period. The Directors regularly review the working capital requirements and financial resilience of the Group as part of reviewing scenarios that test a range of sensitivities to future performance.

The Directors have reviewed the forecast performance of the Group based on their current expectations about the future. This expectation draws on management's understanding of each sector that the Group operates in and anticipates a continuation of the current level of activity across the Group. Turnover levels are forecast to continue to increase throughout 2026. Within these forecasts, a significant proportion of the Group's revenue is already secured.

The Group has prepared a cash flow forecast for 12 months from the date of approval of these financial statements and the Group considers it has sufficient cash reserves to continue trading, whilst meeting the financial covenants set within both its own, and its wholly owned subsidiary's revolving credit facilities.

In addition, the Group has considered a number of potential downside sensitivities of varying impact and duration. Some reasonable possible downside sensitivities include: a collapse or exclusion from a significant framework, a failure to win sufficient work to fulfil the budget, a cyber-attack event, a geopolitical event leading to prolonged high inflation, an issue with land recoverability and further building remediation claims. These sensitivities do not take account of any potential mitigations available to alleviate the impact on cash flow. In assessing going concern the Group has derived a severe but plausible downside scenario based on a combination of the above

Notes to the financial statements

sensitivities, paired with inherent mitigations to test the resilience of the Groups cash flow forecast. While the cash flow impact of this scenario is materially different to the current forecast, the Group’s forecast and reasonable severe but plausible downside scenario indicate that it would be able to continue trading for a period of at least 12 months from the date of approval of the financial statements.

After making enquiries and considering the factors and sensitivities outlined above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

v) Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary course of business. The fair value of consideration takes into account trade discounts, settlement discounts, volume rebates and other fees receivable.

When cash flows are deferred and represent a financing arrangement the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and a nominal amount received is recognised as interest income.

Turnover excludes the value of intra-group transactions and value added tax.

The Group’s share of turnover of joint ventures and associates is disclosed separately in the consolidated profit and loss account.

Construction contracts

Turnover represents the value of work done on contracting activities, which is recognised on a percentage of completion basis with reference to costs incurred to date as a proportion of forecast total costs. Further detail is provided in note 1 (xvii) to the financial statements.

Rendering of services

Turnover is recognised as the service is performed. For contracts that are delivered as a service and when the services performed are an indeterminate number of acts over a specified period of time (for example for services such as responsive maintenance and facilities management), revenue is recognised on a straight-line basis. For responsive maintenance contracts where the contract can be split into individual separable projects (and revenue can be directly attributed to that project), each project is accounted for on a percentage completion basis with reference to costs incurred to date as a proportion of forecast total costs.

Sale of land or services to promote land

Turnover is recognised on the sale of land or services to promote land on which unconditional exchange of contracts has taken place within the year.

Sale of residential and development properties

Turnover is recognised on the sale of residential properties and development properties that are legally completed within the year.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term.

vi) Pre-contract costs

Pre-contract costs include direct internal and external costs associated with tendering and design activities. Costs on construction contracts are written off to the profit and loss account up until the point it is probable that the Group will be awarded the contract, at which point they are capitalised. Capitalised costs are assessed for impairment at each reporting date. For certain large multi-year frameworks, pre-contract costs are capitalised when it is sufficiently probable that the contract will be obtained.

vii) Exceptional items

Section 5 of FRS 102 requires material items to be separately disclosed in a way that enables the users of the financial statements to understand the entity’s financial performance. These items are commonly referred to as ‘exceptional’ items. In order to provide users with a clear and consistent presentation of the underlying financial performance of the Group, it has separately identified items that are considered to be exceptional because of their size and non-recurring nature.

viii) Research and development

Research and development costs are written off as incurred.

ix) Interest receivable and payable

Interest receivable comprises interest on cash balances held in bank accounts and invested in liquidity funds, on loans to joint ventures, on loans to shareholders, from the unwinding of the discount from nominal to present day value of trade receivables on extended terms and interest on retirement benefit obligations. Interest payable comprises interest payable on bank loans, finance charges in respect of finance leases and interest on retirement benefit obligations. Interest receivable and payable are recognised in the profit and loss account as they accrue.

x) Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration given on the acquisition of subsidiary undertakings and businesses and the Group’s interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is written off on a straight line basis over its useful economic life. This is assessed individually for each acquisition taking into account the period over which the Group expects to realise the synergies from the combination. Provision is made for any impairment.

Other intangible assets

Intangible assets acquired on the acquisition of subsidiary undertakings and businesses are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the fair value of the asset can be measured reliably. Other intangible assets are written off on a straight-line basis over their useful economic life. Provision is made for any impairment.

Intangible assets are amortised over their useful economic life as follows:

Goodwill	20 years
Contracts on acquisition	9 years

xi) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets that are in use, other than freehold land and investment properties and buildings.

Freehold land is held at historic cost, net of any provision for impairment.

Investment properties and buildings are measured at fair value annually with any change recognised in the profit and loss account.

Long leasehold land and buildings are initially measured at cost and subsequently using the revaluation model, whereby assets are carried at fair value at the date of revaluation less any subsequent depreciation

and impairment. Revaluations are performed with sufficient regularity to ensure that carrying amounts do not differ materially from fair value. Increases in value are credited to a revaluation reserve through other comprehensive income, unless reversing a previous decrease charged to profit or loss. Decreases in value are charged to profit or loss unless offset against a previous revaluation surplus. Depreciation is charged on long leasehold land and buildings as follows:

Long leasehold land	period of lease
Long leasehold buildings	over 50 years

Depreciation is provided on other tangible fixed assets, in equal annual instalments over the estimated useful lives of the assets so as to write off cost less estimated residual values over the following periods:

Leasehold improvements	shorter of estimated useful economic life or period of lease
Plant and equipment	1 to 10 years
Long leasehold buildings	2 to 10 years

Business systems software is capitalised as a tangible fixed asset as the software is considered to be an integral part of management’s intended use for the related hardware.

Assets in the course of construction are not depreciated.

Notes to the financial statements

xii) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price.

Non-current debt instruments, which meet the conditions set out in paragraph 11.9 of FRS 102, are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year and which meet the above conditions are initially measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Investments

Equity loans and unquoted investments are stated at cost less impairment.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs. Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company’s option. Dividends on preference share capital classified as equity are recognised as an appropriation of profits.

xiii) Joint ventures and associates

A joint venture is a jointly controlled entity in which the Group holds a long-term interest with one or more other parties where a contractual arrangement has established joint control over the entity. An associate is an undertaking in which the Group has a long-term interest, usually from 20 per cent to 50 per cent of the equity voting rights and over which it exercises significant influence.

In the Group financial statements, investments in joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are initially recognised at the transaction price (including transaction costs), including advances, and are subsequently adjusted to reflect the Group’s share of the profit or loss and other comprehensive income of the joint venture or associate. Goodwill arising on the acquisition of joint ventures or associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures or associates.

Where the Group trades with a joint venture or associate, the proportion of turnover and costs in respect of the proportion of the joint venture or associate owned by the Group is deferred on consolidation. Such turnover and costs are recognised when the assets purchased by the joint venture are sold by it.

The deferred balance is deducted from the value of the investment in the joint venture or associate.

In the company’s financial statements, investments, including those in joint ventures and associates, are accounted for at cost less impairment.

xiv) Cash at bank and in hand

Cash at bank and in hand is represented by cash at bank and in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

xv) Stocks

Stocks are stated at the lower of cost, including attributable overheads, and estimated selling price less costs to sell, which is equivalent to net realisable value.

Stocks include freehold land and option and promotion agreements. Freehold land is recorded at cost. Options are initially recorded at cost, which includes consideration and any premiums paid for control as well as all relevant third-party expenditure pursuing planning. Work in progress on promotion agreements comprises direct fees and all relevant third-party expenditure on external labour costs incurred in investigating, designing, master planning, obtaining planning permission and ultimately securing sales agreements for land

on behalf of landowners. The carrying value of all stocks and work in progress is also subject to an annual impairment review to ensure the carrying cost remains at or below net realisable value (which is estimated future selling price less costs to sell) and, where appropriate to reverse any previously made impairments that are no longer required. The satisfaction of promotion agreements is largely dependent upon the grant of planning consent; therefore, management assess the likelihood of attaining these consents when assessing their carrying values.

xvi) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account immediately.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part.

Where indicators exist for a decrease in impairment loss on assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment is reversed to the extent that the

revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset’s carrying amount and the estimated value of the future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset’s carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

xvii) Contracts

The principal estimation technique used by the Group in attributing profit on contracts to a particular accounting period is the preparation of forecasts on a contract-by-contract basis. These focus on costs to completion and enable an assessment to be made of the final outturn on each contract. Consistent contract review procedures are in place in respect of contract forecasting.

Profit on contracts are considered on a contract-by-contract basis and only recognised when the Group is satisfied that the risks on a contract have been mitigated to a suitable level so that the forecast profit can be measured reliably. Contingencies are held on contracts to address unmitigated risks and as not all risks are mitigated until contracts have been successfully delivered, a contingency is not released until the underlying risk is appropriately

reduced or mitigated. Losses incurred to the accounting date, together with any further losses that are foreseen in bringing contracts to completion, are recognised immediately and in full.

As certain agreements can run over a considerable number of years and cover a number of individual separable projects, these agreements are treated as a number of individual projects. Each individual project then follows the Group accounting policies for the type of activity being delivered.

Variations and claims are recognised once there is sufficient certainty over the probability that they will be received and the amount to be received can be measured reliably.

Amounts recoverable on contracts which are included in debtors are stated at cost, plus attributable profit, to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments. Costs for this purpose include valuation of all work done by subcontractors, whether certified or not, and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

Notes to the financial statements

xviii) Residential developments

Residential development is carried out by the Group and its joint ventures. For residential development, profits are recognised on a site-by-site basis by reference to the expected final result for each site. The site margin is calculated by comparing forecast final sales to forecast total costs. The profit recognised per plot is based on the latest forecast site margin, with total costs allocated to all plots, both those that have already sold and those that will be sold in the future. In any given period, where there is a change in forecast site margin, any adjustment to profit recognised to date is reflected in that period, by reference to actual plot sales to date.

xix) Tax

Current tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences, with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been announced, enacted or substantively enacted by the balance sheet date. The tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to settle on a net basis.

Research and development credits receivable are included in operating profit and are taxed within current tax. Current tax is then paid net of research and development credits receivable.

xx) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

xxi) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

xxii) Retirement benefits

The Group historically operated a defined benefit pension scheme, the Wates Pension Fund, providing benefits based on pensionable pay, which was closed to future accrual and new entrants. On 1 October 2024, the scheme ceased to have active members. During the prior year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara Pensions. On 31 December 2024, the Group recognised the impact of the bulk transfer agreement which facilitated the transfer of the defined benefit assets and liabilities from the Wates Pension Fund to Clara Pensions. The transfer completed on 14 January 2025.

For the defined benefit scheme, the amounts charged to operating profit are current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit and loss and included within net interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

The assets of the defined benefit scheme are held separately from those of the Group in trustee administered funds. Scheme assets were historically measured at fair value and liabilities measured on an actuarial basis using a projected unit method. Following the transfer, a small reserve is held within the fund to deal with any additional liabilities that may arise once Clara Pensions has completed GMP equalisation and a data rectification exercise.

In the ordinary course of business, the Group sometimes transfers employees (TUPE) and takes on obligations relating to local government pension schemes. Sufficient information is not available for the Group to use defined benefit accounting for these schemes so the Group accounts for them as defined contribution plans.

The Group also operates defined contribution schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

xxiii) Provisions and recoveries

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. Provisions are presented at the present value of the best estimate of the consideration required to settle the obligation present at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When the Group expects some or all of a provision in respect of a contract to be reimbursed, for example, under an insurance contract or a contractual right to recourse from supply chain partners, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. A completed contract is deemed to be one where practical completion has taken place, the defect liability period has expired, all notified defects are signed off and any outstanding retentions have been received.

xxiv) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated at the rates of exchange at the balance sheet date. Exchange differences arising on the translation of opening net assets and on the results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in the profit and loss account in the period in which they arise.

xxv) Dividends

Interim dividends to the company's shareholders are recognised when paid and final dividends when approved for payment.

xxvi) Significant areas of judgement and uncertainty

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect items reported. Such estimates and assumptions are based on management's best knowledge of current facts, circumstances and future events. Actual results may differ, possibly significantly, from those estimates.

Critical judgements

The Group considers that there are no critical judgements that will have a significant effect on amounts recognised in the financial statements.

Estimates

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

The most critical accounting policies and significant areas of estimation are those that would have a material impact on reported assets or liabilities. These arise from the accounting for contracts, assessments of the carrying value of residential land and development assets and the recognition of provisions, contingencies and reimbursement assets.

Notes to the financial statements

a) Accounting for contracts

Contract accounting requires estimates to be made for contract costs and income. In many cases, these contractual obligations span more than one financial period. Also, the costs and income may be affected by a number of uncertainties that depend on the outcome of future events and may need to be revised as events unfold and uncertainties are resolved.

Management bases its estimation of costs and income and its assessment of the expected outcome of each contractual obligation on the latest available information. This includes detailed contract valuations, forecasts of the costs to complete, variations and claims with customers and progress against agreed programme of works. The reliable estimates of the contract position, reflecting both the forecasted costs and the forecasted revenue on each contract, and the profit or loss earned to date are updated regularly and significant changes are highlighted through established internal reporting and review procedures. The impact of any change in the accounting estimates is then reflected in the financial statements.

In deriving a reliable estimate, revenue is recognised to the extent that amounts forecast from variations, claims and potential damages are agreed or considered, in management's judgement, probable to be agreed. The Group's five largest unagreed variations and claims positions as at 31 December 2025 related to contracts with an overall contract value of £503.4m, which have contributed total contract revenue in the year of £114.9m. In relation to these contracts, the Group has included probable estimated recoveries with a combined value of £44.0m.

There are a host of factors affecting potential outcomes in respect of these variations and claims on each contract, which could result in a range of reasonably possible outcomes. Management estimates that these factors, in aggregate, could lead to a reasonably possible outcome ranging from upside of circa +100 per cent to downside of circa -30 per cent, relative to the estimated recovery of £44.0m reflected in these financial statements. In reality, it is highly unlikely that 100 per cent of the aggregate upside or -30 per cent of the downside would materialise, with upside on some contracts offset by downside on others in the portfolio.

b) Carrying value of residential land and development assets – see note 13 to the financial statements

The carrying value of the residential land and development assets of the Group and its joint ventures is supported by detailed viability reviews, which are updated regularly. These reviews include revenue and cost forecasts, variance analysis against previous periods and detailed explanations of those movements.

c) Provisions and recoveries – see notes 18 and 26 to the financial statements

In the event of the Group making a loss on a contract, provision is made for all losses that are foreseen in bringing the contract to completion.

Provisions are estimates and the actual cost and timing of future cash flows are dependent on future events. The Group exercises judgement in recognising provisions and the exposure to contingencies. Judgement is necessary to assess the likelihood that a liability will arise and to quantify the possible amount of any outflow of resources.

The inherent uncertainty of such matters means that actual amounts of transactions may differ materially from estimates made. Any difference between the amounts previously recognised and the actual amount is recognised immediately in the consolidated profit and loss account.

In considering whether recovery of costs from third parties, particularly insurers, are virtually certain and therefore recognisable as a separate reimbursement asset, it is necessary to assess contractual arrangements, insurance policies, formal correspondence with relevant parties, expert opinion and legal advice as to liability. In general, insurance recoveries are deemed to be virtually certain when a favourable legal liability report has been received from Legal Counsel.

2. Group statutory turnover

	2025 £m	2024 £m
Construction	1,219.7	1,272.9
SES	292.3	178.4
WPS	636.4	547.2
Residential	318.7	277.6
Land and Development	19.3	16.0
Needspace (now known as Wates Assets)	2.2	4.2
	2,488.6	2,296.3

	2025 £m	2024 £m
Construction contracts	2,005.7	1,938.0
Rendering of services	382.0	285.7
Sale of land and residential properties	98.7	68.4
Rental/licence fee income	2.2	4.2
	2,488.6	2,296.3

Group statutory turnover is within the United Kingdom.

3. Exceptional items

Group operating profit has been arrived at after recognising the following items that are considered to be exceptional because of their size and non-recurring nature:

	2025 £m	2024 £m
Curtailment loss in relation to closure of defined benefit fund to future accrual	-	1.6
Settlement loss in relation to bulk transfer of defined-benefit pension fund	-	21.2
Advisers fees and other costs in relation to the bulk transfer of defined benefit pension fund	-	6.0
	-	28.8

In 2024, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara Pensions, a pensions consolidation company for defined-benefit pension schemes.

The curtailment loss represented the increase in the FRS 102 liabilities of the Wates Pension Fund as a result of the closure of the fund to future accrual effective on 1 October 2024.

The settlement loss comprises an £18.7m contribution that was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of the transaction, as well as the value of the net pension asset.

The advisers fees were incurred during 2024 in relation to agreeing the bulk transfer of the defined benefit fund with Clara Pensions.

4. Group operating profit/(loss)

	2025 £m	2024 £m
This is stated after charging/(crediting):		
Amortisation of goodwill	4.4	3.7
Amortisation of other intangible assets	0.8	0.2
Auditors' remuneration*		
– audit of these financial statements	0.4	0.3
– audit of subsidiaries' financial statements	0.9	1.0
Cost of stock recognised as an expense	83.8	58.0
Charitable donations	1.9	1.8
Depreciation of tangible fixed assets		
(including loss on disposal of £0.6m (2024: £0.1m))	11.5	9.8
Hire of plant and machinery	6.1	7.6
Operating lease rentals	20.3	14.4
Share-based payment expense	0.3	-
Research and development credits	(11.4)	(12.3)
Research and development costs	53.0	51.2

* excludes fee payments made for the audit of joint ventures

5. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2025 Number	2024 Number
Operations	3,656	3,032
Administration	2,567	2,160
	6,223	5,192

The aggregate payroll costs for the Group were as follows:

	2025 £m	2024 £m
Wages and salaries	388.4	330.1
Social security costs	48.5	37.5
Other pension costs	35.2	52.7
	472.1	420.3

The pension operating cost for the year was £0.3m (2024: £23.4m) in respect of defined-benefit arrangements, including in relation to the pension settlement, and £34.9m (2024: £29.3m) in respect of defined-contribution arrangements. Further information on retirement benefits are included in note 1 (xxii) to the financial statements.

There are no employees of the company.

6. Directors remuneration

	2025 £m	2024 £m
Directors' emoluments:		
– executive and family directors	6.2	4.9
– non-executive directors	0.2	0.2
Amounts receivable under long-term incentive scheme	1.4	1.6
Contributions to money purchase pension schemes	0.1	0.1
	7.9	6.8

Five (2024: five) directors have benefits accruing under a money-purchase pension scheme.

	2025 £m	2024 £m
Highest paid director – emoluments	0.7	0.7
– amounts receivable under long-term incentive scheme	0.8	0.6

7. Net interest receivable

	2025 £m	2024 £m
Interest receivable		
Bank interest	5.2	3.0
Other interest	9.7	12.9
Net interest on defined benefit pension liability	-	0.1
Interest receivable	14.9	16.0
Interest payable and similar charges		
Bank charges	1.1	1.1
Finance charges in respect of finance leases	0.7	0.3
Other interest	0.5	0.2
Interest payable and similar charges	2.3	1.6

Other interest receivable includes amounts from joint ventures of £7.0m (2024: £8.5m) which is also included within interest payable by joint ventures disclosed on the face of the consolidated profit and loss account.

8. Tax on profit/(loss)

a) Analysis of the charge in the year

	2025 £m	2024 £m
Current tax		
UK corporation tax on the profit/(loss) for the year	7.2	-
Adjustments in respect of prior years	3.2	1.1
Total current tax	10.4	1.1
Deferred tax		
Origination and reversal of timing differences	4.5	0.5
Adjustments in respect of prior years	(2.0)	0.3
Total deferred tax	2.5	0.8
Total tax on profit/(loss)	12.9	1.9

During the year beginning 1 January 2026, the net reversal of deferred tax assets is not expected to increase the corporation tax charge for the year significantly as the net reversal will be offset by lower current tax in respect of timing differences. There is no expiry date on timing differences.

Pillar Two income taxes legislation has been enacted in the UK with effect from 1 January 2024. The Group is within the scope of Pillar Two so has performed an assessment of its potential exposure to Pillar Two top-up income taxes in the UK. Based on the assessment, the Group does not expect a

material exposure to Pillar Two top-up taxes so no provision has been made.

b) Factors affecting the total tax charge for the year

The total tax charge for the year is higher (2024: higher) than the standard rate of corporation tax in the UK of 25 per cent (2024: 25 per cent). The differences are explained below:

	2025 £m	2024 £m
Group profit before tax	29.2	2.6
Group profit at the standard rate of corporation tax in the UK of 25 per cent (2024: 25 per cent)	7.3	0.7
Effects of:		
Permanent disallowable costs	2.6	1.0
Unrecognised deferred tax	1.5	(2.1)
Adjustments in respect of prior years	1.2	1.5
Tax impact of joint ventures	0.3	0.8
Group total tax charge for the year	12.9	1.9

9. Intangible assets

Group	Goodwill £m	Contracts on acquisition £m	Group total £m
Cost at:			
At 1 January 2025	89.3	7.1	96.4
Additions*	0.9	-	0.9
At 31 December 2025	90.2	7.1	97.3
Amortisation:			
At 1 January 2025	41.1	0.2	41.3
Provided during the year	4.4	0.8	5.2
At 31 December 2025	45.5	1.0	46.5
Net book value:			
At 31 December 2025	44.7	6.1	50.8
At 31 December 2024	48.2	6.9	55.1

* During the year, the provisional opening net assets of Liberty Group were amended following the identification of acquisition-related accounting entries that were incomplete at the prior period end date. Consequently, additional items have been added to the carrying amount of goodwill.

The net book value of goodwill at 31 December 2025 includes amounts and remaining amortisation periods in relation to the following acquisitions:

Acquisition	Remaining amortisation period	Net book value of goodwill
Wates Property Services Limited	5.4 years	£7.4m
Purchase Group	8.9 years	£3.7m
Parts of the Shepherd Group	9.8 years	£16.6m
Liberty Group	18.8 years	£17.0m

The company had no intangible fixed assets at 31 December 2025 (2024: £nil).

10. Tangible fixed assets: land and buildings

Group	Freehold land £m	Investment properties - freehold £m	Buildings £m	Long leasehold land and buildings £m	Group total £m
Valuation or cost:					
At 1 January 2025	-	39.6	2.9	-	42.5
Additions	2.2	-	-	-	2.2
Revaluations	-	(1.9)	(0.3)	-	(2.2)
Transfers	-	-	(1.0)	1.0	-
Disposals	-	(27.9)	-	-	(27.9)
At 31 December 2025	2.2	9.8	1.6	1.0	14.6
Net book amounts:					
At 31 December 2025	2.2	9.8	1.6	1.0	14.6
At 31 December 2024	-	39.6	2.9	-	42.5

The annual valuation of investment properties is carried out by an independent chartered surveyor (at least once every three years) or by a director of a subsidiary of the Group, who is a chartered surveyor, to the required standard for such valuations. The property portfolio was valued on an income approach taking into consideration an average net operating profit capitalised at a market driven yield which ranged from 7.5 per cent – 9.5 per cent (2024: 8.3 per cent – 12.0 per cent), less normal purchasers’ acquisition costs. Assumptions on which the valuations have been based include, but are not limited to, matters such as tenure and tenancy details, ground conditions and the structural condition of the properties, prevailing market yields and comparable market transactions. Investment

properties, which are all freehold, were revalued at 31 December 2025 to a fair value of £9.8m, based on a valuation undertaken by a director of a subsidiary of the Group, who is a chartered surveyor. The cost of investment properties at 31 December 2025 was £14.5m (2024: £42.0m).

Buildings include part of one of the investment properties that is leased by a subsidiary of the Group for a lease term of five years. The building was revalued at 31 December 2025 to a fair value of £1.6m. The cost of the building at 31 December 2025 was £2.6m (2024: £2.6m).

The long leasehold property was previously reported within Buildings. This year it has been separately presented. The long leasehold property was revalued at 25 March 2025 to a fair value of £1.0m

(2024: £1.0m), based on a valuation undertaken by an independent valuer. The cost of the building at 31 December 2025 was £0.4m (2024: £0.4m).

At the balance sheet date, the Group had contracted with licence and lease holders regarding provision of flexible office space, studios and managed workspace for minimum payments due within one year of £0.6m (2024: £1.1m), due over one year up to five years of £1.2m (2024: £2.6m) and due after five years of £nil (2024: £0.1m). Contracts include licence agreements which are generally issued on a three month minimum term basis, rolling monthly thereafter.

Company	Freehold land £m
Valuation or cost:	
At 1 January 2025	-
Additions	2.1
At 31 December 2025	2.1
Net book amounts:	
At 31 December 2025	2.1
At 31 December 2024	-

11. Tangible fixed assets: assets other than land and buildings

Group	Leasehold Improvements £m	Plant and equipment £m	Business systems software £m	Group total £m
Valuation or cost:				
At 1 January 2025	16.9	36.5	42.6	96.0
Additions	2.0	6.7	4.6	13.3
Disposals	(1.1)	(9.6)	(10.1)	(20.8)
At 31 December 2025	17.8	33.6	37.1	88.5
Depreciation:				
At 1 January 2025	12.7	18.4	30.8	61.9
Provided during the year	2.3	4.8	3.8	10.9
Disposals	(1.1)	(8.8)	(10.1)	(20.0)
At 31 December 2025	13.9	14.4	24.5	52.8
Net book amounts:				
At 31 December 2025	3.9	19.2	12.6	35.7
At 31 December 2024	4.2	18.1	11.7	34.0

Other tangible fixed assets are stated at cost less depreciation.

Plant and equipment with a net carrying value of £12.9m (2024: £12.0m) is held under finance leases.

Business systems software as at 31 December 2025 included assets in the course of construction of £7.4m (2024: £1.5m).

The company had no tangible fixed assets – assets other than land and buildings at 31 December 2025 (2024: £nil).

12. Joint ventures and associates and other investments

Group	Joint ventures £m	Associates £m	Total joint ventures and associates £m	Equity loans £m
At 1 January 2025	102.9	0.1	103.0	0.3
Additions	68.9	-	68.9	-
Repayments	(77.5)	-	(77.5)	-
Deferred income	0.6	-	0.6	-
Share of loss	(8.6)	-	(8.6)	-
At 31 December 2025	86.3	0.1	86.4	0.3

The investment in joint ventures includes loans amounting to £64.8m (2024: £76.4m). Repayments include dividends received from joint ventures and associates of £4.0m (2024: £4.0m).

The Group holds the following interests in the ordinary share capital of the following companies:

	Interest	Registered office
Barratt Wates (East Grinstead) Limited *	50.0%	Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire LE67 1UF
Barratt Wates (East Grinstead) No. 2 Limited	50.0%	
Barratt Wates (Horley) Limited *	21.5%	
Barratt Wates (Lindfield) Limited *	50.0%	
Barratt Wates (Worthing) Limited *	50.0%	
DWH/Wates (Thame) Limited *	50.0%	
Berkshire Land Limited	33.3%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY
Linden (Basingstoke) Limited	50.0%	
Linden Wates (Barrow Gurney) Limited	50.0%	
Linden Wates (Bricket Wood) Limited	50.0%	
Linden Wates (Cranleigh) Limited *	50.0%	
Linden Wates Developments (Chichester) Limited *	50.0%	
Linden Wates Developments (Folders Meadow) Limited *	50.0%	
Linden Wates (Dorking) Limited *	50.0%	
Linden Wates (Kempshott) Limited *	50.0%	
Linden Wates (Lovedean) Limited *	50.0%	
Linden Wates (Ravenscourt Park) Limited *	50.0%	
Linden Wates (Ridgewood) Limited *	50.0%	
Linden Wates (The Frythe) Limited *	50.0%	
Linden Wates (Westbury) Limited	50.0%	
Linden Wates (West Hampstead) Limited *	50.0%	
Vistry Wates Nominee Limited	50.0%	
HSDP Nominee Limited	50.0%	Wates House, Station Approach, Leatherhead, Surrey KT22 7SW
HWR Nominee Limited	50.0%	
Miller Wates (Bracklesham) Limited *	50.0%	2 Centro Place, Pride Park, Derby, Derbyshire DE24 8RF
Miller Wates (Chalgrove) Limited *	50.0%	
Miller Wates (Didcot) Limited *	50.0%	
Miller Wates (Southwater) Limited *	50.0%	
Miller Wates (Wallingford) Limited *	50.0%	

* Owned directly by Wates Group Limited

The Group holds the following interests in limited liability partnerships:

	Interest	Registered office
Harrow Strategic Development Partnership LLP	50.0%	Wates House, Station Approach, Leatherhead, Surrey KT22 7SW
Havering and Wates Regeneration LLP	50.0%	
HSDP Byron Quarter LLP	50.0%	
HWR Phase 1 Stage 1 LLP	50.0%	
HWR Phase 1 Stage 2 LLP	50.0%	
HWR Phase 1 Demo Stages 3-10 LLP	50.0%	
Signature Wates Residential LLP	50.0%	
Laurus Living Space LLP	50.0%	Sale Point, 126-150 Washway Road, Sale, Manchester M33 6AG
Linden (Battersea Bridge Road) LLP *	50.0%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY
Linden Wates (Horsham) LLP *	50.0%	
Linden Wates (Ringwood) LLP *	50.0%	
Linden Wates (Royston) LLP	50.0%	
Linden Wates (Salisbury) LLP *	50.0%	
Linden Wates (Walberton) LLP	50.0%	
Vistry Wates (Buckingham) LLP	50.0%	
Vistry Wates Finance LLP	50.0%	
Vistry Wates Holdings LLP *	50.0%	
Vistry Wates (Leybourne) LLP	50.0%	
Vistry Wates (Tenterden) LLP	50.0%	
Vistry Wates (Walshes) LLP	50.0%	
Miller Wates (Oakley) LLP	50.0%	2 Centro Place, Pride Park, Derby, Derbyshire DE24 8RF
Miller Wates (Farnham) LLP	50.0%	

* Owned directly by Wates Group Limited

Associates

The Group holds the following interests in the ordinary share capital of the following companies:

	Interest	Registered office
Countrywise Repairs Limited	49.0%	Monson House, Monson Way, Tunbridge Wells, Kent TN11 1LQ
QSH Propco Limited	15.0%	1934 The Yard, Exploration Drive, Leicester LE4 5JD
Quality Social Housing Management Limited	15.0%	

Equity loans

These comprise amounts advanced to homebuyers to assist in their purchase of the Group’s residential properties under equity share schemes. The loans, with a cost of £0.3m (2024: £0.3m), are repayable,

together with a share in the capital appreciation, when the underlying property is sold. Loans with a cost of £0.1m (2024: £0.1m) are interest free and loans with a cost of £0.2m (2024: £0.2m) were interest free

until 2016 when a fee of 1.75 per cent became receivable, rising annually by the Retail Price Index plus 1 per cent.

12. Joint ventures and associates and other investments (continued)

Company	Shares in Group undertakings £m	Interests in joint ventures £m	Total £m
Company			
At 1 January 2025	52.0	40.5	92.5
Transfer from Wates Developments Limited	-	15.3	15.3
Additions	-	35.6	35.6
Repayments	-	(48.1)	(48.1)
At 31 December 2025	52.0	43.3	95.3

The cost of shares in Group undertakings is £71.7m (2024: £71.7m). The value of shares in Group undertakings of £52.0m (2024: £52.0m) is net of cumulative impairments of £19.7m (2024: £19.7m).

On 27 July 2025, Wates Developments Limited transferred its interest in Vistry Wates (Walshes) LLP to Wates Group Limited at cost.

The interest in joint ventures includes loans amounting to £43.3m (2024: £40.4m). Repayments include dividends received from joint ventures of £4.0m (2024: £4.0m). Dividends received are credited to the Profit and loss account on receipt.

For the year ended 31 December 2025, the following subsidiaries of the company were entitled to exemption from audit of individual company financial statements under Section 479A of the Companies Act 2006:

- Needspace? Limited (Company number 05438910)
- Wates Group Services Limited (Company number 00340931)
- Wates Limited (Company number 03599183)
- Wates Residential Development Limited (Company number 13458441)
- Wates Residential Limited (Company number 13453218)
- Wates Smartspace Limited (Company number 13482045)
- Wates (WR) Limited (Company number 11735213)

A list of the Group's subsidiary undertakings is set out on page 152.

13. Stocks

Group	2025 £m	2024 £m
Raw materials and consumables	0.3	0.3
Residential land and work in progress under development	80.0	68.4
	80.3	68.7

Group residential land and work in progress under development includes costs associated with performance obligations arising from option and promotion agreements in respect of land of £16.1m (2024: £14.2m).

Company	2025 £m	2024 £m
Residential land and work in progress under development	25.0	21.6

Company residential land and work in progress under development does not include any costs associated with performance obligations arising from option and promotion agreements in respect of land (2024: £nil).

14. Debtors

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Amounts falling due within one year				
Trade debtors	162.0	190.9	-	-
Amounts recoverable on contracts	163.0	198.3	-	-
Insurance reimbursement asset	17.3	10.3	-	-
Amounts owed by subsidiary undertakings	-	-	100.7	160.9
Amounts owed by joint ventures and associates	8.9	4.7	-	-
Deferred tax asset (note 19)	-	3.6	0.1	-
Corporation tax receivable *	23.9	21.7	-	-
Other debtors	4.2	6.4	-	-
Prepayments and accrued income	32.1	17.2	0.7	0.5
	411.4	453.1	101.5	161.4
Amounts falling due after one year				
Trade debtors	1.1	28.3	-	-
Amounts recoverable on contracts	33.4	37.6	-	-
Amounts owed by joint ventures and associates	1.6	-	-	-
Insurance reimbursement asset	12.8	14.3	-	-
Deferred tax asset (note 19)	-	8.0	0.2	0.3
Corporation tax receivable *	0.4	0.4	0.4	0.4
Other debtors	1.3	1.3	1.3	1.3
Prepayments and accrued income	0.8	0.2	0.8	0.2
	51.4	90.1	2.7	2.2
	462.8	543.2	104.2	163.6

* Corporation tax receivable includes research and development credits receivable of £18.3m (2024: £17.3m).

15. Cash at bank and in hand

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Cash at bank and in hand	263.3	195.6	113.5	62.3

Included within Group cash is £3.7m (2024: £13.2m) held in construction project bank accounts for future payment to designated suppliers.

The Group and Company do not hold any cash equivalents.

The year-end net cash position (being cash excluding cash held in joint ventures, net of bank loans excluding arrangement fees) at year end is £248.3m (2024: £195.6m).

Notes to the financial statements

16. Creditors: amounts falling due within one year

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Advance payments on account of contracts	226.8	221.0	-	-
Trade creditors	97.3	101.8	-	-
Amounts owed to subsidiary undertakings	-	-	230.4	209.6
Amounts owed to joint ventures	25.4	23.8	23.8	23.8
Other taxes and social security	60.6	80.6	-	-
Other creditors	3.4	4.2	-	-
Obligations under finance leases	1.9	1.8	-	-
Accruals	322.1	364.5	0.9	11.3
Deferred income	7.3	5.4	-	-
	744.8	803.1	255.1	244.7

The Group has in place revolving credit facilities of £125m, which expire in December 2028 and are extendable for a further two years. The revolving credit facilities are unsecured. The Group has remained compliant with the covenants throughout the period up to the date of this report.

17. Creditors: amounts falling due after more than one year

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Bank loans	14.7	-	-	-
Obligations under finance leases	9.3	8.7	-	-
Accruals	19.5	22.3	-	-
Deferred income	-	0.3	-	-
	43.5	31.3	-	-

The Group has a term loan of £15m, which is repayable in December 2028. Bank loans at 31 December 2025 are disclosed net of unamortised arrangement fees of £0.3m (2024: £nil).

The maturity of bank loans is as follows:

	2025 £m	2024 £m
Between two and five years	15.0	-

18. Contract and other provisions and recoveries

Group	Building remediation £m	Other £m	Total £m
At 1 January 2025	42.8	10.4	53.2
Utilised during the year	(17.5)	(1.2)	(18.7)
Charged to profit and loss account	25.8	0.1	25.9
Credited to profit and loss account	(2.6)	(2.0)	(4.6)
At 31 December 2025	48.5	7.3	55.8

Provisions arise predominantly in respect of remediation works on construction projects. Other provisions include for onerous contracts and potential legal claims.

In making the building remediation provisions, the directors have established that a contractual or constructive obligation exists at the balance sheet date and compiled an estimate of costs to complete the associated works. While the amount of the provision recorded has been reliably estimated, until all costs are final, the directors consider the estimated future cash outflow of £48.5m to be appropriate.

Some of these obligations are likely to crystallise more than one year but within four years after the balance sheet date.

The Group holds insurance policies or has sought recoveries from supply chain partner insurers to mitigate these liabilities. These are recognised as separate assets when the reimbursement is virtually certain. The directors consider the probable cash inflow to range from £30.1m to £35.6m while the amount recognised as virtually certain at the balance sheet date is £30.1m (see note 14 to the financial statements). During the year £4.7m of insurance

recoveries have been credited to the profit and loss account in respect of remediation works for which provisions had been made.

Where the unavoidable costs of a contract exceed the economic benefit expected to be received from it a provision for onerous contract losses is recognised. Onerous contracts losses are expected to crystallise over the next year.

19. Deferred tax

	Group £m	Company £m
At 1 January 2025	5.4	0.3
Acquisition of subsidiaries *	(3.2)	-
Charged to profit and loss account	(2.5)	-
Credited to other comprehensive income	0.1	-
At 31 December 2025	(0.2)	0.3

* During the year, the provisional deferred tax assets and liabilities of the Liberty Group were amended following the identification of acquisition-related accounting entries that were incomplete at the prior period end date.

Notes to the financial statements

19. Deferred tax (continued)

Deferred tax is provided as follows:

Group	2025 £m	2024 £m
Accelerated capital allowances	(2.6)	(1.8)
Other timing differences including tax losses	2.4	7.2
	(0.2)	5.4

Company	2025 £m	2024 £m
Other timing differences including tax losses	0.3	0.3

In the current year, deferred tax assets and deferred tax liabilities have been offset as they relate to corporate income taxes levied by the same taxation authority. The prior year has not been restated as management do not deem this to impact the users of the financial statements. The deferred tax assets and deferred tax liabilities are analysed in the table below.

Group	2025 £m	2024 £m
Deferred tax asset under one year	5.5	3.6
Deferred tax asset over one year	2.6	8.0
Deferred tax liability under one year	(5.3)	(4.7)
Deferred tax liability over one year	(3.0)	(1.5)
	(0.2)	5.4

Company	2025 £m	2024 £m
Deferred tax asset under one year (note 14)	0.1	-
Deferred tax asset over one year (note 14)	0.2	0.3
	0.3	0.3

20. Financial instruments

The carrying values of the Group's financial assets and liabilities, other than those measured at the undiscounted amount receivable or payable, are summarised by category below:

Group	2025 £m	2024 £m
Financial assets		
Debt instruments measured at amortised cost		
• Loans receivable from joint ventures (notes 12 and 14)	66.4	76.4
Equity instruments measured at cost less impairment		
• Equity loans (note 12)	0.3	0.3
Financial liabilities		
Measured at amortised cost		
• Loans payable (note 17)	14.7	-
• Obligations under finance leases (notes 16 and 17)	11.2	10.5
Interest income and expense		
Total interest income for financial assets at amortised cost	7.0	8.5
Total interest expense for financial liabilities at amortised cost	1.2	1.1
Total interest expense for other financial liabilities	0.7	0.4

21. Called up share capital and reserves

	2025 Number	2025 £000s	2024 Number	2024 £000s
Issued and fully paid:				
A ordinary shares of £1 each	323,854	324	323,854	324
B ordinary shares of £1 each	323,854	324	323,854	324
C ordinary shares of £1 each	323,854	324	323,854	324
A second ordinary shares of £0.0277 each	60	-	60	-
B second ordinary shares of £0.0277 each	60	-	60	-
C second ordinary shares of £0.0277 each	60	-	60	-
Non-voting second preference shares of £1 each	2,500,000	2,500	2,500,000	2,500
Non-voting A preference shares of £1 each	2,914,677	2,914	2,914,677	2,914
Non-voting B preference shares of £1 each	2,914,677	2,914	2,914,677	2,914
Non-voting C preference shares of £1 each	2,914,677	2,914	2,914,677	2,914
Index linked non-voting A shares of £1 each	20,750	21	20,750	21
Index linked non-voting B shares of £1 each	20,750	21	20,750	21
Index linked non-voting C shares of £1 each	20,750	21	20,750	21
	12,278,023	12,277	12,278,023	12,277

This Share capital values are shown in £000s rather than £m.

21. Called up share capital and reserves (continued)

Ordinary and second ordinary shares, which carry the rights to receive notice, attend and vote at general meetings of the company, are entitled to dividends declared after the payment of index linked share dividends, preference and second preference share dividends.

Dividends on all shares are declared at the discretion of the directors. The priority of dividends other than ordinary dividends is as follows:

1. Firstly, index linked shareholders ('index shareholders') are entitled to annual non-cumulative preferential dividends being the greater of the preceding such dividend and an amount of £4.82 per share indexed using the Retail Price Index since September 2007;

2. Secondly, preference shareholders are entitled to biannual fixed non-cumulative dividends, the first at the rate of 17 per cent per annum and the second at a rate of 17 per cent per annum subject to minimum profit levels on the amount paid up and in issue regarding these shares;
3. Thirdly, second preference shareholders are entitled to fixed non-cumulative dividends at the rate of 7.5 per cent per annum on the amount paid up and in issue regarding these shares.

On a return of capital on a winding-up of the company, assets available for distribution shall be applied firstly to repaying the index shareholders, secondly to repaying the preference shareholders, thirdly to repaying the second preference shareholders, fourthly to repaying the second ordinary shareholders and fifthly to repaying the ordinary shareholders.

The A, B and C preference, ordinary and second ordinary shares are treated as separate classes of shares regarding further issues and transfers and, in the case of ordinary and second ordinary shares only, proceedings at general meetings.

The Group and company's reserves are as follows:

- The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.
- The capital redemption reserve contains the amounts transferred following repurchase and redemption of the company's shares.

The profit and loss account reserve represents cumulative profits and losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

The following dividends were paid by the Group and company:

	2025 £m	2024 £m
Ordinary shares	9.8	15.2
Preference shares	4.4	3.0
Second preference shares	0.3	0.2
Index linked shares	0.6	0.5
	15.1	18.9

As noted above, all classes of shares, except the second preference shares, are divided into A, B and C sub-classes with any dividends equally divided between them.

22. Reconciliation of Group operating profit/(loss) to cash generated by operations

	2025 £m	2024 £m
Group statutory operating profit/(loss) including joint ventures and associates	16.6	(11.8)
Adjustments for:		
Amortisation of intangible assets	5.2	3.9
Depreciation of tangible assets	10.9	9.7
Loss on disposal of fixed assets	0.6	0.1
Decrease/(increase) in fair value of investment properties	1.9	(1.5)
Decrease in fair value of buildings	0.3	0.2
Share of post-tax loss from joint ventures and associates	8.6	10.2
Defined benefit pension curtailment and settlement losses	-	22.8
Share-based payment expense	0.2	-
Movements in working capital:		
Increase in stocks	(11.6)	(26.8)
Decrease/(increase) in debtors	73.1	(37.6)
(Decrease)/increase in creditors	(53.9)	148.8
Increase/(decrease) in provisions	(3.4)	(18.0)
Cash generated from operations before adjustment for pension funding	48.5	100.0
Adjustment for defined benefit pension funding excluding settlement	-	(12.4)
Adjustment for defined benefit pension settlement funding	-	(18.7)
Cash generated from operations	48.5	68.9
Interest received	12.4	11.8
Interest paid	(2.1)	(0.1)
Corporation tax (paid)/received	(0.7)	3.2
Net cash inflow from operating activities	58.1	83.8

23. Group net cash reconciliation

	1 January 2025 £m	Cash flows £m	New finance leases £m	31 December 2025 £m
Cash at bank and in hand	195.6	67.7	-	263.3
Bank loans (excluding arrangement fees *)	-	(15.0)	-	(15.0)
Obligations under finance leases	(10.5)	2.9	(3.6)	(11.2)
Group net cash	185.1	55.6	(3.6)	237.1

* Bank loans are disclosed before the deduction of unamortised arrangement fees of £0.3m (2024: £nil).

Notes to the financial statements

24. Lease commitments

	2025 £m	2024 £m
Group total future minimum leases payments under finance leases are as follows:		
Within one year	1.9	1.8
Between one and five years	9.2	8.5
After five years	0.1	0.3
	2025 £m	2024 £m
Group total future minimum leases payments under non-cancellable operating leases are as follows:		
Within one year	16.4	11.8
Between one and five years	18.3	19.9
After five years	0.1	-

25. Pension schemes

The Group historically operated a defined benefit pension scheme, the Wates Pension Fund, providing benefits based on pensionable pay, which was closed to future accrual and new entrants. On 1 October 2024, the Wates Pension Fund ceased to have active members. During the prior year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara Pensions, a pensions consolidation company for defined benefit pension schemes. On 31 December 2024, the Group recognised the

impact of the bulk transfer agreement which facilitated the transfer of the defined benefit assets and liabilities from the Wates Pension Fund to Clara Pensions. A one-off contribution of £18.7m was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of the transaction. The transfer completed on 14 January 2025, leaving a small reserve within the fund to deal with any additional liabilities that may arise once Clara Pensions has completed GMP equalisation and a data rectification exercise.

The remaining assets of the defined benefit scheme are held separately from those of the Group in trustee administered funds.

Subsidiaries of the Group participate in a defined benefit scheme accounted for on a defined contribution basis (see note 1(xxii) to the financial statements).

The Group also operates personal pension schemes providing benefits on a defined contribution basis.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2025	2024
Discount rate	n/a	5.50%
Rate of price inflation	n/a	3.10%
Rate of pension increase	n/a	2.35%

Weighted average life expectancy for mortality tables used to determine benefit obligations at year end	2025 Years	2024 Years
Male member age 65 (current life expectancy)	n/a	22.0
Female member age 65 (current life expectancy)	n/a	24.6
Male member age 45 (life expectancy at age 65)	n/a	23.3
Female member age 45 (life expectancy at age 65)	n/a	26.0

Components of pension cost

	2025 £m	2024 £m
Recognised in the profit and loss account:		
Current service cost	-	0.4
Curtailment loss due to closure of the fund to future accrual	-	1.6
Settlement loss due to the bulk transfer of the fund	-	21.2
Net interest credit	-	(0.1)
	-	23.1
Recognised in other comprehensive expense	0.2	4.8
Total cost relating to defined benefit scheme	0.2	27.9

Analysis of deferred tax recognised in other comprehensive expense

	2025 £m	2024 £m
Tax credit relating to remeasurement of net defined benefit liability	(0.1)	(1.2)
Total tax credit relating to other comprehensive expense	(0.1)	(1.2)

The amount included in the balance sheet arising from the Group's obligations in respect of the scheme is as follows:

	2025 £m	2024 £m
Present value of defined benefit obligations	(2.0)	(184.8)
Fair value of scheme assets	1.9	184.7
Net liability recognised in the balance sheet	(0.1)	(0.1)

	2025 £m	2024 £m
Movements in the present value of defined benefit obligations:		
At 1 January	184.8	202.3
Service cost	-	0.4
Curtailment loss due to closure of the fund to future accrual	-	1.6
Settlement of liabilities	(182.9)	-
Interest cost	0.1	9.0
Actuarial gain	-	(19.5)
Benefits paid	-	(9.0)
At 31 December	2.0	184.8

Notes to the financial statements

25. Pension schemes (continued)

	2025 £m	2024 £m
Movements in the fair value of scheme assets:		
At 1 January	184.7	198.5
Interest income	0.1	9.1
Settlement of assets	(182.9)	-
Actual return less interest on scheme assets	(0.2)	(24.2)
Employer contribution	0.2	31.5
Benefits paid	-	(9.0)
Settlement loss due to the bulk transfer of the fund	-	(21.2)
At 31 December	1.9	184.7

The analysis of the Group’s scheme assets at the balance sheet date is as follows:

	2025	2024
Major categories of scheme assets as a percentage of the fair value of total scheme assets:		
Equity securities	-	10.3%
Debt securities	-	77.5%
Cash and cash equivalents	100.0%	10.3%
Other	-	1.9%
	100.0%	100.0%

Scheme assets at 31 December 2024 included £22.6m of illiquid investments, being 12.2% of the total fair value of scheme assets.

26. Contingencies

There are claims arising in the normal course of trading that are in the process of negotiation. In some cases, these negotiations may be protracted over several years. Provision has been made for all amounts that the directors consider will become payable on account of claims. There are contingent liabilities in respect of guarantees and other agreements entered into in the normal course of business.

The Group continues to assess and analyse the impact of the Building Safety Act (BSA). The impact of the BSA gives rise to potential liabilities for remediation costs on residential buildings over 11 metres high constructed during the 30-year period to 30 June 2022. We formally

joined the Responsible Actors Scheme during 2023 for projects where we have acted as a Residential Developer, but it is important to note that the Group’s development activities of residential buildings over 11 metres during this extended period was limited.

Since the BSA came into force we have been notified of 17 claims / potential claims. Some of these have had remediation works recently commenced or completed. Many are in the investigation stage, where we are awaiting expert reports and assessments as required. A number of notifications have not resulted in an outflow of resources or have been settled with minimal net expenditure after taking into account insurance

recoveries. However, during 2025, an increased provision was booked in respect of some of these claims (see note 18 to the financial statements).

Net provisions of £23.2m were charged in 2025 in respect of building remediation costs. These were partially offset by insurance reimbursement assets recognised during the year. See note 18 to the financial statements on provisions and recoveries for further information.

There continues to be a degree of uncertainty around potential claims, and it is not possible to quantify the future impact on the Group’s financial position at this time. The Board is continuing to closely monitor developments.

27. Related parties

Turnover in respect of the value of contracting work done for, land sold to and fees received from joint ventures in the year ended 31 December 2025 was £9.0m (2024: £1.0m).

Amounts were due to the Group from joint ventures and associates at 31 December 2025 of £75.5m (2024: £81.1m). Additionally, at 31 December 2025, the Group owed joint ventures £25.4m (2024: £23.8m). Interest at market rates is receivable/(payable) in respect of loans, which are unsecured, due from/(to) joint ventures.

Myriad CEG Group Limited (‘Myriad’) is controlled by the company’s shareholders and hence is a related party. The company has guaranteed the bank overdraft of a subsidiary held by Myriad in the amount of £0.2m (2024: £0.3m) and in turn has received a counter guarantee from members of the Wates family.

On 10 September 2020, loans to shareholders were granted such that at 31 December 2025; £0.5m (2024: £0.5m) was due from Sir James G.M Wates, a shareholder and director of the company, to the company; £0.3m (2024: £0.3m) was due from Jonathan G.M. Wates, a shareholder and director of the company, to the company; £0.3m (2024: £0.3m) was due from Timothy A.D. Wates, a shareholder and director of the company, to the company; and £0.3m (2024: £0.3m) was due from Andrew E.P. Wates, a director of the company, to the company. All loans are repayable in September 2027. The outstanding amounts represent the full amounts of the loans. Interest on the loans is charged at the higher of the official rate for beneficial loans arrangements as set by HMRC of 2.25 per cent and 2.5 per cent. Interest accrues

daily and is payable annually in arrears on each anniversary of the date on which the loan is borrowed.

On 1 January 2026, a new family holding company, 1260 Family Holdings Limited, became the ultimate parent company of Wates Group Limited. The previous Wates Group Limited shareholders now retain their ownership via this holding company.

During its normal course of business, a Group subsidiary, Wates Developments Limited, entered into a promotion agreement for a site with Andrew T. A. Wates, who is a shareholder of the company, and his wife Sarah, in July 2016. The initial contract will last for 10 years and an initial amount of £0.1m was paid. Wates Developments Limited will be paid a promotion fee of 20 per cent, being 20 per cent of the net sale proceeds received by Andrew T. A. Wates and his wife Sarah, if it successfully achieves planning on the site within 10 years. The promotion is extendable for 10 years on payment of an additional fee. During 2019, Wates Developments Limited bought a piece of land adjacent to the site. If the promotion contract between Andrew T. A. Wates and his wife Sarah expires, Andrew T. A. Wates and his wife, Sarah, can purchase this piece of land at cost plus interest at 2 per cent above the base rate.

During its normal course of business, a Group subsidiary, Wates Developments Limited, entered into a promotion agreement for a site with Michael E. Wates, who is a shareholder of the company, and his wife Caroline, in August 2020. The initial contract will last for 10 years and an initial amount of £0.1m was paid. Wates Developments Limited will be paid a promotion fee

of 20 per cent, being 20 per cent of the net sale proceeds received by Michael E. Wates and his wife Caroline, if it successfully achieves planning on the site within 10 years. The promotion is extendable for 10 years on payment of an additional fee.

On 12 June 2025, a Group subsidiary, Wates Developments Ltd entered into a contract with Miller Wates (Farnham) LLP, a joint venture in which the company holds a 50% interest, to receive a fee of £6,450,000 in respect of the abandonment of an option agreement for land in Farnham. As at 31 December 2025, £2,875,000 remained outstanding. Payments are due from the joint venture as follows: £1,150,000 in June 2026 and £1,725,000 in June 2027.

On 12 June 2025, a Group subsidiary, Wates Developments Ltd entered into an agreement with Miller Homes Ltd, the joint venture partner of Miller Wates (Farnham) LLP, to procure an alternative biodiversity net gain (“BNG”) solution for land in Farnham. On securing an alternative solution, the company earned a fee of £486,000 plus cost recovery of £196,000 in respect of savings achieved versus the cost of the original BNG solution.

Key management personnel includes all statutory directors of the company and of the Executive Committee. In February 2025, certain Directors were issued growth shares in Wates Property Services (Holdings) Limited, a subsidiary of Wates Construction Limited. The total remuneration for key management personnel for the year was £20.8m (2024: £20.8m) including dividends received of £5.4m (2024: £7.8m).

28. Alternative performance measures

The performance of the Group is assessed using a variety of performance measures, including alternative performance measures (APM) which are presented to provide users with additional financial information that is regularly reviewed by management. The following APMs are referred to throughout the report.

Group turnover including the Group's share of joint ventures' and associates' turnover	2025 £m	2024 £m
Group statutory turnover	2,488.6	2,296.3
Share of turnover of joint ventures and associates	75.9	103.3
Group turnover	2,564.5	2,399.6

Operating profit/(loss) excluding the Group's share of joint ventures' and associates' interest and tax	2025 £m	2024 £m
Group statutory operating profit/(loss): Group and share of joint ventures and associates	16.6	(11.8)
Share of net interest payable of joint ventures and associates	7.9	9.6
Share of tax of joint ventures and associates	1.2	(0.8)
Statutory operating profit/(loss) *	25.7	(3.0)

* Also referred to as Total operating profit/(loss) before interest and tax on the face of the Consolidated profit and loss account within the Statutory column

Operating profit/(loss) excluding the Group's share of joint ventures' and associates' interest and tax before exceptional items	2025 £m	2024 £m
Group statutory operating profit/(loss): Group and share of joint ventures and associates	16.6	(11.8)
Share of net interest payable of joint ventures and associates	7.9	9.6
Share of tax of joint ventures and associates	1.2	(0.8)
Exceptional administrative expenses	-	28.8
Underlying operating profit *	25.7	25.8

* Also referred to as Total operating profit/(loss) before interest and tax on the face of the Consolidated profit and loss account within the Underlying column

Underlying operating profit margin calculated as total operating profit before interest and tax divided by total Group turnover	2025	2024
Underlying operating profit margin	1.0%	1.1%

The performance of the Group's joint ventures and associates is as follows:

Share of post-tax loss from joint ventures and associates	2025 £m	2024 £m
Turnover	75.9	103.3
Operating profit/(loss)	0.5	(1.4)
Interest	(7.9)	(9.6)
Loss before tax	(7.4)	(11.0)
Tax	(1.2)	0.8
Loss after tax	(8.6)	(10.2)

These APMs are not defined under FRS 102 and therefore may not be directly comparable with similarly identified measures used by other entities. They are not intended to be a substitute for, or superior to, FRS 102 measures.

29. Post balance sheet events

On 1 January 2026, 2.5m second preference shares of £1 each were redeemed for a consideration equal to par value. In order to maintain the capital of the company, an amount equal to the par value of the shares will be transferred to the Capital redemption reserve with an offsetting reduction in the Profit and loss account.

Subsidiary undertakings

At 31 December 2025

Except where otherwise stated:

- All subsidiary undertakings are incorporated in the United Kingdom and registered in England and Wales;
- The registered office of all subsidiary undertakings is Wates House, Station Approach, Leatherhead, Surrey KT22 7SW;
- The Wates Group Limited interest is 100 per cent of the issued share capital of the subsidiary undertakings listed below included in the consolidated financial statements.

Subsidiary undertaking

10 St Bride Street Limited *
Booth Mechanical Services Limited
Booth Securities Limited
Brooks and Rivers Limited
City West Works Limited
Danesdale (Pebble Drive) Limited
G Purchase Construction Limited
GW 217 Limited
Liberate Training and Apprenticeships Academy Limited
Liberty Energy Limited
Liberty Gas Group Limited
Liberty Group Investments Limited
Liberty R and M Limited
Needspace? Limited *
Netzero Collective Limited
Purchase Group Limited
Purchase Home Improvements Limited
Purchase Homes Limited
Purchase Support Limited

QED Education Environments Limited *
Relocation and Inventory Services Limited
SES Engineering (Holdings) Limited *
SES (Engineering Services) Limited
Stageselect Limited *
Station Approach Holdings Limited (formerly known as Wates FM Limited) *
Third Wates Investments Limited ##
Wates Amenity Lands Limited
Wates Built Homes (Blakes) Limited
Wates Built Homes (London) Limited
Wates Built Homes Limited
Wates Built Homes (Retirement) Limited
Wates Built Homes (Southern) Limited
Wates Construction International LLC (incorporated in Abu Dhabi; ownership interest 49%; registered office – Sultan International Holdings, 20th Floor, Sheikh Sultan Bin Hamdan Building, Corniche PO Box 3486, Abu Dhabi, United Arab Emirates) #
Wates Construction Limited *
Wates Construction Services Limited
Wates (Crowborough) Limited
Wates Developments Limited *
Wates Financial Services Limited ##
Wates Fit Out Limited
Wates Group Properties Limited
Wates Group Services Limited *
Wates Healthcare Trustee Company Limited
Wates Homes (Bracknell) Limited
Wates Homes (Cambridge) Limited
Wates Homes (Chichester) Limited
Wates Homes (Farnham Common) Limited ##
Wates Homes Limited (formerly known as Wates Homes (Odiham) Limited)

Wates Homes (Oakley) Limited
Wates Homes (Wallingford) Limited
Wates Homes (Warsash) Limited
Wates Interiors Limited
Wates Lancewood Estates Limited *
Wates Limited *
Wates Maintenance Services Limited
Wates Nominees Limited
Wates Pension Trustee Company Limited
Wates PFI Investments Limited
Wates PFI Investments (Projects) Limited
Wates PFI Investments (QED) Limited
Wates Property Services (Holdings) Limited: ownership interest 98.2%
Wates Property Services Limited
Wates Regeneration (Coventry) Limited
Wates Regeneration (South Acton) Limited ##
Wates Regeneration (Tavy Bridge) Limited
Wates Residential Limited *
Wates Residential Construction Limited
Wates Residential Development Limited
Wates Second Land Limited
Wates Smartspace Limited *
Wates Staff Trustees Limited
Wates Surrey (Holdings) Ltd
Wates Surrey One Limited
Wates Surrey Two Limited (formerly known as Wates Homes Limited) ##
Wates (Walberton) Limited *
Wates (WR) Limited
WBH (Financial Services) Limited ##
Woodside Lands Estates Limited
Woodside Lands Limited
Woodside Lands Management Limited

* Owned directly by Wates Group Limited
Liquidated on 9 January 2025
Dissolved during 2025

The consolidated income and expenditure, assets and liabilities and cash flows of the subsidiary undertakings of the Group include the Group's shares of the following unincorporated jointly controlled assets:

	Interest	Registered office
Linden Wates (St. Albans)	50.0%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY

Group five-year summary

	2021 £m	2022 £m	2023 £m	2024* £m	2025* £m
Profit and loss account					
Group turnover including share of joint ventures' and associates' turnover	1,626	1,894	2,183	2,400	2,565
Group statutory turnover	1,522	1,787	2,102	2,296	2,489
Operating profit/(loss) excluding share of joint ventures' and associates' interest and tax	35.3	36.2	44.6	(3.0)	25.7
Underlying operating profit excluding share of joint ventures' and associates' interest and tax *	35.3	36.2	44.6	25.8	25.7
Underlying Group profit before tax *	31.2	31.5	44.9	31.4	29.2
Group statutory profit before tax	31.2	31.5	44.9	2.6	29.2
Balance sheet					
Net assets	166.8	162.3	170.3	148.5	149.8

* In order to provide users with a clear and consistent presentation of the underlying performance of the Group, the 2024 figures separately identified items that were considered to be exceptional because of their size and non-recurring nature. The exceptional items were excluded from the underlying data presented in the table above.



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We would like to thank all our colleagues
who featured in this report.