

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-41642

Knife River Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

92-1008893
(I.R.S. Employer Identification No.)

1150 West Century Avenue
P.O. Box 5568
Bismarck, North Dakota 58506-5568
(Address of principal executive offices)
(Zip Code)
(701) 530-1400
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--------------------------------|--------------------------|--|
| Common Stock, \$0.01 par value | KNF | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No .

State the aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 30, 2025: \$4,626,062,431.

Indicate the number of shares outstanding of the registrant's common stock, as of February 12, 2026: 56,664,165 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Relevant portions of the registrant's 2026 Proxy Statement, to be filed no later than 120 days from December 31, 2025, are incorporated by reference in Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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The following abbreviations and acronyms used in this Form 10-K are defined below:

Abbreviation or Acronym

| | |
|-------------------------|---|
| Adjusted EBITDA | EBITDA adjusted to exclude unrealized gains and losses on benefit plan investments, stock-based compensation, impact of selling acquired inventory after markup to fair value as part of acquisition accounting and one-time Separation costs, a non-GAAP financial metric |
| Adjusted EBITDA Margin | Adjusted EBITDA divided by revenue, a non-GAAP financial metric |
| Agency | Publicly-funded work completed for federal and state departments of transportation, as well as cities and counties |
| Annual Report | Annual Report on Form 10-K for the year ended December, 31 2025 |
| ASC | FASB Accounting Standards Codification |
| ASU | FASB Accounting Standards Update |
| Centennial | Centennial Energy Holdings, Inc., a direct wholly owned subsidiary of MDU Resources and the direct parent company of Knife River prior to the Separation |
| CERCLA | Comprehensive Environmental Response, Compensation and Liability Act |
| Company or Knife River | Knife River Corporation |
| CyROC | Cyber Risk Oversight Committee |
| Distribution | The distribution of approximately 90 percent of the outstanding shares of Knife River common stock to MDU Resources stockholders on a pro rata basis of one share of Knife River common stock for every four shares held of MDU Resources common stock |
| DGCL | Delaware General Corporation Law |
| Dodd-Frank Act | Dodd-Frank Wall Street Reform and Consumer Protection Act |
| DOT | Department of Transportation |
| EBITDA | Earnings before interest, taxes, depreciation, depletion and amortization, a non-GAAP financial metric |
| EBITDA Margin | EBITDA divided by revenue, a non-GAAP financial metric |
| EDGE | "Competitive EDGE" strategy implemented by the Company designed to improve margins and to execute on other strategic initiatives aimed at generating long-term profitable growth. The EDGE acronym stands for EBITDA Margin Improvement, Discipline, Growth and Excellence. |
| EEO | Federal Equal Employment Opportunity laws in the United States |
| EIN | Employer Identification Number |
| EPA | United States Environmental Protection Agency |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FASB | Financial Accounting Standards Board |
| FIP | Funding improvement plan |
| GAAP | Accounting principles generally accepted in the United States of America |
| GHG | Greenhouse gas |
| Item 8 | Financial Statements and Supplementary Data |
| IIJA | Infrastructure Investment and Jobs Act |
| Knife River Corporation | The holding company established in conjunction with the Separation and, prior to the Separation, an indirect wholly owned subsidiary of MDU Resources |
| Knife River - Northwest | A direct wholly owned subsidiary of Knife River |
| MD&A | Management's Discussion and Analysis of Financial Condition and Results of Operations |
| MDU Resources | MDU Resources Group, Inc., the indirect parent company of Knife River prior to the Separation |
| MEPP | Multiemployer pension plan |
| PCAOB | Public Company Accounting and Oversight Board |

| | |
|--------------------|---|
| Proxy Statement | Company's 2026 Proxy Statement to be filed no later than April 30, 2026 |
| PRP | Potentially Responsible Party |
| RP | Rehabilitation plan |
| Sarbanes-Oxley Act | Federal act passed in 2002 to improve auditing and public disclosures in response to several accounting scandals in the early-2000s |
| SEC | United States Securities and Exchange Commission |
| Securities Act | Securities Act of 1933, as amended |
| Separation | The separation of Knife River from MDU Resources' other businesses and the creation of an independent, publicly traded company |
| SOFR | Secured Overnight Financing Rate |

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are all statements other than statements of historical fact, including without limitation those statements that are identified by the words "anticipates," "estimates," "expects," "intends," "plans," "predicts" and similar expressions, and include statements concerning plans, projections, objectives, goals, strategies, future events or performance, and underlying assumptions (many of which are based, in turn, upon further assumptions) and other statements that are other than statements of historical facts. From time to time, the Company ("we," "our," or "us") may publish or otherwise make available forward-looking statements of this nature, including statements related to its EDGE strategy implemented to improve margins and to execute on other strategic initiatives aimed at generating long-term profitable growth, shareholder value creation, expected long-term goals, expected backlog margin, acquisitions, financing plans, expected federal and state funding for infrastructure or other proposed strategies.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. Our expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Nonetheless, our expectations, beliefs or projections may not be achieved or accomplished and changes in such assumptions and factors could cause actual future results to differ materially.

Any forward-looking statement contained in this document speaks only as of the date on which the statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by law. New factors emerge from time to time, and it is not possible for management to predict all the factors, nor can it assess the effect of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by the risk factors and cautionary statements reported in the section entitled "Item 1A. Risk Factors" and subsequent filings with the SEC.

PART I

ITEM 1. BUSINESS

Overview

Knife River Corporation (referred to as we, our, us, the Company or Knife River) is an aggregates-based construction materials and contracting services provider in the United States. Our 1.3 billion tons of aggregate reserves provide the foundation for our vertically integrated business strategy, with approximately 35 percent of our aggregates in 2025 being used internally to support value-added downstream products (ready-mix concrete and asphalt) and contracting services (asphalt paving, heavy-civil construction, concrete construction, site development and grading services, and in some segments the manufacturing of prestressed concrete products). We are strategically focused on being the provider of choice in mid-size, higher-growth markets and are committed to our plan for continued growth and to delivering for our stakeholders—customers, communities, employees and stockholders—by executing on our Competitive EDGE initiatives and our four core values: People, Safety, Quality and the Environment.

Through our network of 208 active aggregate sites, 135 ready-mix plants, 55 asphalt plants and 9 liquid asphalt terminals, we supply construction materials and contracting services to customers across 14 states. Our construction materials are sold to public and private-sector customers, including federal, state and municipal governments, as well as industrial, commercial and residential developers and other private parties. Our contracting services are primarily provided to public-sector customers for the development and servicing of highways, local roads, bridges and other public-infrastructure projects.

We have broad access to high-quality aggregates in most of our markets, which forms the foundation of our vertically integrated business model. We share resources, including plants, equipment and people, across our various locations to maximize efficiency. We also transport our products by truck, rail and barge, depending on the particular market, to complete the vertical value chain. Our strategically located aggregate sites, ready-mix plants and asphalt plants, along with our fleet of ready-mix and dump trucks, enable us to better serve our customers. We believe our integrated and expansive business model is a strong competitive advantage that provides scale, efficiency and operational excellence for the benefit of customers, stockholders and the broader communities that we serve.

The Separation

On May 31, 2023, the Separation of Knife River from MDU Resources was completed as a tax-free spin-off for U.S. federal income tax purposes. Following the Distribution, Knife River became an independent, publicly traded company and its common stock is listed under the symbol “KNF” on the New York Stock Exchange.

Strata Corporation Acquisition

On March 7, 2025, we acquired Strata Corporation (Strata), a leading construction materials and contracting services provider in North Dakota and northwestern Minnesota. Strata is a vertically-integrated, aggregates-based company that added approximately 30 years of aggregate reserves, 24 ready-mix plants, three asphalt plants, a construction division and rail and trucking assets to our existing operations in our Central segment. The purchase price for Strata totaled \$454.0 million and was subject to post-closing adjustments. The results of operations and balance sheet accounts for Strata are included in the consolidated financial statements from the date of acquisition. For more information on the acquisition, see Item 8 - Note 3.

Business Segments

Our focus is on the vertical integration of our products and services by offering our customers a single source for construction materials and related contracting services. In January 2025, we made a change to our organizational structure to better align with our business strategy. We reorganized our business segments to reflect changes in the way our chief operating decision maker evaluates performance, makes operating decisions and allocates resources. Our former Pacific and Northwest operating segments were combined to form the new West operating segment. Our

former North Central and South operating segments were combined to form the new Central operating segment. The reorganization resulted in four operating segments: West, Mountain, Central and Energy Services, each of which is also a reportable segment. The prior year has been recast to conform to the current reportable segment presentation.

Our West, Mountain and Central segments are organized by geographic location and each offers a vertically integrated suite of products and services. Each of our geographic segments mines, processes and sells construction aggregates (crushed stone and sand and gravel); produces and sells asphalt; produces and sells ready-mix concrete as well as vertically integrating our contracting services to support our aggregate-based product lines. Contracting services include heavy-civil construction, asphalt and concrete paving, and site development and grading. Although not common to all locations, the geographic segments also sell cement, merchandise and other building materials and related services. The Energy Services segment, which has locations throughout our geographic footprint, produces and supplies liquid asphalt, primarily for use in asphalt road construction, and is a supplier to some of our other segments.

Additional details about each of the reportable segments as of and for the year ended December 31, 2025, is as follows:

| | West | Mountain | Central | Energy Services | Reportable Segment Totals |
|---|--|-----------------------------------|--|--|----------------------------------|
| States of Operation | Alaska, California, Hawaii, Oregon and Washington | Idaho, Montana and Wyoming | Iowa, Minnesota, North Dakota, South Dakota and Texas | California, Iowa, Nebraska, Oregon, South Dakota, Texas, Washington and Wyoming | |
| Aggregate Reserves (tons) | 705.1 million | 226.2 million | 372.8 million | — | 1.3 billion |
| Properties: | | | | | |
| Active Aggregate Sites ¹ | 71 | 35 | 102 | — | 208 |
| Ready-Mix Plants | 51 | 14 | 70 | — | 135 |
| Asphalt Plants | 18 | 15 | 22 | — | 55 |
| Revenue ² | \$1,210.1 million | \$644.0 million | \$1,004.8 million | \$338.0 million | \$3,196.9 million |
| Percent revenue by segment | 37% | 20% | 32% | 11% | 100% |
| Revenue Composition: | | | | | |
| Construction Materials | 67% | 42% | 61% | 100% | 63% |
| Contracting Services | 33% | 58% | 39% | —% | 37% |
| Public-Sector Services | 74% | 76% | 93% | —% | 81% |
| Private-Sector Services | 26% | 24% | 7% | —% | 19% |

1. Active aggregate sites are only those that meet the definition under SEC Regulation S-K Subpart 1300 and does not include 5 sites that are classified as exploration stage properties or project specific sites.
2. Revenues by segment are presented net of intrasegment revenues.

Business Strategy

Knife River is a leading aggregates-based construction materials and contracting services provider in the United States. We mine and process aggregates, produce and sell asphalt and ready-mix concrete, and provide related contracting services for both public infrastructure and private development projects. Headquartered in Bismarck, North Dakota, we operate across multiple regions in the Western United States, which allows us to benefit from diverse market conditions and varying construction cycles.

Our strategy is to maintain and grow a sustainable, profitable business by leveraging our vertical integration, strategic acquisition program and operational excellence. We strive to offer high-quality products and services while emphasizing safety, empowering our team members, being environmentally responsible and engaging with our local communities.

We believe our aggregates-based, vertically integrated business model—combined with our EDGE strategy and our footprint in mid-size, higher-growth markets—provides a clear competitive advantage in driving long-term, profitable growth. Our EDGE strategy is focused on four key strategic areas:

EBITDA Margin Improvement: Drive sustained Adjusted EBITDA margin expansion towards our long-term goal, through a combination of commercial and operational initiatives that optimize the benefits of our vertically integrated strategy.

Discipline: Maintain a strong balance sheet and disciplined allocation of capital to support long-term profitable growth and value creation.

Growth: Further strengthen our market position through organic and inorganic growth opportunities, with an emphasis on aggregate-based operations in mid-sized, higher-growth markets.

Excellence: Be best in class in all aspects of our business, providing ongoing, high-quality training at every level of the company that supports our core values, helps us better serve our customers and provide advancement opportunities for our team.

Since implementing the EDGE strategy in 2023, we have increased our Adjusted EBITDA margin, maintained a strong balance sheet, completed 11 acquisitions and drove excellence throughout the organization. For a discussion of Adjusted EBITDA and Adjusted EBITDA margin, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP Financial Measures.”

Industry

The United States construction materials industry is highly fragmented. Industry participants typically range from small, private companies to large publicly traded corporations that provide a broad suite of materials and services. Companies compete on a variety of factors, including price, service, quality, delivery time and proximity to the customer. However, limitations on the distance that materials can be transported efficiently results in primarily local or regional operations. Accordingly, the number and size of competitors varies by geography and product lines.

The United States construction materials industry serves a diverse customer base that includes federal, state and municipal governmental agencies, commercial and residential developers and private parties. The mix of customers varies by region and economic conditions.

The main factors and trends in the United States construction materials and related contracting services industry include:

- **Key economic factors.** Many factors affect product demand, including public spending on roads and infrastructure projects, general economic conditions, including population growth and employment levels, and prevailing interest rates.
- **Location and transportation.** Construction materials are expensive to transport due to their weight ratios, so they are generally produced and delivered locally or regionally. Access to well-positioned reserves is critical.
- **Vertical integration.** Market participants that operate a vertically integrated business model can access certain efficiencies that lead to reduced product costs and other benefits for customers, including greater reliability of supply.
- **Industry fragmentation.** There are thousands of construction materials producers and contracting services providers of varying scope and size. Market participants may enter new geographies or expand existing positions through the acquisition of existing facilities.
- **Seasonality.** Activity in certain areas is seasonal due to the effects of weather. Most of the production and sales of materials and related services in the northern United States occurs between May and October, in line with end market activity.
- **Cyclicality.** The demand for construction materials products and contracting services is significantly influenced by the cyclical nature of the economy.

- **Regulations.** Environmental and zoning approvals are often required for the development and expansion of facilities.
- **Production inputs.** Cost and availability of energy, labor and other inputs can vary over time based on macroeconomic factors and impact profitability of operations.

We participate in the following primary markets: aggregates, ready-mix concrete, asphalt, liquid asphalt and contracting services.

Aggregates

Aggregates, consisting of crushed stone and sand and gravel, are a natural, granular material engineered to various sizes and grades primarily for construction applications. Aggregates also are a major material component in the production of ready-mix concrete and asphalt. Aggregate sources can be found in relatively uniform sediments in certain regions of each state throughout the United States. Generally extracted through open pits at the surface of a site or produced by blasting hard rock from quarries, aggregates are then crushed and screened to customer needs.

The United States aggregates industry is highly fragmented, with many participants operating primarily in local and regional areas. This fragmentation is a result of high transportation costs that typically limit supply areas of producers.

Ready-Mix Concrete

Ready-mix concrete, a mixture principally comprised of aggregates, cement and water, is measured in cubic yards and specifically batched or produced for customers' projects and then transported and poured on site. It also can be poured at a manufacturing facility to produce prefabricated building solutions, such as wall panels, concrete roofing systems, bridge girders, parking garages and stadium components. According to the National Ready Mixed Concrete Association, concrete is the most widely used material in the construction sector today. Due to the relative speed at which ready-mix concrete sets, supply is generally localized and delivered within close proximity to a production site.

Asphalt

Asphalt is a combination of approximately 95 percent aggregates bound together by approximately 5 percent liquid asphalt. Asphalt is typically used in new road construction as well as road maintenance and repair, covering approximately 94 percent of the three million miles of paved roads in the United States, according to the National Asphalt Pavement Association. Given the significant proportion of aggregates in asphalt, local aggregate producers often participate in the asphalt business to ensure an output for the producer's aggregates. Like ready-mix concrete, asphalt sets rapidly, limiting delivery to within close proximity to the production facility.

Liquid Asphalt

Liquid asphalt (sometimes referred to as asphalt cement or asphalt oil) is the binding agent used in combination with aggregates to produce asphalt mix for road construction, streets, parking lots, driveways and more. Our Energy Services segment supplies liquid asphalt to both internal and third-party customers, which helps support our vertically integrated business model. The segment has terminals in seven states, where it stores and manufactures value-added liquid asphalt, polymer modified asphalt and emulsions to meet the requirements of end users.

Contracting Services

We vertically integrate our construction materials with contracting services such as aggregate laydown, asphalt paving, concrete construction, site development and bridges. Demand in the contracting services industry is mostly influenced by public funding and tax revenues and correlates with the demand for construction materials. The contracting services portion of our business is heavily weighted toward public markets, which provide more stability throughout the economic cycles. The contracting services industry is typically less capital-intensive than construction materials and has relatively fewer barriers to entry. Price is an important competitive factor in the award of service agreements. However, customers often consider several other factors in selecting a service

provider, such as technical expertise and experience, safety ratings, geographic presence, financial and operational resources and industry reputation around dependability.

Products and Services

Our core product lines include: aggregates, ready-mix concrete, asphalt and liquid asphalt. We also perform related contracting services.

For the year ended December 31, 2025, our revenue and gross profit by products and services were as follows:

| <u>Revenue</u> | <u>(\$ in millions)</u> | <u>(% of total)</u> | <u>Gross Profit</u> | <u>(\$ in millions)</u> | <u>Margin</u> |
|----------------------------------|-------------------------|---------------------|---------------------------------|-------------------------|---------------|
| Aggregates | \$ 617.1 | 16.3% | Aggregates | \$ 114.1 | 18.5% |
| Ready-mix concrete | 779.4 | 20.6% | Ready-mix concrete | 133.6 | 17.1% |
| Asphalt | 421.0 | 11.2% | Asphalt | 65.4 | 15.5% |
| Liquid asphalt | 296.0 | 7.8% | Liquid asphalt | 49.5 | 16.7% |
| Other | 279.8 | 7.5% | Other | 60.4 | 21.6% |
| Contracting services | 1,383.9 | 36.6% | Contracting services | 154.3 | 11.2% |
| Total gross revenue | \$ 3,777.2 | 100% | | | |
| Internal sales | (631.2) | | | | |
| Total revenue | \$ 3,146.0 | | Total gross profit | \$ 577.3 | 18.4 % |

(1) Aggregates

We supply high-quality aggregates through our 1.3 billion tons of permitted aggregate reserves, which are sourced from our aggregate sites across 13 states. We focus primarily on supplying markets with strong local demand, and in most cases serve customers close to our strategically located aggregate sites. In 2025, we sold 32.5 million tons of aggregates, with a majority supplied by our aggregate mining operations.

We mine crushed stone and sand and gravel from our aggregate sites, as these aggregates are utilized in general construction and are a major component in our production of ready-mix concrete and asphalt paving products. Leveraging our vertically integrated platform, approximately 35 percent of our aggregates volume was used internally in our other product lines in 2025. For more information about the aggregate sites, see “Item 2. Properties.”

(2) Ready-Mix Concrete

We produce ready-mix concrete through our 135 ready-mix plants situated across 13 states. Our vertically integrated portfolio of assets allows us to provide most of the aggregates we use in the production of ready-mix concrete. Due to the time-sensitive nature of delivering ready-mix concrete, we focus on supplying customers near our facilities. In 2025, we sold 3.9 million cubic yards of ready-mix concrete.

Incremental to the hauling capabilities across products and services, ready-mix concrete plants are complemented by our fleet of ready-mix trucks and drivers who safely deliver materials on time. We are an industry leader in safe and efficient delivery of ready-mix concrete and have pioneered what has become the industry-standard training program for ready-mix delivery professionals. We continue to update and improve the program with a focus on safety for drivers and the public.

The following table sets forth details applicable to our ready-mix concrete plants and related fleet as of December 31, 2025:

| Segment | Plants | Mixer Trucks |
|--------------------|------------|--------------|
| West | 51 | 408 |
| Mountain | 14 | 207 |
| Central | 70 | 535 |
| Total | 135 | 1,150 |

(3) Asphalt

We produce and deliver asphalt from 55 plants across 10 states, most often utilizing our own aggregates in the production process. Of the 55 plants, 22 are portable plants that support large asphalt paving projects on roadways, airports and commercial sites. Similar to ready-mix concrete, asphalt sets rapidly, limiting delivery to within close proximity to the production facility. In 2025, we sold 6.3 million tons of asphalt.

Asphalt plants

The following table sets forth details applicable to our non-portable and portable asphalt plants as of December 31, 2025:

| Segment | Non-portable Asphalt Plants | Portable Asphalt Plants | Total Asphalt Plants |
|--------------------|-----------------------------------|-------------------------------|----------------------------|
| West | 15 | 3 | 18 |
| Mountain | 8 | 7 | 15 |
| Central | 10 | 12 | 22 |
| Total | 33 | 22 | 55 |

(4) Liquid asphalt

We distribute liquid asphalt through our nine liquid asphalt terminal sites and have the capacity to service neighboring states through storage facilities capable of storing approximately 413,000 tons of liquid asphalt across multiple states.

(5) Other

Although not common to all locations, we provide various other products and services, depending on customer needs. These include, but are not limited to, retail sales of cement in Alaska and Hawaii and petroleum recovery services in the Energy Services segment.

Cement supply and storage

Cement is a key ingredient in the production of ready-mix concrete. Our core supply of cement is sourced from a diverse range of suppliers. We have strategically located cement storage facilities in Alaska and Hawaii that can hold approximately 60,000 tons and 90,000 tons of cement, respectively. We have six distribution centers with storage and barging capabilities across the islands of Hawaii.

(6) Contracting Services

Our contracting services include responsibilities as general contractor and subcontractor, aggregate laydown, asphalt paving, concrete construction, site development and bridges, and in some segments the manufacturing of prestressed concrete products. Vertical integration allows us to have direct internal access to critical raw materials, resulting in competitive advantages as we can better control the inventory used in our contracting services projects and the phasing of project timing. In 2025, most of our contracting services were related to “horizontal”

construction, such as streets and highways, airports and bridges for customers in the public sector. In the private sector, our contracting services projects were within the residential, commercial and industrial markets.

The following table sets forth revenue details applicable to our contracting services for the year ended December 31, 2025:

| Public Projects | | Private Projects | |
|--------------------------|------------|--------------------------|------------|
| Streets & Highways | 65% | Buildings/Sitework | 4% |
| Airports | 4% | Residential | 6% |
| Bridges | 4% | Streets & Highways | 3% |
| Marine | 3% | Other | 6% |
| Other | 5% | | |
| Total | 81% | Total | 19% |

End Markets

Public Sector. Funding for public projects is dependent on federal, state and municipal government budget appropriations for various projects, such as highways, bridges, airports, schools, public buildings and other public-infrastructure projects. We believe public-sector funding is subject to fewer fluctuations in spending, as government funding tends to be less correlated with economic cycles and more reliant on approvals of government appropriation bills toward infrastructure initiatives.

Private Sector. Our private-sector customers include both residential and nonresidential construction applications. Unlike public-sector customers, spending by private-sector customers is more dependent on local and national economic cycles. We leverage our diverse geographic footprint to partially offset volatility originating from single local economies, and have the flexibility to reallocate resources from markets experiencing a downturn to markets that may be experiencing an economic upswing. We also have a unique ability to pivot or flex between public and private work due to the training we do with our crews and how we've configured our equipment.

Residential construction typically includes single-family homes and multi-family units, such as apartments and condominiums. Demand for residential construction is influenced primarily by population growth, employment prospects and mortgage interest rates. Alternatively, nonresidential construction includes all privately financed construction other than residential structures, such as data centers, warehouses, office buildings, factories, shopping malls, restaurants and other commercial structures. Nonresidential construction tends to lag residential activity and is mostly driven by population and economic growth trends and activity levels.

Residential and nonresidential private construction are not major sources of revenue for all our segments, but they are important markets for the materials side of our business. In addition to providing aggregates to these end markets, the majority of our downstream ready-mix volumes go into private-sector projects.

Customers

Our customers consist of public and private-sector customers, with public-sector customers contributing about 81 percent of our revenues from contracting services in 2025. The public side includes federal, state and municipal governmental agencies with contracting services projects related to highways, streets and other public infrastructure. Funding available for construction from governmental agencies largely depends on federal, state and municipal budgets allocated to the expansion and improvement of national infrastructure. The private side includes a broad spectrum of customers across industrial, commercial and residential developers and other private parties. The mix of sales by customer class varies year to year depending on the variability in type of work.

Our top 15 customers accounted for about 21 percent of our 2025 revenue, of which nine were state-level DOTs. We are not dependent on any single customer or group of customers for sales of our products and services, where the loss of which would have a material adverse effect on our business. No individual customer accounted for more than 10 percent of our 2025 revenue.

Competition

We operate in a largely fragmented industry, including large, public companies and many small, privately held companies. Smaller, independent operators make up the majority of our competition; however, we also face competition in some markets from large, publicly traded United States aggregates producers, including Amrize Ltd, Cemex S.A.B. de C.V., CRH plc, Eagle Materials, Inc., Granite Construction, Inc., Heidelberg Materials, Martin Marietta Materials, Inc., Construction Partners, Inc., and Vulcan Materials Company. The nature of our competition varies among our products and geographies due to the generally local and regional nature of supply.

We believe we have a competitive advantage in aggregates through our high-quality, strategically located reserves and assets, and our internal fleet of trucks, rail and barge. Our vertical integration and local knowledge enables us to maintain a strong understanding of the needs of our customers. In addition, we have a strong commitment to safety and environmental stewardship, which assists us in obtaining new permits and new reserves.

Seasonality

Results are affected by seasonal fluctuations, with the second and third quarters historically being the quarters with the highest activity. In states with colder winter weather, our contracting services are primarily performed from May through October, compared to most of the year in states with largely consistent warmer weather. While weather can affect project timing, we strive to optimize resource allocation to mitigate weather impacts.

Employees

“People” is the first of our core values. We consider our employees to be our most valuable resource and they are critical to our success. Significant resources are utilized to attract, develop and retain extraordinary and diverse talent and fully promote each employee’s capabilities. Our focus on workforce, talent development, talent acquisition and succession planning has provided for a deep bench of talented employees. Employees in managerial or supervisory positions have an average tenure of 15 years, which demonstrates our workforce’s pride in and dedication to the company. We believe we have good relationships with our employees, including our unionized workforce.

As of December 31, 2025, we employed 5,298 people, all of whom were employed in the United States. The total number of hourly personnel at any given time is subject to the volume of projects in progress and fluctuates on a seasonal basis. At the peak of the 2025 construction season, we employed nearly 6,900 people. The table below provides additional details on the employee demographics as of December 31, 2025.

| | Union | Non-Union | Total |
|--------------------|------------|--------------|--------------|
| Hourly | 599 | 3,589 | 4,188 |
| Salaried | — | 1,110 | 1,110 |
| Total | 599 | 4,699 | 5,298 |

Our union employees are represented by 39 collective-bargaining agreements, two of which are currently in negotiations. The majority of the collective-bargaining agreements contain provisions that prohibit work stoppages or strikes and provide dispute resolution through binding arbitration in the event of an extended disagreement. We maintain good working relationships with labor unions and do not anticipate any significant issues with any unions in 2026.

Our compensation programs are designed around competitive market-based pay, coupled with an incentive structure aligned with our financial performance and the employees’ individual performance, which aids in attracting, retaining and motivating employees to achieve the best possible results. In addition, full-time employees are eligible for medical, dental and vision insurance; physical, mental and financial wellness programs; paid and unpaid leave; retirement plans; life insurance; disability and accident coverage; and more. We also offer a variety of voluntary benefits to allow employees to select the best options to meet their individual needs.

To be the employer of choice for the broadest pool of talent and skill, we are committed to equal employment opportunity and affirmative action and are dedicated to the achievement of equality and opportunity for all

employees and applicants for employment. We strive to meet or exceed all EEO and affirmative action laws, directives and legislation. Our EEO/Affirmative Action Policy ensures employees are not discriminated against.

We are committed to the development and training of our employees and have taken significant steps to showcase construction as a career of choice. We own and operate a state-of-the-art training facility, the Knife River Training Center, which is used corporate-wide to enhance the skills of both our new and existing employees through both classroom education and hands on experience. The training facility also offers a variety of leadership development courses available for all employees.

We prioritize providing opportunities for advancement through job mobility, mentorships, succession planning and promotions. We operate under a philosophy to promote from within and offer advancement opportunities at all levels of employment, which helps retain talented employees. We engage in talent and succession planning processes and review succession plans with senior leaders at least annually, focusing on high-performing and high-potential talent, diverse talent, and succession for critical roles. We provide annual compliance training for all office staff and had nearly 100 percent participation in 2025. We are also currently rolling out Coaches Clinics and Coaching for Success training for front-line leaders and mid-level management and have expanded our internship program.

For additional information related to human capital and other information, refer to our 2025 Sustainability Report, which is expected to be published to our website in the first quarter of 2026, and is not incorporated by reference herein.

Health and Safety

Safety is a core value at our company and is foundational to establishing a culture of safety excellence in the workplace, not just for our employees, but for the safety and well-being of our contractors, customers, and the residents of the communities where we operate.

In 2025, we strengthened our safety program by launching the “I Choose Safety” initiative. The basis of “I Choose Safety” is the belief that working safely is a choice and through safety focused choices all injuries are preventable. These beliefs are the foundation for our team members’ commitment to our safety culture and that we always do the right thing...first, last and always.

Our safety program utilizes the three Ts: Tools, Training and Time, as a structure for us to provide our employees with the proper skills and expectations to safely and successfully perform their jobs. We reinforce this commitment through ongoing education and site visits.

We also adhere to the following key principles regarding safety:

- All injuries can be preventable;
- Team members are expected to live safety, on the job and at home, as a value and alignment with Knife River’s principle of developing a strong and cohesive Team;
- Management must demonstrate leadership in preventing injuries by building trust within their teams, empowering individual ownership of safety, providing a safe work environment, ensuring adequate resources are available, and ensuring accountability for unsafe conditions or actions;
- All employees have ownership over safety for themselves and their teammates and are responsible for preventing injuries to themselves and others;
- All operating exposures can be safeguarded or controlled;
- Training employees to work safely is essential; and
- Preventing personal injuries and property damage is good business.

Our ultimate goal remains zero workplace injuries, supported by industry-specific best practices and continuous improvement strategies. Leadership at every level is fully engaged and accountable for driving these efforts, ensuring safety remains a core value.

Environmental Regulations

With the environment being one of our core values, our pledge to operate in an environmentally responsible manner is reviewed and encouraged through several measures, including oversight by professional environmental staff with reporting and accountability to regional operations leaders, regular review of environmental and sustainability disclosures by the executive Sustainability Committee, thorough audits of operating activities, and in-depth property and environmental permit compliance reviews during due diligence on potential acquisitions.

We are subject to complex federal, state and local environmental compliance and reclamation regulations imposed by the federal Mine Safety and Health Administration, the federal Occupational Safety and Health Administration, the federal EPA and others. These federal, state and local laws and regulations include, among others: the federal Clean Air Act and the federal Clean Water Act; the Resource Conservation and Recovery Act; the federal CERCLA; and, occasionally, the Endangered Species Act. These laws and regulations impose numerous obligations and limitations on our operations, including:

- Zoning and land use requirements to obtain a permit or other approval before conducting regulated activities;
- Restriction on the types, quantities and concentration of materials that can be released into the environment (including noise and discharges to air and water);
- Restrictions on the management of hazardous wastes and underground storage-tank systems, as well as obligations to clean up or remediate spills of hazardous materials into the environment;
- Limitation or prohibition of activities on certain lands within wilderness, wetlands or other protected areas;
- Obligations to restore or reclaim former mining areas;
- Requirements to comply with specific health and safety criteria addressing worker protection; and
- The imposition of liabilities for pollution that may result from our operations.

Our operations are also subject to California emission reductions and regulatory compliance. The California Air Resources Board has implemented several regulations around air quality standards, including reporting requirements. These regulations are based on source categories, several of which impact our company. The three categories having the most impact to our California operations are: off-road diesel particulate and oxides of nitrogen; on-road diesel particulate and oxides of nitrogen; and harbor craft diesel particulate and oxides of nitrogen. In addition, beginning in 2026, we will be required to publicly report on 2025 scope 1 and scope 2 GHG emissions, and beginning in 2027 reporting on 2026 scope 3 GHG emissions will be required. Noncompliance with these laws and regulations can subject us to fines, loss of licenses or registrations, or various forms of civil or criminal prosecution, any of which could have a material adverse effect on our reputation, business, financial position, results of operations and cash flows.

In addition, certain environmental laws, such as CERCLA, impose strict requirements for companies to pay to remediate and restore sites where hazardous substances, hydrocarbons or solid wastes have been disposed, stored or released. We may be required to remediate contaminated properties currently or formerly owned or operated by us or materials we have disposed of, regardless of whether such contamination resulted from actions taken by us or from the conduct of others at the time those actions were taken. In addition, in connection with certain acquisitions, we could assume, or be required to provide indemnification against, environmental liabilities that could expose us to material losses. Furthermore, the existence of contamination at properties owned, leased or operated by us could result in increased operation costs or restrictions on our ability to use those properties as intended, including for mining purposes. One such site is the Portland, Oregon, Harbor Superfund Site where Knife River - Northwest was named as a PRP by the EPA related to a commercial property site acquired in 1999. For further information related to environmental reclamation obligations, see Item 8 - Note 18.

Our company is also subject to comprehensive environmental permit requirements, which are usually associated with new mining operations, although requirements vary widely from state to state and even within states. In some areas, land use regulations and associated permitting requirements are minimal. However, some states and local jurisdictions have very demanding requirements for permitting new mines. Environmental impact reports are sometimes required before a mining permit application can be considered for approval. These reports can take several years to complete. The report can include projected impacts of the proposed project on air and water quality, wildlife, noise levels, traffic, scenic vistas and other environmental factors. The reports generally include suggested actions to mitigate the projected adverse impacts. Nonetheless, we have been successful in obtaining mining and other land-use permits that provide for sufficient permitted reserves to support our operations. Individual permits applicable to our various operations are managed and tracked as they relate to the statuses of the application, modification, renewal, compliance and reporting procedures.

We regularly monitor and review our operations, which includes reviewing procedures and policies for compliance with our operating permits and related laws and regulations. We have incurred, and may incur in the future, significant operating and capital expenditures to comply with environmental laws and regulations. During 2025 and 2024, we incurred \$4.4 million and \$3.1 million, respectively, in capital expenditures related to environmental compliance and expect to incur \$8.6 million in 2026, \$6.8 million in 2027 and \$9.8 million in 2028. These amounts do not include expenditures related to what may be ultimately determined with regard to the issues described previously for the Portland, Oregon, Harbor Superfund Site. Additionally, we have recorded asset retirement liabilities on our balance sheet related to the reclamation obligations for our mining activities.

We believe we are in compliance with all applicable environmental laws and regulations and that any existing non-compliance is not likely to have a material adverse effect on our results of operations. However, there can be no assurance that future compliance costs or liabilities associated with such laws and regulations or activities will not be significant.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's website at <https://www.sec.gov> and on our website free of charge at <https://www.kniferiver.com> as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website and the information contained on or connected to that site are not incorporated into this report.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a number of risks and uncertainties. The factors and other matters discussed herein are important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements included elsewhere in this Annual Report. If any of the risks described below actually occur, our business, prospects, financial condition or financial results could be materially impacted and the trading price of our common stock could decline, and investors could lose all or part of their investment. The following are the most material risk factors applicable to us and are not necessarily listed in order of importance or probability of occurrence and not necessarily inclusive of all risks. We may also be subject to other risks or uncertainties not presently known or that are currently deemed to be immaterial but may materially adversely affect our business, prospects, financial condition, financial results or the trading price of our common stock in future periods.

Operations, Growth and Competitive Risks

We operate in a highly competitive industry.

We are subject to competition throughout the markets we serve as they are highly fragmented and we compete with a number of regional, national and international companies. These companies may have greater financial and other resources than us, while other competitors are smaller and more specialized, and concentrate their resources in particular areas of expertise. Our results are also affected by the number of competitors in a market, the production capacity that a particular market can accommodate, the pricing practices of competitors and the entry of new competitors in a market. Significant competition could lead to lower prices, higher wages, lower sales volumes and higher costs, negatively affecting our financial condition, results of operations and liquidity.

In addition, construction materials and related contracting services are marketed under highly competitive conditions and are subject to competitive forces such as price, quality, service, delivery time and proximity to the customer. Our customers make competitive determinations based upon qualifications, experience, performance, reputation, technology, customer relationships, price, quality and ability to provide the relevant services in a timely, safe and cost-efficient manner. Increased competition may result in the inability to win bids for future projects and failure to effectively compete could negatively affect our results of operations, financial position and cash flows.

Furthermore, new acquisition opportunities are and may continue to be subject to competitive bidding environments, which may increase the prices we must pay to successfully grow our business through acquisitions.

We may not be able to secure, permit or economically mine strategically located aggregate reserves.

We must obtain governmental, environmental, mining, and/or other permits at many of our facilities. New quarry sites can take years to develop and in a number of states in which we operate it can be difficult to permit new aggregate sites or expand existing aggregate sites due to community resistance and regulatory requirements, among other things. In addition, construction aggregates are difficult to transport efficiently and freight costs can make certain deposits uneconomical to mine if located in areas of little growth or without the ability to supply growing markets served by rail or barge. Failure to secure, permit and mine such reserves could negatively impact our business, financial condition and results of operations.

We are exposed to risk of loss resulting from the nonpayment and/or nonperformance by our customers and counterparties.

Our customers include public and private entities that have been, and may continue to be, negatively impacted by the economy. A recessionary construction economy can increase the likelihood that we will not be able to collect on all accounts receivable or may experience a delay in payment from some customers. If our customers or counterparties experience financial difficulties, which has occurred and may reoccur, we could experience difficulty in collecting receivables. While not one customer accounted for over 10 percent of our revenue in 2025 or 2024, our top 15 customers accounted for about 21 percent of our 2025 revenue, of which nine were state-level DOTs. We face collection risk as a normal part of business where we perform services and subsequently bill clients for such services. In the event that we have concentrated credit risk from customers in a specific geographic area or industry,

negative trends or a worsening in financial conditions in that specific geographic area or industry, we could become more susceptible to disproportionately high levels of default. Nonpayment and/or nonperformance by our customers and counterparties could have a negative impact on our results of operations and cash flows.

Our success depends, in part, on the ability to execute on our acquisition strategy, to successfully integrate acquired businesses and to retain key employees of acquired businesses.

Our current geographic and asset footprint is the result of a deliberate acquisition growth strategy, which began in 1992 following our first aggregate company acquisition. Since then, we have acquired and integrated over 90 complementary businesses, which have contributed significantly to our growth. Management continues to evaluate and pursue strategic acquisition opportunities as part of our ongoing growth strategy. Management is unable to predict the timing or size of any future acquisitions. Potential risks associated with acquisitions could include, among other things: our ability to identify attractive acquisitions; our ability to offer potential acquisition targets competitive transaction terms; our ability to raise additional equity and/or incur additional indebtedness, which could increase our leverage; regulatory approval; and reputational or other damage due to the prior conduct of an acquired company.

In addition, the investigation of potential acquisitions and the negotiation, drafting and execution of relevant agreements, disclosure documents, regulatory filings and other instruments require substantial management time and attention and costs for third-party consultants. If a proposed acquisition is not completed for any reason, including events beyond our control which have occurred and may reoccur, the costs incurred up to that point for the transaction likely would not be recoverable.

Acquisitions typically require integration of the acquired company's project management, finance, information technology, risk management, purchasing, human resources and fleet management functions. We may be unable to successfully integrate an acquired business into our existing business, and an acquired business may not be as profitable as expected or at all. Acquisitions involve risks that the acquired business will not perform as expected and that the expectations concerning the value, strengths and weaknesses of the acquired business will prove incorrect. The inability to successfully integrate new businesses in a timely and orderly manner could increase costs and result in dis-synergies and negatively impact our results of operations and prevent realizing expected rates of return on the acquired business. Factors affecting the successful integration of an acquired business include but are not limited to, the following:

- Responsibility for certain liabilities of an acquired business, whether or not known, which could include, among other things, tax liabilities, product and other tort liabilities, breach of contract claims, environmental liabilities, permitting and regulatory compliance issues and liabilities for employment practices.
- Ability to retain local managers, key employees and customers who are important to the operations of the acquired business.
- Implementation of financial and management information systems, business practices and policies.
- Conforming standards, controls, procedures and policies, business cultures and compensation structures among Knife River and the acquired company.
- Pursuit of multiple acquisition opportunities simultaneously.
- Unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight.

In addition, potential acquisitions may be in states in which we do not currently operate, which could result in unforeseen operating difficulties and difficulties in coordinating geographically dispersed operations, personnel and facilities.

Our results of operations from potential acquisitions could, in the future, result in impairment charges for any of the intangible assets, including goodwill, or other long-lived assets, particularly if economic conditions worsen unexpectedly. As a result of these changes, our financial condition, results of operations and liquidity could be

materially adversely affected. In addition, many of the businesses that we have acquired and may acquire have unaudited financial statements that have been prepared by the management of such companies and have not been independently reviewed or audited. We cannot assure that the financial statements of companies we have acquired or may acquire would not be materially different if such statements were independently reviewed or audited. If such statements were to be materially different, the tangible and intangible assets we acquire may be more susceptible to impairment charges, which could have a material adverse effect on our results of operations.

We cannot guarantee that we will continue to acquire businesses at valuations consistent with prior acquisitions or that we will complete future acquisitions at all. We also cannot know whether there will be attractive acquisition opportunities at reasonable prices or that financing will be available.

Technology disruptions or cyberattacks could adversely impact operations.

We use technology in substantially all aspects of our business operations and require uninterrupted operation of information technology and operation technology systems, including disaster recovery and backup systems and network infrastructure. These systems may be vulnerable to physical and cybersecurity failures or unauthorized access, due to: hacking, human error, theft, sabotage, malicious software, ransomware, third-party compromise, acts of terrorism, acts of war, acts of nature or other causes.

Should a compromise or system failure occur, interdependencies to technology may disrupt our ability to fulfill critical business functions. This may include interruption of facilities for delivery of construction materials or other products and services, any of which could adversely affect our reputation, business, cash flows and results of operations or subject us to legal costs.

Our accounting systems and our ability to collect information and invoice customers for products and services could be disrupted. If our operations are disrupted, it could result in decreased revenues and remediation costs that could adversely affect our results of operations and cash flows.

Through the ordinary course of business, we require access to sensitive customer, supplier, employee, financial and other data. A breach of our systems could compromise sensitive data and could go unnoticed for some time. Such an event could result in negative publicity and reputational harm, remediation costs, legal claims and fines that could have an adverse effect on our financial results. Third-party service providers that perform critical business functions for us or have access to sensitive information within our company also may be vulnerable to security breaches and information technology risks that could adversely affect us.

Cyberattacks continue to increase in frequency and sophistication, which could cause our information systems to be a target of ongoing and sophisticated cyberattacks by a variety of sources with the apparent aim to breach our cyber-defenses. Also, we may face increased cyber risk due to the use of employee-owned devices and work from home arrangements. Such incidents could have a material adverse effect on our business, financial condition or results of operations. Management is continuously reevaluating the need to upgrade and/or replace systems and network infrastructure. These upgrades and/or replacements could adversely impact operations by imposing increased costs, creating delays or outages, or creating difficulties transitioning to new systems. System disruptions, if not anticipated and appropriately mitigated, could adversely affect us.

SEC rules require us to provide disclosures around cybersecurity risk management, strategy and governance, as well as to disclose the occurrence of material cybersecurity incidents. We cannot predict or estimate the amount of costs we will incur in order to comply with these rules or the timing of such costs. These rules and regulations may also require us to report a cybersecurity incident before we have been able to fully assess the impact or remediate the underlying issue. Efforts to comply with such reporting requirements could divert management's attention from its incident response and could potentially reveal system vulnerabilities to threat actors. Failure to timely report incidents under these or other similar rules could also result in monetary fines, sanctions, or subject us to other forms of liability. This regulatory environment is increasingly challenging and may present material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks.

While our insurance policies include liability coverage for certain of these matters, if we experience a significant security incident, we could be subject to liability or other damages that exceed our insurance coverage

and we cannot be certain that such insurance policies will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our results of operations, financial condition and cash flows.

Artificial intelligence presents risks and challenges that can negatively impact our business by posing security risks to our confidential information, proprietary information and personal data.

Issues in the development and use of artificial intelligence, combined with an uncertain regulatory environment, may result in reputational harm, liability or other adverse consequences to our business operations. We are starting to introduce artificial intelligence tools to our technology users and may adopt and integrate generative artificial intelligence tools for specific use cases. Our vendors may incorporate generative artificial intelligence tools into their offerings without disclosing this use to us, and the providers of these generative artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit Knife River or its vendors' ability to maintain an adequate level of service and experience. If Knife River, its vendors, or its third-party partners experience an actual or perceived breach of privacy or security incident because of the use of generative artificial intelligence, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors around the world use increasingly sophisticated methods, including the use of artificial intelligence, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information, and adversely impact our business.

We may be unable to protect our intellectual property, or may be alleged to have infringed upon the intellectual property rights of others, which could result in a loss of our competitive advantage and a diversion of resources.

Our efforts to protect our intellectual property rights may not be sufficient or effective to prevent misappropriation or infringement of our intellectual property, which could result in a loss of our competitive advantage. In addition, any of our intellectual property rights may be challenged, which could result in being declared invalid or unenforceable. We have, and may, litigate to protect our intellectual property from misappropriation or infringement by others, which could be expensive and cause a diversion of resources and ultimately may not be successful.

Moreover, competitors or other third parties may allege that Knife River, or consultants or other third parties retained or indemnified by it, infringe on its intellectual property rights. The potential risks and uncertainties of intellectual property-related litigation and an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim, and possibly pay significant monetary damages. In the event of a settlement or adverse judgment, our results of operations may materially decline if we are prohibited from using the relevant intellectual property, especially if we are required to pay to the alleged owner of the relevant intellectual property licensing fees, royalties or damages. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims may be time consuming and expensive and may result in the diversion of time and attention of our management and employees.

Pandemics may have a negative impact on our business operations, revenues, results of operations, liquidity and cash flows.

Pandemics have disrupted national, state and local economies. To the extent a pandemic adversely impacts our businesses, operations, revenues, liquidity or cash flows, it could also have a heightened effect on other risks described in this section. The degree to which a pandemic will impact us depends on future developments, including federal and state mandates, actions taken by governmental authorities, effectiveness of vaccines being administered, and the pace and extent to which the economy recovers and remains under relatively normal operating conditions.

Other factors associated with a pandemic that could impact our businesses and future operating results, revenues and liquidity include impacts related to the health, safety, and availability of employees and contractors; extended rise in unemployment; public and private-sector budget changes and constraints; counterparty credit; costs and

availability of supplies; capital construction and infrastructure operation and maintenance programs; financing plans; pension valuations; travel restrictions; and legal matters. The economic and market disruptions resulting from a pandemic could also lead to greater than normal uncertainty with respect to the realization of estimated amounts, including estimates for backlog, revenue recognition, intangible assets, other investments and provisions for credit losses.

Economic and Political Risks

Our business is seasonal and subject to weather conditions that could adversely affect our operations.

A majority of our business is seasonal, with results of operations affected by weather conditions. Construction materials production and related contracting services typically follow the activity in the construction industry, with heavier contracting services workloads in the spring, summer and fall. Extreme or unusually adverse weather conditions, which have occurred and may reoccur, such as extreme temperatures, heavy or sustained rainfall or snowfall, wildfires and storms may affect the demand for products and the ability to perform services on construction work. Unseasonably wet and/or cold weather in the states where we operate can delay the start or cause an early end to the construction season or cause temporary delays on specific projects, which can impact both our construction materials sales and contracting services revenues. We could also be impacted by drought conditions, which may restrict the availability of water supplies and inhibit the ability to conduct operations. As a result, extreme or unusually adverse weather conditions have, and could negatively affect our future results of operations, financial position and cash flows.

Significant changes in prices for commodities, labor, or other production and delivery inputs could negatively affect our businesses.

Our operations are exposed to fluctuations in prices for labor, energy-related products, cement, liquid asphalt, fuel, raw materials and utilities, among other things. Prices are generally subject to change in response to fluctuations in supply and demand and other general economic and market conditions beyond our control. The global political environment is out of our control and a primary driver in price changes to commodities. We have experienced elevated commodity and supply chain costs including the costs of labor, raw materials, energy-related products and other inputs used in the production and distribution of our products and services. While we seek to mitigate some or all cost increases through increases in selling prices of our materials, maintaining positive relationships with numerous critical supplies, escalation clauses in contracting services contracts and fuel surcharges, we may not always be successful which could negatively impact our results of operations.

High energy prices, specifically for diesel fuel, natural gas and liquid asphalt, have impacted and could affect future margins realized, as well as demand for construction materials and related contracting services. Increased labor costs, due to labor shortages, competition from other industries, or other factors, could also negatively affect our results of operations. Due to their size and weight, aggregates are costly to transport efficiently. Our products and services are generally localized around our aggregate sites and served by truck or in certain markets by rail or barge. We could be negatively impacted by freight costs due to rising fuel costs; rate increases for third-party freight; truck, railcar or barge shortages, including shortages of truck drivers and rail crews; rail service interruptions; and minimum tonnage requirements, among other things. To the extent price increases or other mitigating factors are not sufficient to offset these increased costs adequately or timely, and/or if the price increases result in a significant decrease in sales volumes, our results of operations, financial position and cash flows could be negatively impacted.

Supply chain disruptions may adversely affect our operations.

At times or in certain markets, we rely on third-party vendors and manufacturers to supply or transport many of the materials necessary for our operations. Disruptions, shortages or delays in the transportation of materials; price increases from suppliers or manufacturers; or inability to source needed materials have occurred and may continue to occur, which could adversely affect our results of operations, financial condition, cash flows and harm customer relationships. Further, supply chain disruptions can occur from events out of our control such as fires, floods, severe weather, natural disasters, environmental incidents or other catastrophes. National and regional demand for cementitious and liquid asphalt may at times outpace the supply in the market. This imbalance creates a temporary

shortage which may cause prices to increase faster than downstream products. Any material disruption at our facilities or those of our customers or suppliers or otherwise within our supply chain, whether as a result of downtime, work stoppages or facility damage, could prevent us from meeting customer demands or expected timelines, require us to incur unplanned capital expenditures, or cause other material disruptions to our operations, any of which could have a material adverse effect on our operations, financial position and cash flows.

Our operations could be negatively impacted by import tariffs and/or other government mandates.

We operate in or provide services to capital-intensive industries in which federal trade policies could significantly impact the availability and cost of materials. Imposed and proposed tariffs could significantly increase the prices and delivery lead times on raw materials and finished products that are critical to us and our customers, such as cement and steel, among other things. We face competition from manufacturers both in the United States and around the world, some of which may engage in competition and trade practices involving the importation of competing products in the United States or other foreign laws, regulations or practices. Prolonged lead times on the delivery of raw materials and further tariff increases on raw materials and finished products could adversely affect our business, financial condition and results of operations.

Our business is based in large part on government-funded infrastructure projects and building activities, and any reductions or reallocation of spending or related subsidies in these areas could adversely impact us.

Certain of our businesses depend on government spending for infrastructure and other similar building activities. As a result, demand for some of our products is influenced by local, state and federal government fiscal policies, tax incentives and other subsidies, and other general macroeconomic and political factors. Projects in which we participate may be funded directly by governments or privately funded, but are otherwise tied to or impacted by government policies and spending measures.

Government spending is often approved only on a short-term basis and some of the projects in which our products are used require longer-term funding commitments. If government funding is not approved or funding is delayed or lowered as a result of poor economic conditions, lower than expected revenues, competing spending priorities, or other factors, it could limit infrastructure projects available, increase competition for projects, result in excess inventory, and decrease sales, all of which has occurred, and may re-occur, and could adversely affect the financial condition of our business.

Additionally, certain regions or states may require or possess the means to finance only a limited number of large infrastructure projects, which could result in fewer projects in our markets being released. Also, periods of high demand may be followed by years of little to no activity. There can be no assurances that governments will sustain or increase current infrastructure spending or allocate funding to projects in our markets, and any reductions thereto or delays therein could affect our business, liquidity and financial condition, and results of operations.

Economic volatility affects our operations, as well as the demand for our products and services.

Unfavorable economic conditions can negatively affect the level of public and private expenditures on projects and the timing of these projects which, in turn, can negatively affect demand for our products and services. The level of demand for construction materials and contracting services have been, and could be, adversely impacted by the economic conditions in the industries and market areas we serve, as well as in the general economy. Local, state and federal budget limitations also affect the funding available for infrastructure spending, which could have an adverse impact on our earnings and results of operations.

Legal and Regulatory Compliance Risks

We may be negatively impacted by pending and/or future litigation, claims or investigations.

We are and/or may become party to, among other things, personal injury, environmental, commercial, contract, warranty, antitrust, tax, property entitlements and land use, product liability, health and safety, wage and hour, and employment claims. The outcome of pending or future lawsuits, claims, investigations or proceedings is often difficult to predict and could be adverse and material in amount. In addition to the monetary cost, litigation can

divert management's attention from its core business opportunities. Development of new information in these matters can often lead to changes in management's estimated liabilities associated with these proceedings including the judge's rulings or judgments, jury verdicts, settlements or changes in applicable law. The outcome of such matters is often difficult to predict, and unfavorable outcomes could have a material impact to our results of operations, financial position and cash flows.

Unexpected factors affecting self-insurance claims and reserve estimates could adversely affect us.

We use a combination of insurance and self-insurance to provide for potential liabilities for workers' compensation, general liability, vehicle accident, property and associated medical benefit claims. Historical claims experience, demographic and severity factors and other actuarial assumptions are subject to a high degree of variability and are used to estimate the liabilities associated with the risks retained by us. Among the causes of this variability are unpredictable external factors affecting future inflation rates, litigation trends, legal interpretations, benefit level changes, medical stop loss coverage and claim settlement patterns. A significant change in external factors could have a material impact to our financial position and liquidity.

Our operations are subject to environmental laws and regulations that may increase costs, impact or limit business plans, or expose us to environmental liabilities.

We are subject to environmental laws and regulations affecting many aspects of our operations, including air and water quality, processed water discharge, the generation, transportation and disposal of solid waste and hazardous substances, aggregate permitting and other environmental considerations. These laws and regulations can increase capital, operating and other costs; cause delays as a result of litigation and administrative proceedings; and create environmental compliance, remediation, containment, monitoring and reporting obligations for construction materials facilities. Environmental laws and regulations can also require us to install pollution control equipment at our facilities, clean up spills and other contamination, and correct environmental hazards, including payment of all or part of the cost to remediate sites where we had past activities, or the activities of other parties, caused environmental contamination. These laws and regulations generally require us to obtain and comply with a variety of environmental licenses, permits, inspections and other approvals. Although we strive to comply with all applicable environmental laws and regulations, public and private entities and private individuals may interpret our legal or regulatory requirements differently and seek injunctive relief or other remedies against us. We cannot predict the outcome, financial or operational, of any such litigation or administrative proceedings.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to us. These laws and regulations could require us to limit the use or output of certain facilities; restrict the use of certain fuels; prohibit or restrict new or existing services; replace certain fuels with renewable fuels; retire and replace certain facilities and equipment; install pollution controls; remediate environmental impacts; remove or reduce environmental hazards; or forego or limit the development of resources. Revised or new laws and regulations that increase compliance and disclosure costs and/or restrict operations could adversely affect our results of operations and cash flows.

Our operations could be adversely impacted by severe weather events, including as a result of climate change.

Severe weather events, such as tornadoes, hurricanes, rain, drought, ice and snowstorms, and high- and low-temperature extremes, occur in regions in which we operate and maintain infrastructure. Climate change could change the frequency and severity of these weather events, which may create physical and financial risks. Such risks could have an adverse effect on our financial condition, results of operations and cash flows. Increases in severe weather conditions or extreme temperatures may cause infrastructure construction projects to be delayed or canceled and limit resources available for such projects resulting in decreased revenue or increased project costs. In addition, drought conditions could restrict the availability of water supplies or limit the ability to obtain water use permits, inhibiting the ability to conduct operations. To date, we have not experienced any material impacts to our financial condition, results of operations or cash flows due to the physical effects of climate change.

Climate change may impact a region's economic health, which could impact our revenues. Our financial performance is tied to the health of the regional economies served where we provide construction materials and

services. Increases in severe weather events or significant changes in temperature and precipitation patterns could adversely affect the economies of the states and communities affected by that industry.

The insurance industry has been and may be adversely affected by severe weather events, which may impact availability of insurance coverage, insurance premiums and insurance policy terms.

Beyond the commercial pressures implicated by climate change concerns, our operations may face potential adverse physical effects. If any of our properties and facilities experience a significant operational disruption or catastrophic loss due to the increased frequency or the severity of natural disasters or severe weather events, it could delay or disrupt production, shipments, and revenue, and result in potentially significant expenses to repair or replace these properties, which may negatively affect our business and financial results.

Stakeholder actions and regulatory activity related to sustainability matters, particularly climate change and reducing GHG emissions, could adversely impact our operations, costs of or access to capital and impact or limit business plans.

We could face stakeholder scrutiny related to sustainability matters. There is focus from certain stakeholders and regulators related to sustainability across all industries in recent years, with investors (including institutional investors), proxy advisory firms, customers, employees and lenders, placing varying importance on the impacts and social cost associated with climate change as well as sustainability practices and policies of companies, including sustainability performance and risk mitigation efforts. There is also risk that we could be perceived as, or accused of, “greenwashing,” *i.e.*, the process of conveying misleading information or making false claims that overstate potential environmental benefits, which could lead to reputational harm. Investors (including certain institutional investors), proxy advisory firms, customers, employees and lenders, may also require us to implement sustainability procedures or standards before they continue to do business with us. In addition, some investors use these criteria to guide their investment strategies, and may not invest in us, or divest their holdings of us, if they believe our policies on these topics are inadequate or, on the other hand, have a negative response to such policies. Our various stakeholders or regulators may also have divergent opinions on these types of matters as well as conflicting expectations regarding our culture, values, goals and business, which makes it difficult to achieve a consistently positive perception amongst all of our various stakeholders. Moreover, we may determine that it is in the best interest of our company and our stockholders to prioritize other investments over the achievement of our current goals based on economic, technological developments, regulatory and social factors, business strategy or pressure from investors, activists, or other stakeholders.

Certain public concern over climate change has resulted in, and may continue to result in, new or increased state, regional, federal and global legal and regulatory requirements, including taxation, to reduce or mitigate carbon emissions and to limit or impose additional costs on hydrocarbon and water usage or other climate-related objectives. In the event that such new regulation is more stringent than current regulatory obligations, or the measures that we are currently undertaking to monitor and improve our resource efficiency, we may experience disruptions in, or increases in our costs of operation and delivery to comply with new regulatory requirements due to investments in facilities and equipment or the relocation of our facilities. We monitor, analyze and report GHG emissions from our operations. We will continue to monitor GHG regulations and their potential impact on operations. Due to the uncertain availability of technologies to control GHG emissions and the unknown obligations that potential GHG emission legislation or regulations may create, we cannot determine the potential financial impact on our operations.

If Knife River or our suppliers are required to comply with new climate or GHG emission laws and regulations, we may experience increased costs for energy, production, transportation, and raw materials, increased capital expenditures, or increased insurance premiums and deductibles, each of which could adversely impact our operations. In particular, proposed, new or inconsistent regulation and taxation of fuel and energy could increase the cost of complying with such laws and regulations as well as the cost of operation, including fuel required to operate our facilities or transport and distribute our products, thereby increasing the distribution and supply chain costs associated with our products. Any assessment of the potential impact of future climate change legislation, regulations or industry standards is uncertain given the wide scope of potential regulatory change in the jurisdictions in which we operate.

The price of energy also has an impact on the economic health of communities. The cost of additional regulatory requirements related to climate change, such as regulation of carbon dioxide emissions under the federal Clean Air Act, requirements to replace fossil fuels with renewable energy or to obtain emissions credits, or other environmental regulation or taxes could impact the availability of goods and the prices charged by suppliers, which would normally be borne by consumers through higher prices for energy and purchased goods, and could adversely impact economic conditions of areas served by us. To the extent financial markets view climate change and GHG emissions as a financial risk, this could negatively affect our ability to access capital markets or result in less competitive terms and conditions.

In addition, the focus on climate change and regulatory requirements may result in us facing adverse reputational risks associated with certain of our operations producing GHG emissions. Although we have not experienced difficulties in these areas, if unable to satisfy the climate-related expectations of certain stakeholders, we may suffer reputational harm, which may cause our stock price to decrease or difficulty in accessing the capital or insurance markets. Such efforts, if successfully directed at us, could increase the costs of or access to capital or insurance and interfere with business operations and the ability to make capital expenditures.

Changes in tax law may negatively affect our business.

Changes to federal, state and local tax laws have the ability to benefit or adversely affect our earnings and customer costs. Significant changes to corporate tax rates could result in, among other things, the impairment of deferred tax assets that are established based on existing law at the time of deferral. A number of factors may increase our future effective income tax rate, including: governmental authorities increasing taxes or eliminating deductions, particularly the depletion deduction, the mix of earnings from depletable versus non-depletable businesses, the jurisdictions in which earnings and/or revenues are taxed, the resolution of issues arising from tax audits with various tax authorities, changes in the valuation of our deferred tax assets and liabilities, adjustments to estimated taxes upon finalization of various tax returns, changes in available tax credits, changes in stock-based compensation, other changes in tax laws and the interpretation of tax laws and/or administrative practices.

Human Capital Risks

Our operations may be negatively affected if we are unable to obtain, develop and retain key personnel and skilled labor forces.

We must attract, develop and retain executive officers and other professional, technical and labor forces with the skills and experience necessary to successfully manage, operate and grow. Competition for these employees is high, due in part to changing workforce demographics, a shortage of younger employees who are qualified to replace employees as they retire, seasonality, and remote work opportunities, among other things. In some cases, competition for these employees is on a regional or national basis. At times of low unemployment, it can be difficult for us to attract and retain qualified and affordable personnel. A shortage in the supply of skilled personnel creates competitive hiring markets, increased labor expenses, decreased productivity and potentially lost business opportunities to support its operating and growth strategies. Additionally, if we are unable to hire employees with the requisite skills, we may be forced to incur significant training expenses. As a result, our ability to maintain productivity, relationships with customers, competitive costs, and quality services is limited by the ability to employ, retain and train the necessary skilled personnel and could negatively affect our results of operations, financial position and cash flows.

It is also critical to develop and train employees, hire new qualified personnel, and successfully manage the short and long-term transfer of critical knowledge and skills, including leadership development and succession planning throughout our company. The loss of key personnel, coupled with an inability to adequately train other personnel, hire new personnel or transfer knowledge and skills, could significantly impact our ability to perform under our contracts and execute on new or growing programs.

Additionally, approximately 11 percent of Knife River's workforce is comprised of employees that are covered by collective bargaining agreements with various unions. If we encounter difficulties with renegotiations or renewals of collective bargaining arrangements or are unsuccessful in those efforts, we could incur additional costs and experience work stoppages. Union actions at suppliers also can affect us. Any delays or work stoppages could

adversely affect the ability to perform under contracts, which could negatively impact our results of operations, cash flows and financial condition.

Increasing costs associated with health care plans may adversely affect our results of operations.

We are primarily self-insured for the health care benefits for eligible employees. Health care costs may continue to increase and could have an adverse impact on operating results, financial position and liquidity, particularly if we cannot continue to carry stop loss insurance. Legislation related to health care could also change our benefit program and costs.

Financial and Accounting Risks

Aggregate resource and reserve calculations are estimates and subject to uncertainty.

We estimate aggregate reserves and resources based on available data. The estimates depend upon the interpretation of surface and subsurface investigations, major assumptions and other supporting data, which can be unpredictable. The quantity and quality must be considered as only an estimate until reserves are actually extracted and processed. This uncertainty in aggregate resource and reserve calculations may adversely impact our results of operations.

Backlog may not accurately represent future revenue and gross margin.

Backlog consists of the uncompleted portion of services to be performed under job-specific contracts. Contracts are subject to delay, default or cancellation, and contracts in our backlog are subject to changes in the scope of services to be provided, as well as adjustments to the costs relating to the applicable contracts. Backlog may also be affected by project delays or cancellations resulting from weather conditions, external market factors and economic factors beyond our control, among other things. Accordingly, there is no assurance that backlog will be realized. The timing of contract awards and duration of large new contracts can significantly affect backlog. Backlog at any given point in time may not accurately represent the revenue or margin that is realized in any period. Also, the backlog as of the end of the year may not be indicative of the revenue and gross margin expected to be earned in the following year and should not be relied upon as a stand-alone indicator of our future financial results.

We operate in a capital-intensive industry and are subject to capital market and interest rate risks.

Our operations require significant capital investment to purchase and maintain the property and equipment required to mine and produce our products. In addition, our operations include a significant level of fixed and semi-fixed costs. Consequently, we rely on capital markets, particularly in the first half of the year due to the seasonal nature of the industry, as sources of liquidity for capital requirements not satisfied by cash flows from operations. If we are unable to access capital at competitive rates, the ability to implement business plans, make capital expenditures or pursue acquisitions we would otherwise rely on for future growth may be adversely affected. Market disruptions may increase the cost of borrowing or adversely affect our ability to access one or more financial markets. Such market disruptions could include: a significant economic downturn, financial distress of unrelated industry leaders in the same line of business, deterioration in capital market conditions, turmoil in the financial services industry, volatility in commodity prices, pandemics, terrorist attacks, acts of war, and cyberattacks, among other things.

The debt capital market environment could impact our ability to borrow money in the future. Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Further, an increase in our leverage could lead to deterioration in our credit ratings. A downgrade in our credit ratings, regardless of the cause, could also limit the ability to obtain additional financing and/or increase the cost of obtaining financing. There is no guarantee we will be able to access the capital markets at financially economical interest rates, which could negatively affect our business. We are also exposed to interest rate volatility risk on our variable rate debt as changes in central bank federal policies, as well as macro-economic factors, impact interest rates. While we currently expect to have adequate credit available to meet our needs, there can be no assurance of that.

We may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance outstanding debt. It is possible a large strategic acquisition would require us to issue new equity and other debt and could result in a ratings downgrade notwithstanding our issuance of equity securities to fund the transaction. We are also exposed to credit market risk, through the interest payable on any variable-rate debt, including the interest cost on future borrowings under our credit facilities.

Financial market changes could impact our defined benefit pension plans and obligations.

We have two frozen defined benefit pension plans for certain current and former employees. Assumptions regarding future costs, returns on investments, interest rates and other actuarial assumptions have a significant impact on the funding requirements and expense recorded relating to these plans.

Adverse changes in economic indicators, such as consumer spending, inflation data, interest rate changes, political developments and threats of terrorism, among other things, can create volatility in the financial markets. These adverse changes have impacted and could further impact the assumptions and negatively affect the value of assets held in our pension plans and may increase the amount and accelerate the timing of required funding contributions for those plans.

Costs related to obligations under MEPPs could have a material negative effect on our results of operations and cash flows.

We participate in MEPPs for employees represented by certain unions. We are required to make contributions to these plans in amounts established under numerous collective bargaining agreements between our operating subsidiaries and those unions.

We may be obligated to increase our contributions to underfunded plans that are classified as being in endangered, seriously endangered or in critical status as defined by the Pension Protection Act of 2006. Plans classified as being in one of these statuses are required to adopt Rehabilitation Plans or Funding Improvement Plans to improve their funded status through increased contributions, reduced benefits or a combination of the two.

We may also be required to increase our contributions to MEPPs if the other participating employers in such plans withdraw from the plans and are not able to contribute amounts sufficient to fund the unfunded liabilities associated with their participation in the plans. The amount and timing of any increase in our required contributions to MEPPs may depend upon one or more factors, including the outcome of collective bargaining; actions taken by trustees who manage the plans; actions taken by the plans' other participating employers; the industry for which contributions are made; future determinations that additional plans reach endangered, seriously endangered or critical status; newly enacted government laws or regulations and the actual return on assets held in the plans; among others. We could experience increased operating expenses as a result of required contributions to MEPPs, which could have an adverse effect on our results of operations, financial position or cash flows.

In addition, pursuant to the Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act, we could incur a partial or complete withdrawal liability upon withdrawing from a plan, exiting a market in which it does business with a union workforce or upon termination of a plan. We could also incur additional withdrawal liability if our withdrawal from a plan is determined by that plan to be part of a mass withdrawal.

We have substantial indebtedness and may incur substantial additional indebtedness, which could adversely affect our business, profitability and its ability to meet obligations.

We had \$1,181.1 million in aggregate principal amount of indebtedness outstanding as of December 31, 2025. Such indebtedness consists of \$425 million 7.750% notes due 2031, \$756 million in aggregate principal amount of term loans and a \$500 million revolving credit facility, under which we have no aggregate principal amount of loans outstanding as of December 31, 2025.

This amount of debt could potentially have important consequences to us and our investors, including:

- Requiring a substantial portion of our cash flow from operations to make interest payments on this debt.

- Making it more difficult to satisfy debt and other obligations.
- Increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing.
- Increasing our vulnerability to general adverse economic and industry conditions.
- Reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business.
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry.
- Placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged with debt.
- Limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

To the extent that we incur additional indebtedness, the foregoing risks could increase. In addition, our actual cash requirements in the future may be greater than expected and our cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due. Further, we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

Despite our current level of indebtedness, we may be able to incur substantially more debt, which could increase the risks to our financial condition.

We may be able to incur substantial additional indebtedness in the future. Although certain of the agreements governing our existing indebtedness contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions, including compliance with various financial conditions. Additional indebtedness incurred in compliance with our existing debt instruments could be substantial. To the extent new debt is added to our current debt levels, the leverage risks described in the immediately preceding risk factor would increase.

A lowering or withdrawal of the ratings, outlook or watch assigned to Knife River or its debt by rating agencies may increase our future borrowing costs and reduce our access to capital.

The rating, outlook or watch assigned to Knife River or its debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, current or future circumstances relating to the basis of the rating, outlook, or watch such as adverse changes to our business, so warrant. Our credit ratings may also change as a result of the differing methodologies or changes in the methodologies used by the rating agencies. Any future lowering of Knife River's or its debt's ratings, outlook or watch likely would make it more difficult or more expensive for us to obtain additional debt financing.

Shareholder Risks

The trading market for Knife River common stock has existed only a relatively short period, and the market price and trading volume of its common stock may fluctuate significantly.

The trading price of Knife River common stock has been and may continue to be volatile and the trading volume may fluctuate and cause significant price variations to occur. For many reasons, including the other risks identified in this section, the market price of Knife River's common stock may be more volatile than its market peers. These factors may result in short-term or long-term negative pressure on the value of Knife River's common stock. We cannot predict the prices at which Knife River's common stock may trade.

The market price of shares of Knife River common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including: actual or anticipated fluctuations in our operating results, the operating and stock price performance of comparable companies, changes in the regulatory and legal environment in

which we operate, market conditions in the construction materials and contracting services market, and the domestic and global economy as a whole.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, Knife River's stock price and trading volume could decline.

The trading market for Knife River common stock depends in part on the research and reports that securities or industry analysts publish about Knife River or its business. If one or more of the analysts downgrades Knife River's stock or publishes misleading or unfavorable research about our business, Knife River's stock price could decline. If one or more of the analysts ceases coverage of Knife River common stock or fails to publish reports on us regularly, demand for Knife River common stock could decrease, which could cause Knife River common stock price or trading volume to decline.

Stockholder percentage of ownership in us may be diluted in the future.

Our stockholders' percentage ownership in Knife River has been, and is expected to further be, diluted because of equity awards that have been and will be granted to its directors, officers and employees. Our stockholders' percentage ownership in Knife River may also be diluted as a result of equity issuances for acquisitions or capital market transactions.

In addition, our second amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock that have such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Knife River common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of Knife River common stock. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock.

We cannot guarantee the timing, declaration, amount or payment of dividends, if any, on our common stock.

The timing, declaration, amount and payment of any dividends are within the discretion of our board of directors, and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by our board of directors. Moreover, if we determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.

The Company's second amended and restated bylaws designates the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by Knife River's stockholders, which could discourage lawsuits against the Company and its directors and officers.

The Company's second amended and restated bylaws provide that, unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware or, if the Court of Chancery of the State of Delaware does not have jurisdiction, another state court of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Knife River, any action asserting a claim of breach of a fiduciary duty owed by any director or officer to Knife River or its stockholders, creditors or other constituents, any action asserting a claim against Knife River or any director or officer arising pursuant to any provision of the DGCL or the Company's second amended and restated certificate of incorporation or second amended and restated bylaws, or any action asserting a claim against Knife River or any director or officer governed by the internal affairs doctrine.

In addition, the Company's second amended and restated bylaws further provide that, unless the board of directors otherwise determines, the federal district courts of the United States of America shall be the sole and

exclusive forum for any action asserting a claim arising under the Securities Act. The exclusive forum provision does not apply to actions arising under the Exchange Act or the rules and regulations thereunder. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce Knife River’s federal forum provision described above. Knife River’s stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

This exclusive forum provision may limit the ability of Knife River’s stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Knife River or its directors or officers, which may discourage such lawsuits against the Company and its directors and officers, and such provision may also make it more expensive for Knife River’s stockholders to bring such claims.

Although the Company’s second amended and restated bylaws include the exclusive forum provision described above, it is possible that a court could rule that this provision is inapplicable or unenforceable. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, Knife River may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition or results of operations.

Provisions in the Company’s second amended and restated certificate of incorporation and second amended and restated bylaws and Delaware law may prevent or delay an acquisition of Knife River, which could decrease the trading price of Knife River common stock.

The Company’s second amended and restated certificate of incorporation and second amended and restated bylaws, and Delaware law, contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids more expensive to the acquirer and to encourage prospective acquirers to negotiate with the Company’s board of directors rather than to attempt a hostile takeover. These provisions include rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings and the right of the Company’s board of directors to issue preferred stock without stockholder approval. Delaware law also imposes some restrictions on mergers and other business combinations between any holder of 15 percent or more of Knife River’s outstanding common stock and Knife River.

The Company believes these provisions protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with its board of directors and by providing its board of directors with more time to assess any acquisition proposal. These provisions are not intended to make Knife River immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Company’s board of directors determines is not in the best interests of Knife River and its stockholders. Accordingly, in the event that the Company’s board of directors determines that a potential business combination transaction is not in the best interests of Knife River and its stockholders but certain stockholders believe that such a transaction would be beneficial to Knife River and its stockholders, such stockholders may elect to sell their shares in Knife River and the trading price of Knife River common stock could decrease.

These and other provisions of the Company’s second amended and restated certificate of incorporation, second amended and restated bylaws and the DGCL could have the effect of delaying, deferring or preventing a proxy contest, tender offer, merger or other change in control, which may have a material adverse effect on its business, financial condition and results of operations. In addition, applicable state insurance laws and regulations could delay or impede a change of control of Knife River.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

Overall Risk Management and Strategy. Our cyber risk management program helps ensure that our electronic information and information systems are protected from various threats and are built on and follow the Cybersecurity Maturity Model Certification for information security requirements and the protection of sensitive information. The cyber risk management program is maintained as part of our overall governance, enterprise risk management program and compliance program. We continually assess risks from cybersecurity threats and adapt and enhance our controls accordingly.

We regularly evaluate and modernize systems and network infrastructure to address evolving threats. In addition, we also have cyber event related insurance.

Risks from Cybersecurity Threats. Our information systems are subject to ongoing and increasingly sophisticated cyberattacks intended to compromise our networks and data. Although risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition, such incidents could have a material adverse effect in the future as cyberattacks continue to increase in frequency and sophistication.

Employee Cybersecurity Training. We provide ongoing cybersecurity training and compliance programs to facilitate education for employees who may have access to our data and critical systems. Employee phishing tests are conducted on a monthly basis.

Engage Third-parties on Risk Management. Periodic external reviews, including penetration tests and security framework assessments, are conducted by auditors, external assessors, and/or consultants to assess and work to ensure compliance with our information security programs and practices. Internal and external auditors assess our information technology general controls on an annual basis.

Oversee Third-party Risk. We monitor risks associated with our vendors, which include processes such as completing due diligence on third-party service providers before engaging with them for their services; assessing the third-party's cybersecurity posture by reviewing audit reports of the third-party, completing cyber questionnaires, and reviewing applicable certification; including cybersecurity contractual language in certain contracts to limit risk; and monitoring and reassessing third-parties to ensure ongoing compliance with their cybersecurity obligations.

Other Risk Factors. See the risk factor "Technology disruptions or cyberattacks could adversely impact operations" in the section entitled "Item 1A. Risk Factors - Operations, Growth and Competitive Risks."

Governance

Board of Directors Oversight. The board, as a whole and through its committees, has responsibility for oversight of risk management. In its risk oversight role, the board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate for identifying, assessing, and managing risk. The audit committee of the board of directors of our company is responsible for oversight of risks from cybersecurity threats.

The chief excellence officer provides updates to the audit committee on cybersecurity related issues, which include information security, technology risks and risk mitigation programs regularly at the quarterly board meetings. In addition to scheduled meetings, the chief excellence officer and audit committee maintain an ongoing dialogue regarding emerging or potential cybersecurity risks.

Cybersecurity Incident Response. We have an incident response plan to identify, protect, detect, respond to, and recover from cybersecurity threats and incidents that is tested on an annual basis. The incident response plan is updated based on results of the test or as new cyber-related developments occur. The incident response plan indicates that the chief excellence officer, chief executive officer, chief financial officer, chief accounting officer, chief legal officer, corporate controller and the board of directors are to be notified of any material cybersecurity

incidents through a defined escalation process. The defined escalation process is a risk-based process that specifies who is to be contacted and when at each risk level.

Management’s Overview of Risk Management. Our chief excellence officer, along with IT leadership, the supervisor of cybersecurity, a designated security team of professionals, and third-party cybersecurity experts are responsible for monitoring, assessing and managing risks as well as developing and implementing policies, procedures, and practices based on the range of threats we face. There are processes around access management, data security, encryption, asset management, secure system development, security operations, network and device security to provide safeguards from a cybersecurity incident along with continual monitoring of various threat intelligence feeds.

Cyber Risk Management Personnel. Through training and compliance programs, the concept that all employees are responsible for the data and critical systems they access is reinforced. The information technology department has the responsibility to implement cybersecurity controls under the overall guidance of the cybersecurity team. This dedicated cybersecurity team includes internal cybersecurity experts that have a combined 30 plus years of general information technology experience and 20 plus years of cyber specific related experience. Our cybersecurity team collectively maintains industry-recognized training and credentials across security, networking, and information systems. We also partner with a third-party cybersecurity firm that assists us in setting direction, implementing cybersecurity technology and supporting our security operations center. Our internal information technology department is led by four directors, one with over 25 years of experience in information technology leadership roles at Knife River, one with almost 20 years of experience in information technology roles at Knife River and at a company acquired by Knife River, one with over 15 years of experience in information technology roles at MDU Resources and Knife River combined, and one with over 20 years experience in information technology. The information technology department, including the cybersecurity team, reports to the chief excellence officer, who has almost 20 years of information technology leadership and operational leadership experience with Knife River and over 30 years of total information technology experience. The chief excellence officer reports to the chief executive officer.

Cyber Risk Oversight Committee. CyROC is comprised of members from financial and operations management, technology leaders, and cybersecurity professionals and is chaired by the IT director of core technologies. The CyROC receives updates on current cyber threats that could impact our electronic information, business systems, or operation technology systems. Input from CyROC on these threats assists in the development of cybersecurity strategies and policies.

ITEM 2. PROPERTIES

We currently maintain our principal executive office at 1150 W. Century Ave., Bismarck, North Dakota 58503. In addition to the principal office, we maintain and operate physical locations in 14 states throughout the United States. Our operations include the following properties:

| | West | Mountain | Central | Energy Services | Consolidated Knife River |
|--------------------------------|------|----------|---------|-----------------|--------------------------|
| Active Aggregate Sites | 71 | 35 | 102 | — | 208 |
| Ready-Mix Plants | 51 | 14 | 70 | — | 135 |
| Asphalt Plants | 18 | 15 | 22 | — | 55 |
| Liquid Asphalt Terminals | — | — | — | 9 | 9 |
| Cement Terminals | 8 | — | — | — | 8 |

Aggregate sites and reserves

We mine crushed stone and sand and gravel at our active aggregate sites across our segments. The aggregates produced are utilized in general construction and are a major component in the production of ready-mix concrete and asphalt.

Our aggregate sites contain both reserves and resources. Mineral reserves are defined as an estimate of tonnage that, in the opinion of the qualified person, can be economically mined or extracted, which includes diluting

materials and allowances for losses that may occur throughout the process. Mineral reserves are classified into two categories as follows:

Proven — those reserves for which the quantity is computed from dimensions revealed by drill data, together with other direct and measurable observations, such as outcrops, trenches and quarry faces. The grade and quality of those reserves are computed from the results of detailed sampling, and the sampling and measurement data are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.

Probable — those reserves for which quantity, grade and quality are computed partly from specific measurements and partly from projections based on reasonable geologic evidence. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Reported proven and probable reserves include only quantities that are owned in fee or under lease and for which all appropriate zoning and permitting have been obtained or are expected to be obtained through permit, contract or legacy status.

Mineral resources are defined as a concentration or occurrence of material of economic interest in such form, grade or quality, and quantity that has a reasonable prospect to be economically extracted. Mineral resources are classified into three categories as follows:

Measured — based on conclusive geological evidence and sampling, meaning that evidence is sufficient to test and confirm geological and grade or quality continuity. After applying modifying factors, measured resources may be converted to either proven or probable reserves.

Indicated — based on adequate geological evidence and sampling, meaning that evidence is sufficient to establish geological and grade or quality continuity with reasonable certainty. After applying modifying factors, indicated resources may be converted to probable reserves.

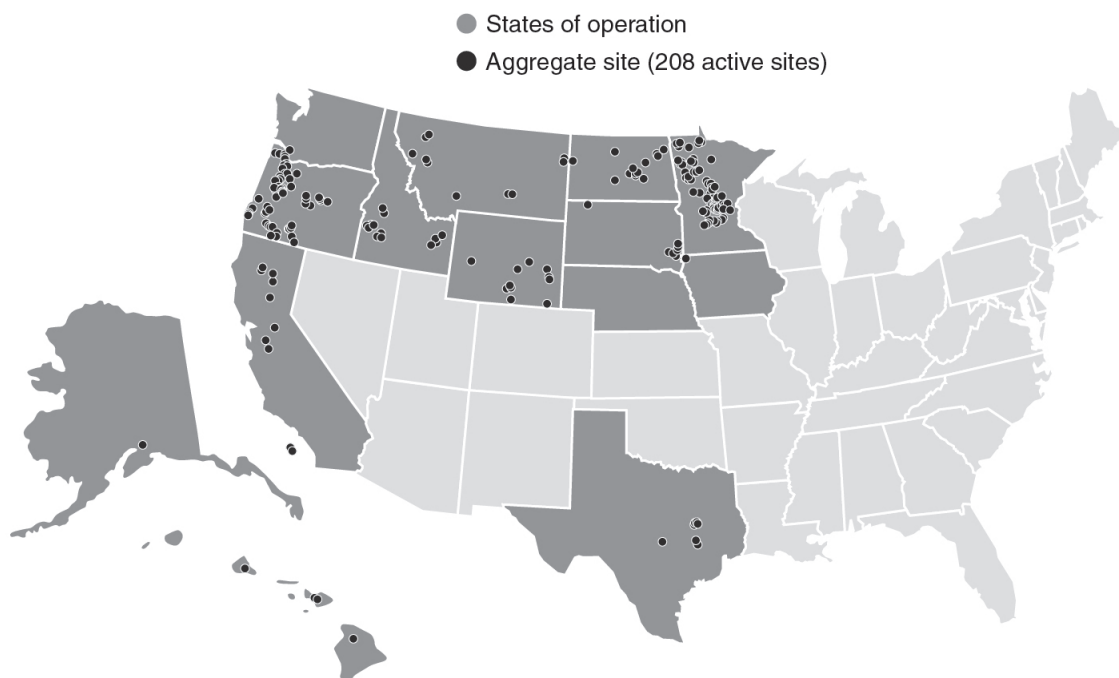
Inferred — based on limited geological evidence and sampling, meaning that evidence is only sufficient to establish that geological and grade or quality continuity is more likely than not. Upon further studies, inferred resources may be converted to reserves.

Aggregate reserve and resource estimates are calculated based on the best available data. Supporting data includes, but is not limited to, drill holes, geologic testing and other subsurface investigations; and surface feature investigations, such as, mine high walls, aerial photography and topography. Using available data, a final topography map is created with computer software and is used to calculate the volume variance between existing and final topographies. Volumes are then converted to tons using appropriate conversion factors. Property setbacks and other regulatory restrictions and limitations are identified to determine the total area available for mining. We also consider mine plans, economic viability and production history in the aggregate reserve and resource estimates. Our reserve estimates include only salable tonnage and thus exclude waste materials that are generated in the crushing and processing phases of the operation. The reserves are based on estimates of volumes that can be economically extracted and sold to meet current and anticipated market and product applications.

Our reserves and resources are on properties that are permitted, or are expected to be permitted, for mining under current regulatory requirements. The data used to calculate reserve and resource estimates may require revisions in the future to account for changes in customer requirements, regulatory requirements and unknown geological occurrences.

We classify the applicable quantity of a particular deposit as a reserve or resource by reviewing and analyzing, independently, each geological formation, testing results and production processes, along with other modifying factors, to determine an expected yield of recoverable tonnage an area will produce. These results may have an effect on mine plans and the selection of processing equipment. The results are reviewed by the qualified person and presented to the management team.

Management assesses the risks associated with aggregate reserve and resource estimates. These estimates may be affected by variability in the properties of the material, limits of the accuracy of the geotechnical data and operational difficulties in extraction of the computed material. Additionally, management assesses the risks associated in obtaining and maintaining the various land use, mining and environmental permits necessary for the properties to operate as mines. Annual reviews of mining reserves are conducted by the qualified individual and include procedures such as ensuring financial assumptions related to life of mine expenses are based on the most accurate estimates available.



We have reviewed our properties and have determined we do not have any individual sites that are material. The following tables set forth details applicable to our aggregate production and aggregate sites as of December 31, 2025, by the various regions where the sites are located.

| Production Area | Total Annual Aggregate Production | |
|-----------------|-----------------------------------|---------------|
| | Crushed Stone | Sand & Gravel |
| | (Tons in thousands) | |
| West | 6,471 | 6,268 |
| Mountain | 804 | 5,774 |
| Central | 3,319 | 5,032 |
| Total | 10,594 | 17,074 |

| Production Area | Aggregate Sites* | | | |
|-----------------|------------------|--------|---------------|--------|
| | Crushed Stone | | Sand & Gravel | |
| | Owned | Leased | Owned | Leased |
| West..... | 14 | 23 | 27 | 11 |
| Mountain..... | 3 | 6 | 16 | 10 |
| Central..... | 9 | 5 | 66 | 23 |
| Total..... | 26 | 34 | 109 | 44 |

* Includes 5 sites that are classified as exploration stage properties.

The following table sets forth details applicable to our aggregate reserves as of December 31, 2025.

| Production Area | Aggregate Sites | Crushed Stone | | | Sand & Gravel | | | Total Mineral Reserves |
|---------------------|-----------------|-------------------------|---------------------------|------------------------|-------------------------|---------------------------|------------------------|------------------------|
| | | Proven Mineral Reserves | Probable Mineral Reserves | Total Mineral Reserves | Proven Mineral Reserves | Probable Mineral Reserves | Total Mineral Reserves | |
| (Tons in thousands) | | | | | | | | |
| West..... | 71 | 525,526 | 60,161 | 585,687 | 107,612 | 11,831 | 119,443 | 705,130 |
| Mountain..... | 35 | 79,018 | — | 79,018 | 133,821 | 13,318 | 147,139 | 226,157 |
| Central..... | 102 | 112,426 | 86,580 | 199,006 | 167,253 | 6,527 | 173,780 | 372,786 |
| Total..... | 208 | 716,970 | 146,741 | 863,711 | 408,686 | 31,676 | 440,362 | 1,304,073 |

- 1 The average selling price per ton for crushed stone and sand and gravel was \$21.55 and \$14.39, respectively, in 2025. The average selling price includes freight and delivery and other revenues.
- 2 The aggregates mined are of suitable grade and quality to be used as construction materials and no further grade or quality disclosure is applicable.

The following table sets forth details applicable to our aggregate resources as of December 31, 2025.

| Production Area | Aggregate Sites | Crushed Stone | | | Sand & Gravel | | | Inferred Mineral Resources |
|---------------------|-----------------|----------------------------|-----------------------------|--|----------------------------|-----------------------------|--|----------------------------|
| | | Measured Mineral Resources | Indicated Mineral Resources | Measured + Indicated Mineral Resources | Measured Mineral Resources | Indicated Mineral Resources | Measured + Indicated Mineral Resources | |
| (Tons in thousands) | | | | | | | | |
| West..... | 4 | 141,129 | 140,003 | 281,132 | 49,469 | 25,596 | 75,065 | 273,319 |
| Mountain..... | 0 | — | 47,749 | 47,749 | 22,228 | 11,131 | 33,359 | 4,132 |
| Central..... | 1 | 53,365 | — | 53,365 | — | — | — | — |
| Total..... | 5 | 194,494 | 187,752 | 382,246 | 71,697 | 36,727 | 108,424 | 277,451 |

* West, Mountain and Central all have sites that include both reserves and resources, which are included in the number of aggregate sites for reserves and not included in the number of aggregate sites for resources.

Our mining properties are categorized as follows: (1) Production Stage – properties with reported proven or probable reserves where we are actively mining aggregates, (2) Development Stage – properties with reported proven or probable reserves where we are not actively mining aggregates, and (3) Exploration Stage – properties with no reported reserves.

Of our 208 active properties, 181 are in a production stage and 27 are in a development stage. As of December 31, 2025, 1.20 billion tons of estimated proven and probable reserves are located on production stage properties and 104 million tons on developmental stage properties. We classify aggregates located on exploration stage properties as resources. Our aggregate annual production in tons for our aggregate mining properties included in this section was 27.7 million, 27.8 million and 28.1 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The average selling price per ton for crushed stone and sand and gravel was \$21.55 and \$14.39, respectively, in 2025. Actual pricing varies by location and market. The price for each commodity was calculated by dividing 2025 revenues by tons sold. The average pricing is based on salable product, or materials that are ready for sale. We believe the current sales price is reasonable and justifiable to estimate the aggregates' current fair value, while the Consolidated Balance Sheets reflect the historical costs.

We conduct our mining operations across 135 owned properties, of which 132 are active sites, and another 78 leased properties, of which 76 are active sites. Our reserves are comprised of 741 million tons on properties that are owned and 563 million tons that are leased. The remaining reserve life in years was calculated by dividing remaining reserves by the three-year average production from 2023 through 2025. We estimate the useful life of our owned reserves are approximately 43 years based on the most recent three-year production average. Approximately 28 percent of the reserves under lease have lease expiration dates of more than 20 years and the weighted average years remaining on all leases containing estimated proven aggregate reserves is approximately 15 years. The average time necessary to produce remaining aggregate reserves from our leased sites is approximately 52 years. Some sites have leases that expire prior to the exhaustion of the estimated reserves. The estimated reserve life assumes, based on our experience, that leases will be renewed to allow sufficient time to fully recover these reserves. Actual useful lives of these reserves will be subject to, among other things, fluctuations in customer demand, customer specifications, geological conditions and changes in mining plans.

Internal Controls Over Aggregate Reserves

Reserve and resource estimates are based on the analyses of available data by qualified internal mining engineers, operating personnel and third-party geologists. Senior management reviews and approves reserve and resource quantity estimates and reserve classifications, including the major assumptions used in determining the estimates, such as life, pricing, cost and volume, among other things, to ensure they are materially accurate. For aggregate reserve and resource additions, management, which includes the qualified person, performs its due diligence and reviews the study of technical, economic and operating factors, as well as applicable supplemental information, including a summary of the site's geotechnical report. We maintain a database of all aggregate reserves, which is reconciled at least annually and reviewed and approved by the qualified person.

The evaluation, classification and estimation of reserves has inherent risks, including changing geotechnical, market and permitting conditions. The qualified person and management work together to assess these risks regularly and amend the reserve and resource assessments as new information becomes available.

ITEM 3. LEGAL PROCEEDINGS

SEC regulations require us to disclose certain information about proceedings arising under federal, state or local environmental provisions if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to SEC regulations, we have adopted a threshold of \$1.0 million for purposes of determining whether disclosure of any such proceedings is required.

For information regarding legal proceedings required by this item, see Item 8 - Note 18, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

For information regarding mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, see Exhibit 95 to this Form 10-K, which is incorporated herein by reference.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

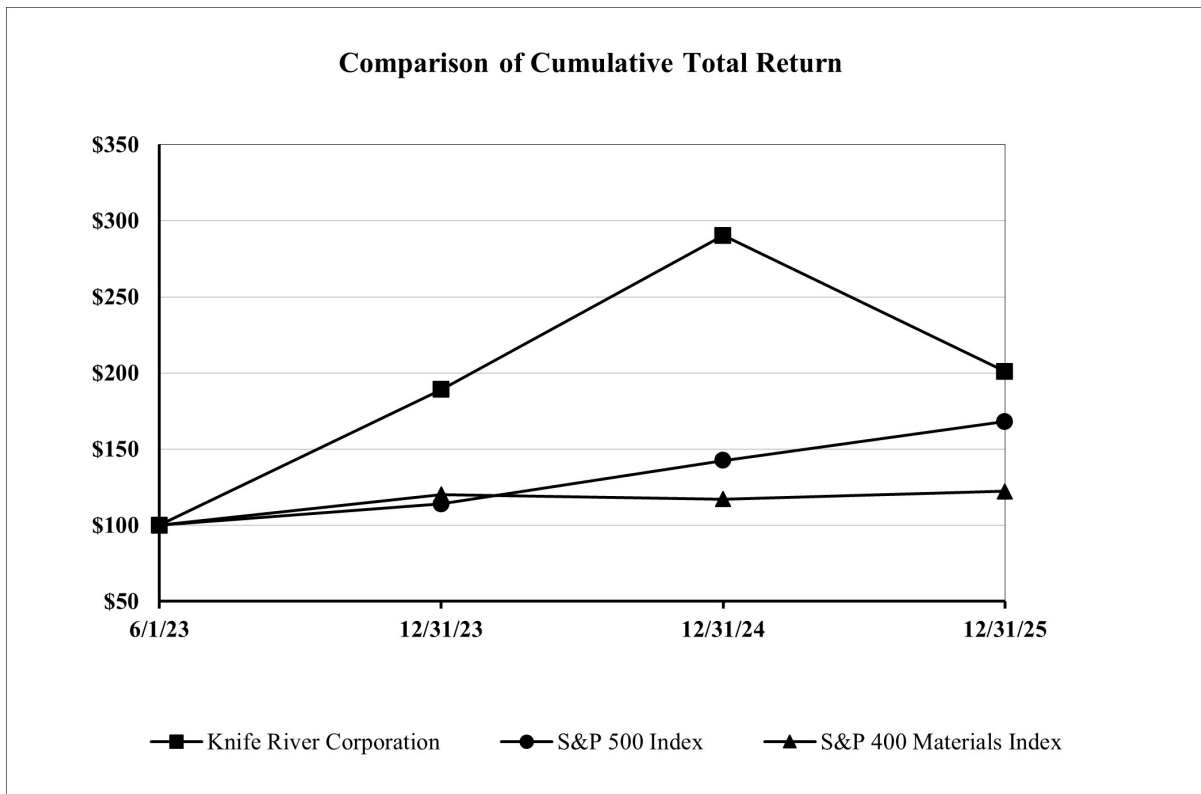
Our common stock is listed on the New York Stock Exchange under the ticker symbol "KNF." As of February 17, 2026, our common stock was held by approximately 7,500 stockholders of record.

Dividends

We have not paid cash dividends on our common stock and do not anticipate declaring or paying dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of the board of directors and will depend on then-existing conditions, including financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors the board of directors considers relevant.

Performance Graph

The graph below compares the cumulative total return to stockholders of our common stock with the total returns of the S&P 500 Index and the S&P 400 Materials Index. The graph assumes an investment of \$100 in each index, including reinvestment of dividends, beginning on June 1, 2023, the first trading day of our common stock post Separation. The stock price performance shown in the graph is not necessarily indicative of future price performance.



| | Cumulative Total Return | | | |
|-------------------------|--------------------------------|--------------------------|--------------------------|--------------------------|
| | June 1, 2023 | December 31, 2023 | December 31, 2024 | December 31, 2025 |
| Knife River Corporation | \$ 100.00 | \$ 188.98 | \$ 290.23 | \$ 200.89 |
| S&P 500 Index | \$ 100.00 | \$ 114.03 | \$ 142.56 | \$ 168.05 |
| S&P 400 Materials Index | \$ 100.00 | \$ 120.11 | \$ 117.14 | \$ 122.23 |

Purchases of Equity Securities by the Issuer

None.

ITEM 6.

Reserved

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with our audited consolidated financial statements and related notes included elsewhere in this Annual Report. Among other things, those financial statements include more detailed information regarding the basis of presentation for the financial data included in the following discussion. Certain percentages presented in this discussion and analysis are calculated from the underlying whole-dollar amounts and therefore may not recalculate from the rounded numbers used for disclosure purposes. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding management's plans, objectives, expectations and intentions. Future results and financial condition may differ materially from those currently anticipated as a result of the factors described under the sections entitled "Forward-Looking Statements" and "Item 1A. Risk Factors."

Overview

At Knife River, we are a people-first construction materials and contracting services company. We provide construction materials and contracting services to build safe roads, bridges and airport runways, and other critical infrastructure needs that connect people with where they want to go and with the supplies they need. We also champion a positive workplace culture by focusing on safety, training, compensation and work-life balance.

We are one of the leading providers of crushed stone and sand and gravel in the United States and operate through four reportable segments, across 14 states: West, Mountain, Central and Energy Services. The geographic segments primarily provide aggregates, asphalt and ready-mix concrete, as well as related contracting services such as heavy-civil construction, asphalt paving, concrete construction, site development and grading. The Energy Services segment produces and supplies liquid asphalt and related services, primarily for use in asphalt road construction.

As an aggregates-based construction materials and contracting services provider in the United States, our 1.3 billion tons of aggregate reserves provide the foundation for a vertically integrated business strategy, with approximately 35 percent of our aggregates in 2025 being used internally to support value-added downstream products (ready-mix concrete and asphalt) and contracting services (heavy-civil construction, laydown, asphalt paving, concrete construction, site development and grading services, bridges, and in some segments the manufacturing of prestressed concrete products). Our aggregate sites and associated asphalt and ready-mix plants are primarily in strategic locations near mid-sized, higher-growth markets, providing us with a transportation advantage for our materials that supports competitive pricing and increased margins. We provide our products and services to both public and private markets, with public markets tending to be more stable across economic cycles, which helps offset the cyclical nature of the private markets.

We provide various products and services and operate a variety of facility types, including aggregate quarries and mines, ready-mix concrete plants, asphalt plants and distribution facilities in the following states:

- West: Alaska, California, Hawaii, Oregon and Washington
- Mountain: Idaho, Montana and Wyoming
- Central: Iowa, Minnesota, North Dakota, South Dakota and Texas
- Energy Services: California, Iowa, Nebraska, Oregon, South Dakota, Texas, Washington and Wyoming

The following table presents a summary of products and services provided, as well as modes of transporting those products:

| | Products and Services | | | | | | Modes of Transportation | | | | |
|-----------------------|-----------------------|---------|--------------------|-----------------------|------------------------------|----------------|-------------------------|-----------------|----------|------|-------|
| | Aggregates | Asphalt | Ready-Mix Concrete | Construction Services | Precast/Prestressed Concrete | Liquid Asphalt | Cement | Heavy Equipment | Trucking | Rail | Barge |
| West | X | X | X | X | X | | X | X | X | X | X |
| Mountain | X | X | X | X | | | | X | X | | |
| Central | X | X | X | X | X | | | X | X | X | |
| Energy Services | | | | | | X | | | X | X | |

Basis of Presentation

On May 31, 2023, we became a stand-alone publicly traded company. Prior to the Separation, we operated as a wholly owned subsidiary of Centennial and an indirect, wholly owned subsidiary of MDU Resources and not as a stand-alone company. The financial statements for all periods are presented on a consolidated basis in conformity with GAAP. All intercompany balances and transactions between the businesses comprising Knife River have been eliminated in the accompanying audited consolidated financial statements. For additional information related to the basis of presentation, see Item 8 - Note 1.

In January 2025, we made a change to our organizational structure to better align with our business strategy. We reorganized our business segments to reflect changes in the way our chief operating decision maker evaluates performance, makes operating decisions and allocates resources. Our former Pacific and Northwest operating segments were combined to form the new West operating segment. Our former North Central and South operating segments were combined to form the new Central operating segment. The reorganization resulted in four operating segments: West, Mountain, Central and Energy Services, each of which is also a reportable segment. Each segment's performance is evaluated based on segment results without allocating corporate expenses, which include corporate costs associated with accounting, legal, treasury, business development, information technology, human resources, and other corporate expenses that support the operating segments. Prior periods have been recast to conform to the current reportable segment presentation.

Market Conditions and Outlook

Our markets remain resilient, and construction activity remains generally strong. Approximately 80 percent of our contracting services revenue each year comes from public-sector projects, enhancing stability through market cycles. For more information on factors that may negatively impact our business, see the section entitled "Item 1A. Risk Factors."

Backlog. Contracting services backlog was as follows as of December 31:

| | 2025 | 2024 | 2023 |
|---------------|-------------------|-----------------|-----------------|
| | (In millions) | | |
| West..... | \$ 203.6 | \$ 230.2 | \$ 247.4 |
| Mountain..... | 395.7 | 339.9 | 256.7 |
| Central..... | 432.8 | 175.5 | 158.1 |
| Total..... | <u>\$ 1,032.1</u> | <u>\$ 745.6</u> | <u>\$ 662.2</u> |

Backlog as of December 31, 2025, was 38 percent higher than the prior period with lower expected margins. Of the \$1.0 billion of backlog at December 31, 2025, we expect to complete an estimated \$768.8 million, or 75 percent, during 2026. Approximately 89 percent of our backlog as of December 31, 2025, relates to publicly funded projects, including street and highway construction projects, which are driven primarily by public works projects for state departments of transportation. Further, there continues to be infrastructure development across our segments, which is expected to provide bidding opportunities in our markets throughout 2026.

Period-over-period increases or decreases in backlog may not be indicative of future revenues, margins, net income or EBITDA. For a discussion of EBITDA and EBITDA margin, see "Non-GAAP Financial Measures" later in this section. While we believe the current backlog of work remains firm, prolonged delays in the receipt of critical supplies and materials, among other things, could result in customers seeking to delay or terminate existing or pending agreements and could reduce expected margins. See the section entitled "Item 1A. Risk Factors" for a list of factors that can cause revenues or margins to be realized in periods and at levels that are different from originally projected.

Public Funding. Funding for public projects is dependent on federal and state funding, such as appropriations to the Federal Highway Administration. States have moved forward with allocating funds from federal programs, such as the IIJA, which is authorized to provide \$1.2 trillion in funding from 2022 through 2026. As of November 2025, approximately 46 percent of IIJA formula funding had yet to be distributed in our 14-state operating market.

Additionally, DOT budgets in most of the states where we operate remain strong, with ten of our 14 states having record DOT budgets going into the 2026 fiscal year. The North Dakota DOT's estimated bid lettings for their 2026 construction program is between \$745 million and \$810 million, which is a significant increase over their 2025 bid lettings of \$345 million. We have already seen our contracting services backlog increase in North Dakota, year-over-year, and expect more work yet to bid. Oregon is the one Knife River state that has not finalized its budget for the current biennium, however, their budget has been legislatively approved and is expected to be approximately \$6 billion, just short of the record funding from the previous biennium. The Oregon DOT expects its 2026 asphalt paving volumes will be comparable to 2025. We continue to monitor legislative activity in all of our states as they address their infrastructure needs.

In early 2025, the American Society of Civil Engineers published its 2025 Report Card for America's Infrastructure, assigning the United States roads a "D+" grade and estimating that between 2024 and 2033, the country will require more funding than what is currently authorized. It is estimated that a total of \$2.2 trillion in funding will be needed for our roadway systems to reach a state of good repair during that time period.

Profitability. Our management team continually monitors our margins and has been proactive in applying strategies to increase margins to support our long-term profitability goals and to create shareholder value. In 2023, we began implementing EDGE initiatives and established teams to deliver training, assist with targeting higher-margin bidding opportunities across the regions and pursue growth opportunities, as well as identifying ways to

increase efficiencies and reduce costs. The Materials Process Improvement Team (Materials PIT Crew) has rolled out new technologies and training programs to boost productivity and control costs across the product lines and provide more real-time visibility into daily operations.

Under the current tariff environment, we did not experience a material direct impact in 2025. We have clauses in most of our quotes that allows for us to pass-through increased costs associated with tariffs to our customers, and to date, we have been substantially successful with passing those costs on. We continue to closely monitor the effects and changes to these announcements.

Growth. Our management team continues to evaluate growth opportunities, both through organic growth and acquisitions they believe will generate shareholder value. Our business development team is focused on our growth with materials-led businesses in mid-size, higher-growth markets, and has several targets at various stages of completion in our acquisition pipeline. In 2025, we successfully completed the acquisition and integration of five companies expanding our footprint within existing markets, which was an investment of \$611.7 million. As a result of these acquisitions, we added approximately 30 years of aggregate reserves, 29 ready-mix plants, 5 asphalt plants and a fleet of equipment and vehicles, as well as skilled construction, materials production and delivery professionals. We expect the additions made to our company in 2025 will provide meaningful volume and margin growth in future periods, as well as provide synergies across the segments. For more information on our acquisitions, see Item 8 - Note 3.

In addition, we continue to invest in multiple organic projects, including an aggregates expansion project in South Dakota that will increase our production capabilities in the Sioux Falls market. This project is scheduled to be operational in 2027. In the first quarter of 2025, we completed construction of a processing plant to manufacture polymer-modified asphalt (PMA) and increased our liquid asphalt storage capacity at our South Dakota terminal, which has allowed us to more cost effectively supply this market. In Twin Falls, Idaho, we are greenfielding new ready-mix operations, which allows us to build a local team in this market, and are expected to be fully operational in the first quarter of 2026.

Consolidated Overview

Revenue includes revenue from the sale of construction materials and contracting services. Revenue for construction materials is recognized at a point in time when delivery of the products has taken place. Contracting services revenue is recognized over time using an input method based on the cost-to-cost measure of progress on a project.

Cost of revenue includes all material, labor and overhead costs incurred in the production process for our products and services. Cost of revenue also includes depreciation, depletion and amortization attributable to the assets used in the production process.

Gross profit includes revenue less cost of revenue, as defined above, and is the difference between revenue and the cost of making a product or providing a service, before deducting selling, general and administrative expenses, income taxes, interest expense and other expenses.

Selling, general and administrative expenses include the costs for estimating, bidding and business development, as well as costs related to corporate and administrative functions. Selling expenses can vary depending on the volume of projects in process and the number of employees assigned to estimating and bidding activities. Other general and administrative expenses include outside services; information technology; depreciation and amortization; training, travel and entertainment; office supplies; healthcare; allowance for expected credit losses; gains or losses on the sale of assets; expenses for the transition services agreement with MDU Resources in 2023; and other miscellaneous expenses.

Other income (expense) includes net periodic benefit costs for our benefit plan expenses, other than service costs; interest income; realized and unrealized gains and losses on our nonqualified benefit plan investments; earnings or losses on joint venture arrangements; and other miscellaneous income or expenses, including income related to the transition services agreement with MDU Resources in 2023.

Income tax expense consists of corporate income taxes related to our net income. Income taxes are presented at the corporate services level and not at the individual segments. The effective tax rate can be affected by many factors, including changes in tax laws, regulations or rates, new interpretations of existing laws or regulations and changes to our overall levels of income before income tax.

The discussion that follows focuses on the key financial measures we use to evaluate the performance of our business at the consolidated level, which include revenue, EBITDA and EBITDA margin. EBITDA and EBITDA margin are non-GAAP financial measures as these are measures of profitability used by management and our chief operating decision maker to assess operating results. For more information and reconciliations to the nearest GAAP measures, see the section entitled "Non-GAAP Financial Measures."

Comparison for the Years Ended December 31, 2025, 2024 and 2023.

| Years ended December 31, | 2025 | 2024 | 2023 | 2025 vs 2024 % change | 2024 vs 2023 % change |
|--|---------------|------------|------------|--------------------------|--------------------------|
| | (In millions) | | | | |
| Revenue | \$ 3,146.0 | \$ 2,899.0 | \$ 2,830.3 | 9 % | 2 % |
| Cost of revenue | 2,568.7 | 2,329.2 | 2,291.4 | 10 % | 2 % |
| Gross profit | 577.3 | 569.8 | 538.9 | 1 % | 6 % |
| Selling, general and administrative expenses | 291.5 | 253.6 | 242.5 | 15 % | 5 % |
| Operating income | 285.8 | 316.2 | 296.4 | (10)% | 7 % |
| Interest expense | 81.9 | 55.2 | 58.1 | 48 % | (5)% |
| Other income | 9.3 | 10.0 | 7.0 | 7 % | 43 % |
| Income before income taxes | 213.2 | 271.0 | 245.3 | (21)% | 10 % |
| Income taxes | 56.1 | 69.3 | 62.4 | (19)% | 11 % |
| Net income | \$ 157.1 | \$ 201.7 | \$ 182.9 | (22)% | 10 % |
| EBITDA* | \$ 484.3 | \$ 454.3 | \$ 422.0 | 7 % | 8 % |
| Adjusted EBITDA* | \$ 496.5 | \$ 463.0 | \$ 432.4 | 7 % | 7 % |

* EBITDA and Adjusted EBITDA are non-GAAP financial measures. For more information and reconciliations to the nearest GAAP measures, see the section entitled "Non-GAAP Financial Measures."

The following tables summarize our operating results for the years ended December 31, 2025, 2024 and 2023.

| | Revenues | | | EBITDA ¹ | | | EBITDA margin ¹ | | |
|---|---------------|------------|-----------|---------------------|----------|----------|----------------------------|--------|--------|
| | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 |
| | (In millions) | | | | | | | | |
| West | \$1,210.1 | \$ 1,185.3 | \$1,128.3 | \$ 234.1 | \$ 209.7 | \$ 177.3 | 19.3 % | 17.7 % | 15.7 % |
| Mountain | 644.0 | 663.1 | 634.0 | 99.6 | 113.5 | 103.2 | 15.5 % | 17.1 % | 16.3 % |
| Central | 1,004.8 | 818.1 | 825.0 | 159.6 | 131.6 | 116.6 | 15.9 % | 16.1 % | 14.1 % |
| Energy Services | 338.0 | 275.7 | 292.3 | 54.9 | 60.2 | 78.1 | 16.2 % | 21.8 % | 26.7 % |
| Segment totals | 3,196.9 | 2,942.2 | 2,879.6 | 548.2 | 515.0 | 475.2 | 17.1 % | 17.5 % | 16.5 % |
| Corporate Services and Eliminations | (50.9) | (43.2) | (49.3) | (63.9) | (60.7) | (53.2) | N.M. | N.M. | N.M. |
| Total | \$3,146.0 | \$ 2,899.0 | \$2,830.3 | \$ 484.3 | \$ 454.3 | \$ 422.0 | 15.4 % | 15.7 % | 14.9 % |

¹ EBITDA and EBITDA margin are non-GAAP financial measures. For more information and reconciliations to the nearest GAAP measures, see the section entitled "Non-GAAP Financial Measures."

² N.M: not meaningful

| | Revenues | | | Gross profit | | | Gross margin | | |
|---------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 |
| | (In millions) | | | | | | | | |
| Aggregates..... | \$ 617.1 | \$ 556.1 | \$ 547.9 | \$ 114.1 | \$ 114.3 | \$ 109.7 | 18.5 % | 20.6 % | 20.0 % |
| Ready-mix concrete..... | 779.4 | 655.5 | 653.9 | 133.6 | 106.0 | 101.2 | 17.1 % | 16.2 % | 15.5 % |
| Asphalt..... | 421.0 | 441.5 | 452.4 | 65.4 | 68.2 | 61.5 | 15.5 % | 15.4 % | 13.6 % |
| Liquid asphalt..... | 296.0 | 238.9 | 253.2 | 49.5 | 51.5 | 69.7 | 16.7 % | 21.6 % | 27.5 % |
| Other*..... | 279.8 | 265.8 | 249.0 | 60.4 | 53.3 | 47.9 | 21.6 % | 20.1 % | 19.2 % |
| Contracting services..... | 1,383.9 | 1,358.2 | 1,307.3 | 154.3 | 176.5 | 148.9 | 11.2 % | 13.0 % | 11.4 % |
| Internal sales..... | (631.2) | (617.0) | (633.4) | — | — | — | — % | — % | — % |
| Total..... | <u>\$3,146.0</u> | <u>\$2,899.0</u> | <u>\$2,830.3</u> | <u>\$ 577.3</u> | <u>\$ 569.8</u> | <u>\$ 538.9</u> | <u>18.4 %</u> | <u>19.7 %</u> | <u>19.0 %</u> |

* Other includes cement, merchandise, fabric, spreading and other products and services that individually are not considered to be a major line of business.

| | 2025 | 2024 | 2023 |
|--|-----------|-----------|-----------|
| Sales (thousands): | | | |
| Aggregates (tons)..... | 32,494 | 31,832 | 33,637 |
| Ready-mix concrete (cubic yards)..... | 3,913 | 3,484 | 3,837 |
| Asphalt (tons)..... | 6,334 | 6,454 | 6,760 |
| Average selling price: | | | |
| Aggregates (per ton)*..... | \$ 18.99 | \$ 17.47 | \$ 16.29 |
| Ready-mix concrete (per cubic yard)..... | \$ 199.17 | \$ 188.11 | \$ 170.42 |
| Asphalt (per ton)..... | \$ 66.47 | \$ 68.40 | \$ 66.92 |

* The average selling price includes freight and delivery and other revenues.

2025 Compared to 2024

Revenue

Revenue increased \$247.0 million, largely driven by contributions of acquired companies, as well as price increases of mid-single digits on aggregates, ready-mix concrete and cement across our legacy operations. Partially offsetting these increases were decreased asphalt sales volumes and pricing, primarily due to decreased asphalt paving work.

Gross Profit and Gross Margin

Gross profit improved \$7.5 million while gross margin decreased 130 basis points. The improved gross profit was a result of contributions of acquired companies and higher gross profit on ready-mix concrete and cement across our legacy operations as pricing increases outpaced costs. Contracting services margins decreased 180 basis points as we saw lower margins on work due to the type of work and liquid asphalt continued to see a reduction in gross margin as a result of reduced market pricing. Further driving down gross margin was the impact of selling acquired inventory after markup to fair value as part of acquisition accounting of \$3.4 million to the aggregates product line and \$295,000 to the liquid asphalt product line.

Selling, General and Administrative Expenses

As a percentage of revenues, selling, general and administrative expenses was 9.3% in 2025, compared to 8.7% in 2024. This increase was largely driven by increased costs from recently acquired companies, including \$12.9 million of purchase accounting-related intangible asset amortization, and \$4.4 million higher acquisition-

related transaction costs. These increases were offset in part by higher asset sale gains of \$12.5 million on the sale of non-strategic assets and equipment throughout the company.

Interest Expense

Interest expense increased \$26.7 million due primarily to higher average debt balances with the issuance of a new \$500 million Term Loan B in March of 2025 and borrowings under our revolving credit facility during the year, offset by slightly lower average interest rates.

Other Income

Other income decreased \$700,000, primarily due to a \$4.3 million decrease in interest income on lower cash balances, offset by a one-time gain of \$3.5 million on the bargain purchase of an aggregate quarry operation in the West segment.

Income Tax Expense

Income tax expense decreased \$13.2 million corresponding with lower income before income taxes. Our effective tax rate for 2025 was 26.3 percent, compared to 25.6 percent in 2024. The increase in our effective tax rate for the current year was largely due to increased non-deductible compensation expenses and a mix of state income taxes. For a reconciliation of the federal tax rate to our effective tax rate, see Item 8 - Note 16.

2024 Compared to 2023

Revenue

Revenue improved \$68.7 million as pricing increased during the year as a result of our pricing initiatives across all product lines, except liquid asphalt. In 2024, we saw price increases of low-double-digits for ready-mix concrete, high-single-digits for aggregates and low-single digits for asphalt. Our contracting services revenue also increased, as we benefited from additional public-agency work and timing of projects. Partially offsetting these increases were decreased ready-mix, aggregate and asphalt sales volumes, primarily due to EDGE-related initiatives of quality over quantity of work, timing of projects and lower demand for private projects. Liquid asphalt revenue decreased due to lower pricing as a result of reduced supply input costs across our market areas.

Gross Profit and Gross Margin

Gross profit improved by \$30.9 million while gross margin improved 70 basis points. Contracting services margins increased 160 basis points as we saw an increase in revenues along with improved bid margins and favorable project execution during the year. Also contributing to the improvement was higher margins on asphalt, aggregates and ready-mix concrete as higher sales prices outpaced costs while volumes declined as we continue to choose quality of work over quantity of work. Liquid asphalt continued to see a reduction in gross profit, as a result of lower revenues due to the pricing decrease.

Selling, General and Administrative Expenses

As a percentage of revenues, selling, general and administrative expenses was 8.7% in 2024, compared to 8.6% in 2023.

Interest Expense

Interest expense decreased \$2.9 million due primarily to lower average debt balances, offset by higher average interest rates.

Other Income

Other income increased \$3.0 million, primarily due to increased interest income on higher cash balances.

Income Tax Expense

Income tax expense increased \$6.9 million corresponding with higher income before income taxes. Our effective tax rate for 2024 was 25.6 percent, compared to 25.5 percent in 2023. For a reconciliation of the federal tax rate to our effective tax rate, see Item 8 - Note 16.

Business Segment Financial and Operating Data

A discussion of key financial data from our business segments follows. We provide segment level information by revenue, EBITDA and EBITDA margin as these are measures of profitability used by management and our chief operating decision maker to assess operating results.

In January 2025, we made a change to our organizational structure to better align with our business strategy. We reorganized our business segments to reflect changes in the way our chief operating decision maker evaluates performance, makes operating decisions and allocates resources. Our former Pacific and Northwest operating segments were combined to form the new West operating segment. Our former North Central and South operating segments were combined to form the new Central operating segment. The reorganization resulted in four operating segments: West, Mountain, Central and Energy Services, each of which is also a reportable segment. Each segment's performance is evaluated based on segment results without allocating corporate expenses, which include corporate costs associated with accounting, legal, treasury, information technology, human resources, and other corporate expenses that support the operating segments. Prior periods presented have been recast to conform to the current reportable segment presentation.

Results of Operations – West

| Years ended December 31, | 2025 | 2024 | 2023 | 2025 vs 2024 % change | 2024 vs 2023 % change |
|--------------------------|---------------|------------|------------|--------------------------|--------------------------|
| | (In millions) | | | | |
| Revenue | \$ 1,210.1 | \$ 1,185.3 | \$ 1,128.3 | 2 % | 5 % |
| EBITDA | \$ 234.1 | \$ 209.7 | \$ 177.3 | 12 % | 18 % |
| EBITDA margin | 19.3% | 17.7% | 15.7% | | |

| | 2025 | 2024 | 2023 |
|----------------------------|-------------------|-------------------|-------------------|
| | (In millions) | | |
| Revenues: | | | |
| Aggregates | \$ 296.3 | \$ 297.1 | \$ 294.7 |
| Ready-mix concrete | 346.7 | 313.6 | 305.7 |
| Asphalt | 131.8 | 135.3 | 135.5 |
| Other* | 177.2 | 167.4 | 158.5 |
| Contracting services | 470.4 | 466.7 | 426.7 |
| Internal sales | (212.3) | (194.8) | (192.8) |
| | <u>\$ 1,210.1</u> | <u>\$ 1,185.3</u> | <u>\$ 1,128.3</u> |

* Other includes merchandise, transportation services and other products that individually are not considered to be a major line of business for the segment.

2025 Compared to 2024

Our revenue increased \$24.8 million in 2025, as a result of more available public-agency and private contracting services work as well as increased ready-mix concrete volumes and pricing in our California market compared to prior year. Hawaii experienced increased ready-mix concrete and cement pricing and volumes of \$36.4 million driven by increased market demand, while Alaska saw its aggregate and ready-mix concrete volumes increase by \$8.3 million due to stronger demand in the private sector. Partially offsetting these increases was decreased volumes throughout most Oregon product lines due to less secured public-agency and private work.

We saw an increase in both EBITDA of \$24.4 million and EBITDA margin of 160 basis points. These improvements were primarily driven by higher cement and ready-mix concrete gross profit of \$17.5 million due to market demand in Hawaii and Alaska, as well as more available work and favorable project execution in California with a \$14.4 million increase in contracting services gross profit. In addition, the segment benefitted from a one-time

legacy operations due to less carry over work from 2024 as well as lower pricing driven by current liquid asphalt market pricing.

Our EBITDA decreased \$5.3 million and EBITDA margin decreased 560 basis points in 2025. The decrease in EBITDA was driven by reduced market pricing mentioned above as well as planned and required maintenance costs of \$1.9 million to our railcar fleet, continued tank and equipment repair costs at our terminals and the impact of selling acquired inventory after markup to fair value as part of acquisition accounting for Albina of \$295,000. Partially offsetting the decrease was earnings from the addition of Albina Asphalt.

2024 Compared to 2023

Our revenue decreased \$16.6 million in 2024, largely due to lower pricing as a result of reduced supply input costs across our market areas. Liquid asphalt sales volumes were up 4 percent, primarily from strong demand in California and Texas, which were partially offset by decreased volumes in the Midwest due to less carry over jobs year-over-year. The acquisition of Albina during the fourth quarter of 2024 also contributed additional liquid asphalt sales volumes.

Our EBITDA decreased \$17.9 million and EBITDA margin decreased 490 basis points in 2024. The decrease in EBITDA was driven by reduced market pricing bringing our margins back within a normal range and an increase in operating costs, primarily \$1.5 million in plant repairs at our California terminal. Higher selling, general and administrative expenses of \$735,000, largely due to higher payroll-related costs with the addition of Albina employees in the fourth quarter of 2024, also reduced EBITDA.

Corporate Services and Eliminations

Corporate Services includes all expenses related to the corporate functions of our company, as well as insurance activity of our captive insurer; interest expense on a majority of our long-term debt; interest income; and unrealized gains and losses on investments for our nonqualified benefit plans.

2025 Compared to 2024

Corporate Services had negative EBITDA of \$63.9 million, or \$3.2 million less EBITDA in 2025, compared to the prior year. Corporate Services had increased selling, general and administrative expenses of \$2.8 million, which was primarily due to higher due diligence and integration costs related to corporate development and completed acquisitions of \$4.4 million and increased stock-based compensation expense for the management team and board of directors due to additional participants. In addition, salaries and burden were higher for the year due to additional staff, however, these were mostly offset by lower incentive accruals. We also had a benefit of \$3.8 million primarily due to the lack of one-time costs incurred in the prior year consisting of insurance costs related to the Separation and the transition services agreement with MDU Resources.

2024 Compared to 2023

Corporate Services contributed negative EBITDA of \$60.7 million, or \$7.5 million less EBITDA in 2024, compared to the prior year. Corporate Services had increased selling, general and administrative expenses of \$7.0 million. The increase in costs for non-Separation related expenses totaled \$7.4 million, which was primarily due to higher due diligence and integration costs related to corporate development and completed acquisitions of \$7.5 million and higher information technology costs of \$3.4 million. These costs were partially offset by lower payroll-related costs of \$2.4 million, largely due to lower bonus accruals, and a reduction in insurance loss reserves at our captive insurer of \$2.6 million. As a result of the Separation, we experienced higher recurring costs as a publicly traded company of \$6.3 million, including payroll-related costs of \$9.5 million, largely due to additional staff and stock-based compensation expenses for the management team and board of directors; information technology costs of \$2.8 million; professional services of \$1.8 million; and fees of \$750,000 primarily related to fees on new debt issued in conjunction with the Separation, partially offset by a reduction in general corporate expenses from MDU Resources of \$8.9 million. We also incurred less one-time costs of \$6.5 million primarily consisting of insurance costs related to the Separation and the transition services agreement with MDU Resources.

Liquidity and Capital Resources

At December 31, 2025, we had unrestricted cash and cash equivalents of \$73.8 million and working capital of \$582.9 million. Working capital is calculated as current assets less current liabilities. We have a centralized cash management model and intend to use cash on hand and third-party credit facilities to fund day-to-day operations. We believe we have sufficient liquid assets, cash flows from operations and borrowing capacity to meet our financial commitments, debt obligations and anticipated capital expenditures for at least the next 12 months.

Given the seasonality of our business, we typically experience significant fluctuations in working capital needs and balances throughout the year. Working capital requirements generally increase in the first half of the year as we build up inventory and focus on preparing equipment and facilities for our construction season. Working capital levels then typically decrease as the construction season winds down and we collect on receivables.

The ability to fund our cash needs will depend on the ongoing ability to generate cash from operations and obtain debt financing. We rely on access to capital markets as sources of liquidity for capital requirements not satisfied by cash flows from operations, particularly in the first half of the year due to the seasonal nature of our business. Our principal uses of cash in the future will be to fund our operations, working capital needs, capital expenditures, repayment of debt and strategic business development transactions.

Debt Financing Activities

The following table summarizes our outstanding debt facilities at December 31, 2025:

| Facility | Facility Limit | Amount Outstanding (In millions) | Letters of Credit | Expiration Date |
|---|----------------|-------------------------------------|-------------------|-----------------|
| Revolving credit agreement ¹ | \$ 500.0 | \$ — | \$ 23.4 | 3/7/2030 |
| Term loan A | 275.0 | 259.7 | — | 3/7/2030 |
| Term loan B | 500.0 | 496.3 | — | 3/8/2032 |
| Senior notes | 425.0 | 425.0 | — | 5/1/2031 |

¹ Outstanding letters of credit reduce the amount available under the revolving credit agreement.

On March 7, 2025, we entered into an amendment to our senior secured credit agreement to increase our revolving credit facility from \$350 million to \$500 million and extend the maturity to March 7, 2030, refinance our existing \$275 million Term Loan A with a maturity of March 7, 2030, and provide for a new Term Loan B in an aggregate principal amount of \$500.0 million with a maturity date of March 8, 2032. Each facility has a SOFR-based interest rate. The Term Loan A has a mandatory annual amortization of 2.50 percent for years one and two, 5.00 percent for years three and four and 7.50 percent in the fifth year. The Term Loan B has a mandatory annual amortization of \$5.0 million. We used the proceeds from the issuance of the new Term Loan B to fund a portion of Strata's purchase price. Separately, we increased the total commitments under our existing revolving credit facility for future expenditures. For more information on the debt agreements and covenant restrictions, see Item 8 - Note 9.

In order to borrow under the debt instruments, we must be in compliance with the applicable covenants and certain other conditions, all of which we are in compliance at December 31, 2025. In the event that we do not comply with the applicable covenants and other conditions, we would be in default on our agreements and alternative sources of funding may need to be pursued and there can be no assurance that, if needed, we will be able to secure additional debt or equity financing on terms acceptable to us or at all. For additional information on our debt, see Item 8 - Note 9.

Off-Balance Sheet Arrangements

As of December 31, 2025, we had aggregate outstanding letters of credit issued under our revolving credit facility in the amount of \$23.4 million. Other than these letters of credit further discussed in Item 8 - Note 18, we do

not currently have any off-balance sheet arrangements that have, or are reasonably likely to have, a material impact on current or future financial conditions, results of operations or cash flows.

Capital Expenditures

We are committed to disciplined capital allocation, including reinvesting in our company to maintain fixed assets, improve operations and grow our business.

In 2025, we spent \$169.5 million on the replacement of construction equipment and plant improvements. Additionally, we spent \$788.6 million on growth initiatives in 2025, which comprised of \$610.0 million on acquisitions and \$178.6 million on aggregate expansions and greenfield projects. In connection with the Strata acquisition, we also received proceeds of \$14.5 million on the sale of four ready-mix plant operations in 2025. Capital expenditures for 2025 were funded by internally generated funds and debt borrowings.

For 2026, we expect capital expenditures for maintenance and improvement to be between \$170 million and \$235 million and approximately \$130 million for organic growth projects and aggregate reserve additions. Our capital expenditure expectations should be considered preliminary and subject to further evaluation and authorization as the year progresses.

Capital expenditures for future acquisitions and future growth opportunities would be incremental to our outlined capital program; these opportunities are dependent upon economic and other competitive conditions. It is anticipated that capital expenditures for 2026 will be funded by various sources, including, but not limited to, internally generated cash and debt.

Cash Flows

| Years ended December 31, | 2025 | 2024 | 2023 |
|--|---------------|----------|----------|
| | (In millions) | | |
| Net cash provided by (used in)..... | | | |
| Operating activities..... | \$ 278.5 | \$ 322.3 | \$ 335.7 |
| Investing activities..... | (913.7) | (294.8) | (117.9) |
| Financing activities..... | 477.5 | (8.7) | 34.4 |
| Increase (decrease) in cash, cash equivalents and restricted cash..... | (157.7) | 18.8 | 252.2 |
| Cash, cash equivalents and restricted cash – beginning of year..... | 281.1 | 262.3 | 10.1 |
| Cash, cash equivalents and restricted cash – end of year..... | \$ 123.4 | \$ 281.1 | \$ 262.3 |

Operating activities

| Years ended December 31, | 2025 | 2024 | 2023 |
|--|---------------|----------|----------|
| | (In millions) | | |
| Net income | \$ 157.1 | \$ 201.7 | \$ 182.9 |
| Adjustments to reconcile net income to net cash provided by operating activities | 209.5 | 137.4 | 128.8 |
| Changes in current assets and current liabilities, net of acquisitions: | | | |
| Receivables | (44.0) | 14.1 | (54.8) |
| Due from related-party | — | — | 16.1 |
| Inventories | (13.4) | (44.3) | 3.7 |
| Other current assets | (9.1) | 10.9 | (19.6) |
| Accounts payable | (15.0) | 7.3 | 33.1 |
| Due to related-party | — | — | (7.3) |
| Other current liabilities | (9.3) | (4.0) | 49.0 |
| Pension and postretirement benefit plan contributions | (0.6) | (2.7) | (1.8) |
| Other noncurrent changes | 3.3 | 1.9 | 5.6 |
| Net cash provided by operating activities | \$ 278.5 | \$ 322.3 | \$ 335.7 |

Cash provided by operating activities for the year ended December 31, 2025, decreased \$43.8 million, largely related to higher working capital needs. Cash used by working capital components increased \$74.8 million in 2025. This increased usage of cash was primarily the result of higher working capital needs due to the acquisitions in 2025, as discussed in Business Segment Financial and Operating Data; timing of taxes paid; increased software maintenance and licenses; and fluctuations in the timing of payment on accounts payable.

Cash provided by operating activities for the year ended December 31, 2024, decreased \$13.4 million, largely related to higher working capital needs. Cash used by working capital components increased \$36.1 million in 2024. This increased usage of cash was driven largely by higher accrued compensation due in part to additional employees associated with the Separation; higher liquid asphalt and aggregate volumes as well as higher costs of aggregate inventory; timing of prepaid insurance due to Separation; the removal of all related-party balances due to the Separation; and fluctuations in the timing of payment on accounts payable. In addition, stronger collections on receivable balances during 2024 and higher net income partially offset the decrease in cash.

Investing activities

| Years ended December 31, | 2025 | 2024 | 2023 |
|---|---------------|------------|------------|
| | (In millions) | | |
| Capital expenditures | \$ (348.1) | \$ (172.4) | \$ (124.3) |
| Acquisitions, net of cash acquired | (610.0) | (131.0) | — |
| Net proceeds from sale or disposition of property and other | 47.5 | 12.0 | 8.3 |
| Investments | (3.1) | (3.4) | (1.9) |
| Net cash used in investing activities | \$ (913.7) | \$ (294.8) | \$ (117.9) |

The increase in cash used in investing activities from 2025 to 2024 was primarily due to additional investments to grow our company. We spent \$479.0 million more on acquisitions in 2025, which includes the acquisition of Strata. We also spent \$175.6 million more on capital expenditures, including the replenishment of depleting aggregate reserves and greenfield projects. The increase in cash usage was offset in part by proceeds from the sale of ready-mix operations as part of the Strata acquisition in the Central segment as discussed in Item 8 - Note 3 and the sale of non-strategic assets in both the West and Central segments.

The increase in cash used in investing activities from 2024 to 2023 was primarily due to the completion of six acquisitions in 2024 and higher capital expenditures, including a liquid asphalt expansion project, aggregate reserve replacements and routine replacement of construction equipment. The increase in cash usage was offset in part by additional proceeds from asset sales, largely as a result of the sale of non-strategic assets in Texas in 2024.

Financing activities

| Years ended December 31, | 2025 | 2024 | 2023 |
|---|---------------|----------|----------|
| | (In millions) | | |
| Issuance of long-term related-party notes, net | \$ — | \$ — | \$ 205.3 |
| Issuance of long-term debt | 500.0 | — | 700.0 |
| Repayment of long-term debt | (8.8) | (7.0) | (3.6) |
| Debt issuance costs | (11.1) | — | (16.7) |
| Tax withholding on stock-based compensation | (2.6) | (1.7) | — |
| Net transfers to Centennial | — | — | (850.6) |
| Net cash provided by (used in) financing activities | \$ 477.5 | \$ (8.7) | \$ 34.4 |

The increase in cash flows provided by financing activities from 2025 to 2024 was largely related to the funding of a new Term Loan B in March of 2025. Offsetting the cash provided by long-term debt were higher debt issuance costs associated with the amendment of our senior secured credit agreement to increase our revolving credit facility capacity, extend the maturity date of the revolving credit facility and Term Loan A, and the issuance of a new Term Loan B. For further information, see Item 8 - Note 9.

The increase in cash flows used in financing activities from 2024 to 2023 was largely related to changes in our debt structure in 2023 as a result of the Separation, which included the issuance of senior notes, term loans, and a revolving credit facility and a transfer of the majority of the proceeds to Centennial.

Material Cash Requirements

For more information on our contractual obligations on long-term debt, operating leases and purchase commitments, see Item 8 - Notes 9, 10 and 18. At December 31, 2025, our material cash requirements under these obligations were as follows:

| | Less than 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|--|---------------------|-----------|-----------|----------------------|------------|
| | (In millions) | | | | |
| Long-term debt maturities ¹ | \$ 11.7 | \$ 34.9 | \$ 238.3 | \$ 896.2 | \$ 1,181.1 |
| Estimated interest payments ² | 75.8 | 148.7 | 134.7 | 48.4 | 407.6 |
| Operating leases | 17.5 | 24.3 | 9.7 | 9.4 | 60.9 |
| Purchase commitments | 42.9 | 66.0 | 34.8 | 10.5 | 154.2 |
| | \$ 147.9 | \$ 273.9 | \$ 417.5 | \$ 964.5 | \$ 1,803.8 |

¹ Unamortized debt issuance costs are excluded from the table.

² Represents the estimated interest payments using our long-term debt outstanding at December 31, 2025, assuming current interest rates and consistent amounts outstanding until their respective maturity dates over the periods indicated in the table above.

Material short-term cash requirements include repayment of outstanding borrowings and interest payments on those agreements, payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations. At December 31, 2025, the current portion of asset retirement obligations was \$14.2 million and was included in other accrued liabilities on the Consolidated Balance Sheets.

Our material long-term cash requirements include repayment of outstanding borrowings and interest payments on those agreements, payments on operating lease agreements, payment of obligations on purchase commitments and asset retirement obligations. At December 31, 2025, we had total liabilities of \$78.8 million related to asset

retirement obligations that are excluded from the table above. Due to the nature of these obligations, we cannot determine precisely when the payments will be made to settle these obligations. For more information, see Item 8 - Note 11.

Defined Benefit Pension Plans

Our company has noncontributory qualified defined benefit pension plans for certain employees. Plan assets consist of investments in equity and fixed income securities. Various assumptions are used in calculating the benefit expense (income) and liability (asset) related to the pension plans. Actuarial assumptions include assumptions about the discount rate and expected return on plan assets. For 2025, we assumed a discount rate of 5.2 percent and long-term rate of return on our qualified defined pension plan assets of 6.0 percent. Decreased discount rates for 2025 compared to 2024 resulted in actuarial losses, offset in part by higher than expected asset sale gains. Differences between actuarial assumptions and actual plan results are deferred and amortized into expense when the accumulated differences exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets. Therefore, this change in asset values will be reflected in future expenses of the plans beginning in 2026. The funded status of the plans did not change significantly with the increase in assets because the liabilities increased as well due to the decrease in the discount rate.

At December 31, 2025, the pension plans' assets exceeded the plans' accumulated benefit obligations by approximately \$53,000. Pretax pension expense (income) reflected in the Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023, was \$349,000, \$289,000 and \$343,000, respectively. Our pension expense is currently projected to be approximately \$637,000 in 2026. We do not expect to make any pension plan contributions in 2026, as the plan is fully funded and is based on using a full yield curve. There were no minimum required contributions for the years ended December 31, 2025 and 2023. During 2024, we contributed \$2.1 million to our pension plans which was driven by additional discretionary contributions to increase the funded status of the plans. For more information on our pension plans, see Item 8 - Note 17.

New Accounting Standards

For information regarding new accounting standards, see Item 8 - Note 2, which is incorporated herein by reference.

Critical Accounting Estimates

We have prepared our financial statements in conformity with GAAP. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management reviews these estimates and assumptions based on historical experience, changes in business conditions and other relevant factors believed to be reasonable under the circumstances.

Critical accounting estimates are defined as estimates that require management to make assumptions about matters that are uncertain at the time the estimate was made, and changes in the estimates could have a material impact on our financial position or results of operations. Our critical accounting estimates are subject to judgments and uncertainties that affect the application of the significant accounting policies discussed in Item 8 - Note 2. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, our financial position or results of operations may be materially different when reported under different conditions or when using different assumptions in the application of the following critical accounting estimates.

Revenue Recognition

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The recognition of revenue requires us to make estimates and assumptions that affect the reported amounts of revenue. The accuracy of revenues reported on the audited consolidated financial statements depends on, among other things,

management's estimates of total costs to complete projects because we use the cost-to-cost measure of progress on contracting services contracts for revenue recognition.

To determine the proper revenue recognition method for contracts, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. For most contracts, the customer contracts with us to provide a significant service of integrating a complex set of tasks and components into a single project. Hence, our contracts are generally accounted for as one performance obligation.

We recognize contracting services revenue over time using an input method based on the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as we incur costs on the contract. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. This method depends largely on the ability to make reasonably dependable estimates related to the extent of progress toward completion of the contract, contract revenues, and contract costs. Since contract prices are generally set before the work is performed, the estimates pertaining to every project could contain significant unknown risks such as volatile labor, material and fuel costs, weather delays, adverse project site conditions, unforeseen actions by regulatory agencies, performance by subcontractors, job management and relations with project owners. Changes in estimates could have a material effect on our results of operations, financial position and cash flows. For the years ended December 31, 2025, 2024 and 2023, our total contracting services revenue was \$1.4 billion, \$1.4 billion and \$1.3 billion, respectively.

Several factors are evaluated in determining the bid price for contract work. These include, but are not limited to, the complexities of the job, past history performing similar types of work, seasonal weather patterns, competition and market conditions, job site conditions, workforce safety, reputation of the project owner, availability of labor, materials and fuel, project location and project completion dates. As a project commences, estimates are continually monitored and revised as information becomes available and actual costs and conditions surrounding the job become known. If a loss is anticipated on a contract, the loss is immediately recognized.

Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Generally, contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration of services provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis.

Our contracts for contracting services generally contain variable consideration including liquidated damages, performance bonuses or incentives, claims, unpriced change orders and penalties or index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. We estimate the amount of revenue to be recognized on variable consideration using one of the two prescribed estimation methods, the expected value method or the most likely amount method, depending on which method best predicts the most likely amount of consideration we expect to be entitled to or expect to incur. Assumptions as to the occurrence of future events and the likelihood and amount of variable consideration are made during the contract performance period, using estimates of variable consideration and assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available to management. We only include variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. When determining if the variable consideration is constrained, we consider if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue. We update our estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

We believe our estimates surrounding the cost-to-cost method are reasonable based on the information that is known when the estimates are made. We have contract administration, accounting and management control systems in place that allow our estimates to be updated and monitored on a regular basis. Because of the many factors that are evaluated in determining bid prices, it is inherent that our estimates have changed in the past and will continually change in the future as new information becomes available for each job.

Business Combinations

We account for acquisitions on the audited consolidated financial statements starting from the date of the acquisition, which is the date that control is obtained. The acquisition method of accounting requires acquired assets and liabilities assumed be recorded at their respective fair values as of the date of the acquisition. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed is recorded as goodwill. The estimation of fair values of acquired assets and liabilities assumed requires significant judgment and various assumptions. Although independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities, the appraised values may be based on significant estimates provided by management. The amounts and useful lives assigned to depreciable and amortizable assets compared to amounts assigned to goodwill, which is not amortized, can affect the results of operations in the period of and periods subsequent to a business combination.

In determining fair values of acquired assets and liabilities assumed, we use various observable inputs for similar assets or liabilities in active markets and various unobservable inputs, which includes the use of valuation models. Fair values are based on various factors including, but not limited to, age and condition of property, maintenance records, auction values for equipment with similar characteristics, recent sales and listings of comparable properties, data collected from drill holes and other subsurface investigations and geologic data. We primarily use the market and cost approaches in determining the fair value of land and property, plant and equipment. A combination of the market and income approaches are used for aggregate reserves and intangibles, primarily a discounted cash flow model. Although we may engage independent third-party consultants to assist with the valuation of aggregate reserves and intangibles, the valuations are based on significant estimates that are approved by management. The process is highly subjective and requires a large degree of management judgement. Assumptions used may vary for each specific business combination due to unique circumstances of each transaction. Assumptions may include discount rate, time period, terminal value and growth rate. The values generated from the discounted cash flow model are sensitive to the assumptions used. Inaccurate assumptions can lead to deviations from the values generated.

There is a measurement period after the acquisition date during which we may adjust the amounts recognized for a business combination. Any such adjustments are recorded in the period the adjustment is determined with the corresponding offset to goodwill. These adjustments are typically based on obtaining additional information that existed at the acquisition date regarding the assets acquired and the liabilities assumed. The measurement period ends once we have obtained all necessary information that existed as of the acquisition date, but does not extend beyond one year from the date of the acquisition. Once the measurement period has ended, any adjustments to assets acquired or liabilities assumed are recorded in income from continuing operations.

Goodwill

We perform our goodwill impairment testing annually in the fourth quarter. In addition, the test is performed on an interim basis whenever events or circumstances indicate that the carrying amount of goodwill may not be recoverable. Examples of such events or circumstances may include a significant adverse change in business climate, weakness in an industry in which our reporting units operate or recent significant cash or operating losses with expectations that those losses will continue.

We have determined that the reporting units for our goodwill impairment test are our operating segments, along with the Prestress component of the West operating segment, as they constitute a business for which discrete financial information is available and for which segment management regularly reviews the operating results. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the

carrying value of a reporting unit exceeds its fair value, we must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2025, 2024 and 2023, there were no impairment losses recorded. At October 31, 2025, the fair value of each of our reporting units substantially exceeded the carrying value.

Determining the fair value of a reporting unit requires judgment and the use of significant estimates, which include assumptions about our future revenue, profitability and cash flows, long-term growth rates, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. The fair value of each reporting unit is determined using a weighted combination of income and market approaches. We believe the estimates and assumptions used in our impairment assessments are reasonable and based on available market information.

A discounted cash flow methodology is used for our income approach. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specified period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate that reflects the best estimate of our weighted average cost of capital.

Under the market approach, we estimate fair value using various multiples derived from enterprise value to EBITDA for comparative peer companies as well as comparable market transaction multiples to EBITDA for each respective reporting unit. These multiples are applied to operating data for each reporting unit to arrive at an indication of fair value. In addition, we add a reasonable control premium when calculating the fair value utilizing the peer multiples, which is estimated as the premium that would be received in a sale in an orderly transaction between market participants.

Significant judgment is used in estimating our five-year forecast. The assumptions underlying cash flow projections are in sync as applicable with our strategy and assumptions. Future projections are heavily correlated with the current year results of operations. Future results of operations may vary due to economic and financial impacts. The long-term growth rates used in the five-year forecast are developed by management based on industry data, management's knowledge of the industry and management's strategic plans. The long-term growth rate used was 3 percent in 2025, 2024 and 2023.

Long-Lived Assets Excluding Goodwill

Long-lived assets, which include aggregate reserves and related assets, represent 56 percent of our total assets as of December 31, 2025. We review the carrying values of our long-lived assets when events or changes in circumstances indicate that such carrying values may not be recoverable.

We test long-lived assets for impairment at a level significantly lower than that of goodwill impairment testing. Long-lived assets or groups of assets are evaluated for impairment at the lowest level of largely independent identifiable cash flows at an individual operation or group of operations collectively serving a local market.

When indications of or triggers for impairment are noted, impairment testing is completed. The impairment testing requires the use of significant estimates, judgments and uncertainties by management, which may vary from actual results. Estimates and judgments may include, among other things, whether triggering events have occurred, estimates of future cash flows, the asset's useful life, disposal activity obligations, growth and production.

The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value.

No impairment losses were recorded in 2025 or 2024. During the year ended December 31, 2023, we recognized non-cash asset impairments of \$5.8 million as a result of certain aggregate sites no longer being economically feasible to mine and having no remaining value. Unforeseen events and changes in circumstances could require the recognition of impairment losses at some future date.

Non-GAAP Financial Measures

This Annual Report includes financial information prepared in accordance with GAAP, as well as EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin, as well as total segment measures, as applicable, that are considered non-GAAP measures of financial performance. These non-GAAP financial measures are not measures of financial performance under GAAP. The items excluded from these non-GAAP financial measures are significant components in understanding and assessing financial performance. Therefore, these non-GAAP financial measures should not be considered substitutes for the applicable GAAP metric.

EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are most directly comparable to the corresponding GAAP measures of net income and net income margin. We believe these non-GAAP financial measures, in addition to corresponding GAAP measures, are useful to investors by providing meaningful information about operational efficiency compared to our peers by excluding the impacts of differences in tax jurisdictions and structures, debt levels and capital investment. We believe Adjusted EBITDA and Adjusted EBITDA margin are useful performance measures because they allow for an effective evaluation of our operating performance by excluding stock-based compensation, unrealized gains and losses on benefit plan investments, and the impact of selling acquired inventory after markup to fair value as part of acquisition accounting as they are considered non-cash and not part of our core operations. We also exclude the one-time, non-recurring costs associated with the Separation as those are not expected to continue. We believe EBITDA and Adjusted EBITDA assist rating agencies and investors in comparing operating performance across operating periods on a consistent basis by excluding items management does not believe are indicative of our operating performance. Additionally, EBITDA and Adjusted EBITDA are important financial metrics for debt investors who utilize debt to EBITDA and debt to Adjusted EBITDA ratios. We believe these non-GAAP financial measures, including total segment measures, as applicable, are useful performance measures because they provide clarity as to our operational results. Our management uses these non-GAAP financial measures in conjunction with GAAP results when evaluating our operating results internally and calculating employee incentive compensation.

EBITDA is calculated by adding back income taxes, interest expense (net of interest income) and depreciation, depletion and amortization expense to net income. EBITDA margin is calculated by dividing EBITDA by revenues. Adjusted EBITDA is calculated by adding back unrealized gains and losses on benefit plan investments, stock-based compensation, impact of selling acquired inventory after markup to fair value as part of acquisition accounting, and one-time Separation costs, to EBITDA. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenues. These non-GAAP financial measures are calculated the same for both the segment and consolidated metrics and should not be considered as alternatives to, or more meaningful than, GAAP financial measures such as net income and net income margin and are intended to be helpful supplemental financial measures for investors' understanding of our operating performance. Our non-GAAP financial measures are not standardized; therefore, it may not be possible to compare these financial measures with other companies' EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin measures having the same or similar names.

The following information reconciles consolidated net income to EBITDA and Adjusted EBITDA and provides the calculation of EBITDA margin and Adjusted EBITDA margin. Interest expense, net, is net of interest income that is included in other income (expense) on the Consolidated Statements of Operations.

| Years ended December 31, | 2025 | 2024 | 2023 |
|---|---------------|------------|------------|
| | (In millions) | | |
| Net income | \$ 157.1 | \$ 201.7 | \$ 182.9 |
| Depreciation, depletion and amortization | 193.7 | 136.9 | 123.8 |
| Interest expense, net | 77.4 | 46.4 | 52.9 |
| Income taxes | 56.1 | 69.3 | 62.4 |
| EBITDA | \$ 484.3 | \$ 454.3 | \$ 422.0 |
| Unrealized gains on benefit plan investments | (2.9) | (2.9) | (2.7) |
| Stock-based compensation expense | 11.4 | 7.8 | 3.1 |
| Impact of selling acquired inventory after markup to fair value as part of acquisition accounting | 3.7 | — | — |
| One-time separation costs | — | 3.8 | 10.0 |
| Adjusted EBITDA | \$ 496.5 | \$ 463.0 | \$ 432.4 |
| Revenue | \$ 3,146.0 | \$ 2,899.0 | \$ 2,830.3 |
| Net income margin | 5.0% | 7.0% | 6.5% |
| EBITDA margin | 15.4% | 15.7% | 14.9% |
| Adjusted EBITDA margin | 15.8% | 16.0% | 15.3% |

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from transactions that are entered into in the normal course of business. We have policies and procedures to assist in controlling these market risks and from time to time have utilized derivatives to manage a portion of our risk.

Interest rate risk

As of December 31, 2025, we had \$756.0 million in term loans outstanding which bear interest at a variable rate. As of December 31, 2025, the rate in effect was 5.63 percent, therefore, a hypothetical increase of 1.00 percent to the interest rate at December 31, 2025, would have increased the all-in rate to 6.63 percent, the effect of which would increase our interest expense by \$7.6 million over the next 12 months based on the balances outstanding for these borrowings as of December 31, 2025.

We use fixed and variable rate long-term debt to partially finance capital expenditures, including acquisitions, and mandatory debt retirements. These debt agreements expose us to market risk related to changes in interest rates. We manage this risk by attempting to take advantage of favorable market conditions when timing the placement of long-term financing. We may take advantage of interest rate swap agreements in the future to minimize our interest rate risk. For additional information on our long-term debt, see Item 8 - Notes 8 and 9. At December 31, 2025 and 2024, we had no outstanding interest rate hedges.

Commodity price risk

We are subject to commodity price risk with respect to price changes in diesel fuel, liquid asphalt and cement. While we generally use price increases, escalation clauses in construction services contracts, fuel surcharges and purchase commitments to mitigate the impacts of higher costs, these measures may not be sufficient to offset these increased costs. For the year ended December 31, 2025, our costs associated with diesel fuel, liquid asphalt and cement were \$672.8 million. Accordingly, a hypothetical 10 percent increase or decrease could increase or decrease, respectively, our operating results over the next 12 months by \$67.3 million based on the costs associated with diesel fuel, liquid asphalt and cement for the year ended December 31, 2025.

Equity price risk

We are exposed to price fluctuations in equity markets, primarily through our defined benefit pension plan assets and other equity security investments. The equity securities held by the pension plan and in such accounts are diversified to achieve broad market participation and reduce the impact of any single investment, sector or geographic region. We have established asset allocation targets for the pension plan holdings, which are described in Item 8 - Note 17.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Report on Internal Control Over Financial Reporting

The management of Knife River Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

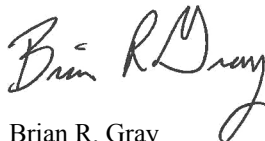
All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on our evaluation under the framework in *Internal Control-Integrated Framework (2013)*, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The scope of our assessment of the effectiveness of our internal control over financial reporting did not include Strata Corporation as we acquired them on March 7, 2025. The assets acquired from Strata were 13.5 percent of consolidated assets as of December 31, 2025 and revenues were 6.2 percent of consolidated revenue during the year ended December 31, 2025. We excluded Strata from the scope of our assessment in accordance with the Securities and Exchange Commission's guidance that allows a recently acquired business to be omitted from the scope of the assessment for one year from the date of its acquisition.

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report.



Brian R. Gray
President and Chief Executive Officer



Nathan W. Ring
Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Knife River Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Knife River Corporation and subsidiaries (the "Company") as of December 31, 2025 and December 31, 2024, the related consolidated statements of operations, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and December 31, 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue from Contracts with Customers—Contracting Services Revenue—Refer to Notes 1, 2, 4 and 5 to the financial statements

Critical Audit Matter Description

The Company recognizes contracting services revenue over time using an input method based on the cost-to-cost measure of progress for contracts because it best depicts the transfer of assets to the customer which occurs as Knife River incurs costs on the contract. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. This method depends largely on the ability to make reasonably dependable estimates related to the extent of progress toward completion of the contract, contract revenues, contract costs. The accounting for these contracts involves judgment, particularly as it relates to the process of estimating total costs and profit for the performance obligation. For the year ended December 31, 2025, the Company recognized \$1.4 billion of contracting services revenue.

Given the judgments necessary to estimate total costs and profit for the performance obligations used to recognize revenue for construction contracts, auditing such estimates required extensive audit effort due to the volume and complexity of construction contracts and a high degree of auditor judgment when performing audit procedures and evaluating the results of those procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's estimates of total costs and profit for the performance obligations used to recognize revenue for contracts included the following, among others:

- We tested the operating effectiveness of management's controls over contracting services revenue, including controls over management's estimation of total costs and profit for the performance obligations.
- For certain contracts, we developed an expectation of the amount of contracting services revenue based on prior year markups, and taking into account current year events, applied to the contracting services contract costs in the current year and compared our expectation to the amount of contracting services revenue recorded by management.
- For certain contracts, we selected a sample of contracting services contracts and performed the following:
 - Evaluated whether the contracts were properly included in management's calculation of contracting services revenue based on the terms and conditions of each contract, including whether continuous transfer of control to the customer occurred as progress was made toward fulfilling the performance obligation.
 - Compared the transaction prices to the consideration expected to be received based on current rights and obligations under the contracts and any modifications that were agreed upon with the customers.
 - Tested management's identification of distinct performance obligations by evaluating whether the underlying goods and services were highly interdependent and interrelated.
 - Tested the accuracy and completeness of the costs incurred to date for the performance obligation.
 - Evaluated the estimates of total cost and profit for the performance obligation by:
 - Comparing total costs incurred to date to the costs management estimated to be incurred to date and selecting specific cost types to compare costs incurred to date to management's estimated costs at completion.
 - Evaluating management's ability to achieve the estimates of total cost and profit by performing corroborating inquiries with the Company's project managers and engineers, and comparing the estimates to management's work plans, engineering specifications, and supplier contracts.
 - Comparing management's estimates for the selected contracts to costs and profits of similar performance obligations, when applicable.

- Tested the mathematical accuracy of management’s calculation of contracting services revenue for the performance obligation.
- For certain contracts, we evaluated management’s ability to estimate total costs and profits accurately by comparing actual costs and profits to management’s historical estimates for performance obligations that have been fulfilled.

Acquisitions—Valuation of property, plant and equipment—Refer to Notes 1, 2 and 3 to the financial statements

Critical Audit Matter Description

On March 7, 2025, the Company completed the acquisition of Strata Corporation. Accordingly, the assets acquired and liabilities assumed were measured at their acquisition date fair values, including the fair values of acquired property, plant and equipment.

The principal considerations of our determination that the valuation of Strata property, plant and equipment acquired is a critical audit matter are (i) the significant judgments made by management, including the use of management’s specialists; (ii) a high degree of auditor judgment and an increased extent of effort in performing procedures and evaluating assumptions; and (iii) the audit effort involved the use of valuation specialists to determine the fair value of acquired Strata property, plant and equipment.

How the Critical Audit Matter Was Addressed in the Audit

With the assistance of our fair value specialists, our audit procedures related to management’s valuation of acquired Strata property, plant and equipment included the following, among others:

- We tested the operating effectiveness of management’s controls over the valuation of acquired Strata property, plant and equipment and the review of the work of management’s third-party specialists.
- With the assistance of our fair value specialists, we selected a sample of assets and evaluated management’s valuation of the assets by comparing management’s fair value conclusions to those determined using a market approach valuation method.
- With the assistance of our fair value specialists, we evaluated management's valuation of the assets by comparing management's fair value conclusions to those determined under generally accepted valuation practices for similar assets.

Deloitte & Touche LLP

Minneapolis, Minnesota
February 20, 2026

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Knife River Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Knife River Corporation and subsidiaries (the “Company”) as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 20, 2026, expressed an unqualified opinion on those financial statements.

As described in Management’s Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Strata Corporation, which was acquired on March 7, 2025, and whose financial statements constitute 13.5 percent of total assets and 6.2 percent of revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2025. Accordingly, our audit did not include the internal control over financial reporting at Strata Corporation.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP

Minneapolis, Minnesota

February 20, 2026

KNIFE RIVER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

| Years ended December 31, | 2025 | 2024 | 2023 |
|--|--|--------------|--------------|
| | (In thousands, except per share amounts) | | |
| Revenue: | | | |
| Construction materials | \$ 1,762,132 | \$ 1,540,749 | \$ 1,523,040 |
| Contracting services | 1,383,880 | 1,358,256 | 1,307,310 |
| Total revenue | 3,146,012 | 2,899,005 | 2,830,350 |
| Cost of revenue: | | | |
| Construction materials | 1,339,127 | 1,147,429 | 1,133,042 |
| Contracting services | 1,229,556 | 1,181,747 | 1,158,373 |
| Total cost of revenue | 2,568,683 | 2,329,176 | 2,291,415 |
| Gross profit | 577,329 | 569,829 | 538,935 |
| Selling, general and administrative expenses | 291,455 | 253,635 | 242,538 |
| Operating income | 285,874 | 316,194 | 296,397 |
| Interest expense | 81,936 | 55,242 | 58,096 |
| Other income | 9,272 | 10,042 | 7,007 |
| Income before income taxes | 213,210 | 270,994 | 245,308 |
| Income taxes | 56,136 | 69,316 | 62,436 |
| Net income | \$ 157,074 | \$ 201,678 | \$ 182,872 |
| Net income per share: | | | |
| Basic | \$ 2.77 | \$ 3.56 | \$ 3.23 |
| Diluted | \$ 2.76 | \$ 3.55 | \$ 3.23 |
| Weighted average common shares outstanding: | | | |
| Basic | 56,653 | 56,607 | 56,568 |
| Diluted | 56,895 | 56,844 | 56,668 |

KNIFE RIVER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

| Years ended December 31, | 2025 | 2024 | 2023 |
|--|----------------|------------|------------|
| | (In thousands) | | |
| Net income | \$ 157,074 | \$ 201,678 | \$ 182,872 |
| Other comprehensive income (loss): | | | |
| Reclassification adjustment for loss on derivative instruments included in net income, net of tax of \$0, \$0 and \$28 in 2025, 2024 and 2023, respectively | — | — | 90 |
| Pension and postretirement liability adjustment: | | | |
| Pension and postretirement liability gains (losses) arising during the period, net of tax of \$(417), \$567 and \$252 in 2025, 2024 and 2023, respectively | (1,209) | 1,709 | 751 |
| Amortization of pension and postretirement liability losses included in net periodic benefit cost, net of tax of \$85, \$103 and \$64 in 2025, 2024 and 2023, respectively | 249 | 308 | 192 |
| Pension and postretirement liability adjustment | (960) | 2,017 | 943 |
| Other comprehensive income (loss) | (960) | 2,017 | 1,033 |
| Comprehensive income attributable to common stockholders | \$ 156,114 | \$ 203,695 | \$ 183,905 |

KNIFE RIVER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

| December 31, | 2025 | 2024 |
|--|---|---------------------|
| | (In thousands, except shares and per share amounts) | |
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents and restricted cash | \$ 123,418 | \$ 281,134 |
| Receivables, net | 278,030 | 267,240 |
| Contract assets | 77,528 | 31,283 |
| Inventories | 435,714 | 380,336 |
| Prepayments and other current assets | 46,232 | 27,675 |
| Total current assets | <u>960,922</u> | <u>987,668</u> |
| Noncurrent assets: | | |
| Net property, plant and equipment | 2,028,933 | 1,441,700 |
| Goodwill | 519,668 | 297,225 |
| Other intangible assets, net | 32,680 | 29,414 |
| Operating lease right-of-use assets | 52,589 | 49,378 |
| Investments and other | 55,321 | 45,817 |
| Total noncurrent assets | <u>2,689,191</u> | <u>1,863,534</u> |
| Total assets | <u>\$ 3,650,113</u> | <u>\$ 2,851,202</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Long-term debt - current portion | \$ 11,708 | \$ 10,475 |
| Accounts payable | 145,581 | 140,834 |
| Contract liabilities | 33,773 | 42,126 |
| Accrued compensation | 44,253 | 50,655 |
| Current operating lease liabilities | 15,942 | 14,844 |
| Other taxes payable | 11,252 | 8,286 |
| Accrued interest | 7,348 | 5,535 |
| Other accrued liabilities | 108,132 | 97,282 |
| Total current liabilities | <u>377,989</u> | <u>370,037</u> |
| Noncurrent liabilities: | | |
| Long-term debt | 1,153,830 | 666,911 |
| Deferred income taxes | 287,917 | 174,727 |
| Noncurrent operating lease liabilities | 36,647 | 34,534 |
| Other | 152,790 | 128,908 |
| Total liabilities | <u>2,009,173</u> | <u>1,375,117</u> |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, 300,000,000 shares authorized, \$0.01 par value, 57,095,301 shares issued and 56,664,165 shares outstanding at December 31, 2025; 57,043,841 shares issued and 56,612,705 shares outstanding at December 31, 2024 | 571 | 570 |
| Other paid-in capital | 629,637 | 620,897 |
| Retained earnings | 1,024,620 | 867,546 |
| Treasury stock held at cost - 431,136 shares | (3,626) | (3,626) |
| Accumulated other comprehensive loss | (10,262) | (9,302) |
| Total stockholders' equity | <u>1,640,940</u> | <u>1,476,085</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,650,113</u> | <u>\$ 2,851,202</u> |

KNIFE RIVER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Equity

| Years ended December 31, 2025, 2024 and 2023 | Common Stock | | Other Paid-In Capital | Retained Earnings | MDU Resources' Stock Held by Subsidiary | | Treasury Stock | | Accumulated Other Comprehensive Loss | Total |
|--|-------------------------------|---------------|-----------------------|---------------------|---|-------------|------------------|-------------------|--------------------------------------|---------------------|
| | Shares | Amount | | | Shares | Amount | Shares | Amount | | |
| | (In thousands, except shares) | | | | | | | | | |
| Balance at December 31, 2022 | 80,000 | \$ 800 | \$ 549,106 | \$ 494,661 | (538,921) | \$ (3,626) | — | \$ — | \$ (12,352) | \$ 1,028,589 |
| Net income | — | — | — | 182,872 | — | — | — | — | — | 182,872 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 1,033 | 1,033 |
| Stock-based compensation | — | — | 2,888 | (37) | — | — | — | — | — | 2,851 |
| Common stock issued for board of director fees | 12,192 | — | 702 | — | — | — | — | — | — | 702 |
| Retirement of historical common stock in connection with the Separation | (80,000) | (800) | 800 | — | — | — | — | — | — | — |
| Issuance of common stock in connection with the Separation | 56,997,350 | 570 | (570) | — | — | — | — | — | — | — |
| Transfer of MDU Resources stock held by subsidiary | — | — | — | — | 538,921 | 3,626 | — | — | — | 3,626 |
| Receipt of treasury stock at historical cost | — | — | — | — | — | — | (431,136) | (3,626) | — | (3,626) |
| Net transfers from Centennial and MDU Resources including Separation adjustments | — | — | 62,972 | — | — | — | — | — | — | 62,972 |
| Net transfers to Centennial pre-Separation | — | — | (1,385) | (11,622) | — | — | — | — | — | (13,007) |
| Balance at December 31, 2023 | 57,009,542 | \$ 570 | \$ 614,513 | \$ 665,874 | — | \$ — | (431,136) | \$ (3,626) | \$ (11,319) | \$ 1,266,012 |
| Net income | — | — | — | 201,678 | — | — | — | — | — | 201,678 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 2,017 | 2,017 |
| Stock-based compensation | — | — | 8,057 | (6) | — | — | — | — | — | 8,051 |
| Common stock issues for employee compensation, net of tax withholding | 31,298 | — | (1,673) | — | — | — | — | — | — | (1,673) |
| Common stock issued for board of director fees | 3,001 | — | — | — | — | — | — | — | — | — |
| Balance at December 31, 2024 | 57,043,841 | \$ 570 | \$ 620,897 | \$ 867,546 | — | \$ — | (431,136) | \$ (3,626) | \$ (9,302) | \$ 1,476,085 |
| Net income | — | — | — | 157,074 | — | — | — | — | — | 157,074 |
| Other comprehensive loss | — | — | — | — | — | — | — | — | (960) | (960) |
| Stock-based compensation | — | — | 11,394 | — | — | — | — | — | — | 11,394 |
| Common stock issued for employee compensation, net of tax withholding | 39,656 | 1 | (2,654) | — | — | — | — | — | — | (2,653) |
| Common stock issued for board of director fees | 11,804 | — | — | — | — | — | — | — | — | — |
| Balance at December 31, 2025 | 57,095,301 | \$ 571 | \$ 629,637 | \$ 1,024,620 | — | \$ — | (431,136) | \$ (3,626) | \$ (10,262) | \$ 1,640,940 |

KNIFE RIVER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

| Years ended December 31, | 2025 | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| | (In thousands) | | |
| Operating activities: | | | |
| Net income | \$ 157,074 | \$ 201,678 | \$ 182,872 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation, depletion and amortization | 193,740 | 136,871 | 123,805 |
| Deferred income taxes | 25,491 | (350) | (1,606) |
| Provision for credit losses | 2,445 | 1,099 | 2,001 |
| Amortization of debt issuance costs | 3,724 | 2,762 | 3,115 |
| Stock-based compensation costs | 11,394 | 7,826 | 2,888 |
| Pension and postretirement benefit plan net periodic benefit cost | 1,239 | 1,628 | 1,182 |
| Unrealized gains on investments | (2,939) | (2,918) | (2,202) |
| Gains on sale of assets | (21,777) | (9,215) | (27) |
| Gain on bargain purchase | (3,547) | — | — |
| Equity in unconsolidated affiliates | (259) | (279) | (286) |
| Changes in current assets and liabilities, net of acquisitions: | | | |
| Receivables | (44,037) | 14,061 | (54,817) |
| Due from related-party | — | — | 16,050 |
| Inventories | (13,444) | (44,303) | 3,654 |
| Other current assets | (9,050) | 10,907 | (19,556) |
| Accounts payable | (14,991) | 7,308 | 33,092 |
| Due to related-party | — | — | (7,310) |
| Other current liabilities | (9,298) | (4,003) | 48,977 |
| Pension and postretirement benefit plan contributions | (570) | (2,651) | (1,756) |
| Other noncurrent changes | 3,280 | 1,903 | 5,650 |
| Net cash provided by operating activities | <u>278,475</u> | <u>322,324</u> | <u>335,726</u> |
| Investing activities: | | | |
| Capital expenditures | (348,041) | (172,427) | (124,283) |
| Acquisitions, net of cash acquired | (609,994) | (130,981) | — |
| Net proceeds from sale or disposition of property and other | 47,472 | 11,996 | 8,284 |
| Investments | (3,097) | (3,389) | (1,890) |
| Net cash used in investing activities | <u>(913,660)</u> | <u>(294,801)</u> | <u>(117,889)</u> |
| Financing activities: | | | |
| Issuance of long-term related-party notes, net | — | — | 205,275 |
| Issuance of long-term debt | 500,000 | — | 700,000 |
| Repayment of long-term debt | (8,808) | (7,036) | (3,653) |
| Debt issuance costs | (11,070) | — | (16,640) |
| Tax withholding on stock-based compensation | (2,653) | (1,673) | — |
| Net transfers to Centennial | — | — | (850,589) |
| Net cash provided by (used in) financing activities | <u>477,469</u> | <u>(8,709)</u> | <u>34,393</u> |
| Increase (decrease) in cash, cash equivalents and restricted cash | <u>(157,716)</u> | <u>18,814</u> | <u>252,230</u> |
| Cash, cash equivalents and restricted cash - beginning of year | 281,134 | 262,320 | 10,090 |
| Cash, cash equivalents and restricted cash - end of year | <u>\$ 123,418</u> | <u>\$ 281,134</u> | <u>\$ 262,320</u> |

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

Note 1 – Organization and Basis of Presentation

At Knife River, we are a people-first construction materials and contracting services company. We provide construction materials and contracting services to build safe roads, bridges, airport runways and other critical infrastructure needs that connect people with where they want to go and with the supplies they need. We are one of the leading providers of crushed stone and sand and gravel in the United States and operate across 14 states. We conduct our operations through four reportable segments: West, Mountain, Central and Energy Services.

In January 2025, we made a change to our organizational structure to better align with our business strategy. We reorganized our business segments to reflect changes in the way our chief operating decision maker evaluates performance, makes operating decisions and allocates resources. Our former Pacific and Northwest operating segments were combined to form the new West operating segment. Our former North Central and South operating segments were combined to form the new Central operating segment. The reorganization resulted in four operating segments: West, Mountain, Central and Energy Services, each of which is also a reportable segment. Each segment's performance is evaluated based on segment results without allocating corporate expenses, which include corporate costs associated with accounting, legal, treasury, business development, information technology, human resources, and other corporate expenses that support the operating segments. Prior periods have been recast to conform to the current reportable segment presentation.

On March 7, 2025, we acquired Strata Corporation (Strata), a leading construction materials and contracting services provider in North Dakota and northwestern Minnesota. The purchase price for Strata totaled \$454.0 million and was subject to post-closing adjustments. The results of operations and balance sheet accounts for Strata are included in the consolidated financial statements from the date of acquisition. For more information, see Note 3.

In July 2025, House Bill 1, known as the One Big Beautiful Bill Act ("OBBBA"), was enacted. The OBBBA includes significant provisions that, among other provisions, makes 100% bonus depreciation permanent and restores the ability to expense domestic research expenditures. The OBBBA did not have a material impact on the Company's annual estimated income tax rate, but did result in a reclassification between current taxes payable and deferred tax liabilities.

In December 2025, we reclassified our retention receivables of \$42.8 million on a contract-by-contract basis from accounts receivable. The reclassification resulted in an increase to contract assets of \$31.8 million and a decrease to contract liabilities of \$11.0 million due to FASB's clarification of retention receivables under ASC 606. Prior years were not revised.

Separation from MDU Resources

On May 31, 2023, MDU Resources completed the separation of Knife River through the distribution of approximately 90 percent of the outstanding shares of common stock, par value \$.01 per share, of Knife River to the stockholders of record of MDU Resources as of the close of business on May 22, 2023. MDU Resources retained approximately 10 percent of the outstanding shares of Knife River common stock. The Distribution was structured as a pro rata distribution of one share of Knife River common stock for every four shares of MDU Resources common stock. In November 2023, MDU Resources disposed of all 5,656,621 retained shares of Knife River common stock in an underwritten public offering. As a result of the Distribution, Knife River is now an independent public company and its common stock is listed under the symbol "KNF" on the New York Stock Exchange.

The Separation was completed pursuant to a separation and distribution agreement and other agreements with MDU Resources related to the Separation, including, but not limited to, a tax matters agreement, an employee matters agreement and a transition services agreement. For an interim period following the Separation, certain functions continued to be provided by MDU Resources under a transition services agreement. For more information on the transition services agreement, see Note 19.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

Basis of Presentation

Prior to the Separation, we operated as a wholly owned subsidiary of Centennial and an indirect, wholly owned subsidiary of MDU Resources and not as a stand-alone company. The accompanying audited consolidated financial statements and footnotes for the periods prior to the Separation were prepared on a “carve-out” basis using a legal entity approach in conformity with GAAP and were derived from the audited consolidated financial statements of MDU Resources as if we operated on a stand-alone basis during these periods.

All revenues and costs as well as assets and liabilities directly associated with the business activity of Knife River are included in the financial statements. In the periods prior to the Separation, the audited consolidated financial statements include expense allocations for certain functions provided by MDU Resources and Centennial, including, but not limited to certain general corporate expenses related to senior management, legal, human resources, finance and accounting, treasury, information technology, communications, procurement, tax, insurance and other shared services. These general corporate expenses are included in the Consolidated Statements of Operations within selling, general and administrative expenses and other income (expense). The amount allocated to us was \$10.7 million for the year ended December 31, 2023. These expenses were allocated to us on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of total capital invested or other allocation methodologies that were considered to be a reasonable reflection of the utilization of the services provided to the benefits received, including the following: number of employees paid and stated as cost per check; number of employees served; weighted factor of travel, managed units, national account spending equipment and fleet acquisitions; purchase order dollars spent and purchase order line count; number of payments; vouchers or unclaimed property reports; labor hours; time tracked; and projected workload. The allocations may not, however, reflect the expense we would have incurred as a stand-alone company for the periods presented. These costs also may not be indicative of the expenses that we will incur in the future or would have incurred if we had obtained these services from a third party.

Prior to the Separation, we participated in Centennial’s centralized cash management program, including its overall financing arrangements. Interest expense in the Consolidated Statements of Operations for the periods prior to the Separation reflects the allocation of interest on borrowing and funding associated with the related-party note agreements. Upon the completion of the Separation, we implemented our own financing agreements with lenders. For additional information on our current debt financing, see Note 9.

Related-party transactions between us and MDU Resources or Centennial for general operating activities and intercompany debt have been included in the audited consolidated financial statements for periods prior to the Separation. The cash settlement of these transactions are included in the Consolidated Statements of Cash Flows as operating or financing activities following the nature of the transactions. The aggregate net effect of related-party transactions not settled in cash as part of the Separation have been reflected in the Consolidated Balance Sheets and Statements of Stockholders’ Equity within “Other paid-in capital” and within the Consolidated Statements of Cash Flows following the nature of the transactions with a majority included in the financing section. See Note 19 for additional information on related-party transactions.

Management has also evaluated the impact of events occurring after December 31, 2025, up to the date of issuance of these audited consolidated financial statements on February 20, 2026, that would require recognition or disclosure in the audited Consolidated Financial Statements.

Principles of consolidation

For all periods, the audited consolidated financial statements were prepared in accordance with GAAP and include the accounts of Knife River and our wholly owned subsidiaries. All intercompany accounts and transactions between our businesses have been eliminated in the accompanying audited consolidated financial statements.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

Use of estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the audited consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used for items such as long-lived assets and goodwill; fair values of acquired assets and liabilities under the acquisition method of accounting; aggregate reserves; property depreciable lives; tax provisions; revenue recognized using the cost-to-cost measure of progress for contracts; expected credit losses; environmental and other loss contingencies; costs on contracting services contracts; actuarially determined benefit costs; asset retirement obligations; present value of right-of-use assets and lease liabilities; and the valuation of stock-based compensation. These estimates are based on management's best knowledge of current events, historical experience, actions that we may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Note 2 – Significant Accounting Policies

New accounting standards

The following table provides a brief description of the accounting pronouncements applicable to us and the potential impact on our audited consolidated financial statements and/or disclosures:

| Standard | Description | Standard Effective Date | Impact on financial statements/disclosures |
|--|--|--|---|
| <i>Recently issued ASU's not yet adopted</i> | | | |
| ASU 2024-03 - Disaggregation of Income Statement Expenses | In November 2024, the FASB issued guidance on modifying the disclosure requirements to improve the disclosures for a public entity's expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The guidance is to be applied either on a prospective basis to the financial statements issued for reporting periods after the effective date or on a retrospective basis to the financial statements to all prior periods presented in the financial statements. Early adoption is permitted. | Annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. | We are currently evaluating the impact the guidance will have on our disclosures for the year ended December 31, 2027 and interim periods for fiscal year 2028. |
| ASU 2025-05 - Measurement of Credit Losses for Accounts Receivable and Contract Assets | In July 2025, the FASB issued guidance to provide a practical expedient for all entities related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606, Revenue from Contracts with Customers. | Annual reporting periods beginning after December 15, 2025 and interim reporting periods within those annual reporting periods on a prospective basis. Early adoption is permitted and should be applied on a prospective basis. | We are currently evaluating the impact the guidance will have on our financial statements and related disclosures. |

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

| Standard | Description | Standard Effective Date | Impact on financial statements/disclosures |
|---|--|--|---|
| ASU 2025-06 - Targeted Improvements to the Accounting for Internal-Use Software | In September 2025, the FASB issued guidance to provide targeted improvements to the accounting for internal-use software which is intended to modernize the recognition and capitalization framework to reflect current software development practices. Under this guidance, eligible software development costs will begin capitalization when management has authorized and committed to funding the software project, and it is probable that the project will be completed and the software will be used to perform the function intended. | Annual reporting periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. | We are currently evaluating the impact this guidance will have on our financial statements and disclosures. |

Cash, cash equivalents and restricted cash

We consider all highly liquid investments with an original maturity of three months or less, when purchased, to be cash and cash equivalents. Restricted cash represents deposits held by our captive insurance company that is required by state insurance regulations to remain in the captive insurance company. Cash, cash equivalents and restricted cash at December 31 was comprised of:

| | 2025 | 2024 |
|--|----------------|------------|
| | (In thousands) | |
| Cash and cash equivalents | \$ 73,821 | \$ 236,799 |
| Restricted cash | 49,597 | 44,335 |
| Cash, cash equivalents and restricted cash | \$ 123,418 | \$ 281,134 |

Business combinations

For all business combinations, we preliminarily allocate the purchase price of the acquisitions to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition dates and are considered provisional until final fair values are determined, or the measurement period has passed. We expect to record adjustments as we accumulate the information needed to estimate the fair value of assets acquired and liabilities assumed, including working capital balances, estimated fair value of identifiable intangible assets, property, plant and equipment, total consideration and goodwill. The excess of the purchase price over the aggregate fair value is recorded as goodwill. We calculated the fair value of the assets acquired in 2025 and 2024 using a market or cost approach (or a combination of both). Fair values for some of the assets were determined based on Level 3 inputs including estimated future cash flows, discount rates, growth rates, sales projections, retention rates and terminal values, all of which required significant management judgment and are susceptible to change. The final fair value of the net assets acquired may result in adjustments to the assets and liabilities, including goodwill, and will be made as soon as practical, but no later than 12 months from the respective acquisition dates. Any subsequent measurement period adjustments are not expected to have a material impact on our results of operations.

Revenue recognition

Revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. We are considered an agent for certain taxes collected from customers. As such, we present revenues net of these taxes at the time of sale to be remitted to governmental authorities, including sales and use taxes.

We generate revenue from contracting services and construction materials sales. We focus on the vertical integration of our contracting services with our construction materials to support the aggregate-based product lines.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

We provide contracting services to a customer when a contract has been approved by both the customer and a representative of Knife River, obligating a service to be provided in exchange for the consideration identified in the contract. The nature of the services provided generally include integrating a set of services and related construction materials into a single project to create a distinct bundle of goods and services, which we have determined are generally a single performance obligation. We determine the transaction price to include the fixed consideration required pursuant to the original contract price together with any additional consideration, to which we expect to be entitled to, associated with executed change orders plus the estimate of variable consideration to which we expect to be entitled, subject to the constraint discussed below.

The nature of our contracts gives rise to several types of variable consideration. Examples of variable consideration include: liquidated damages; performance bonuses or incentives and penalties; claims; unpriced change orders; and index pricing. The variable amounts usually arise upon achievement of certain performance metrics or change in project scope. We estimate the amount of revenue to be recognized on variable consideration using the most likely amount method, which best predicts the most likely amount of consideration we expect to be entitled to or expect to incur. Assumptions as to the occurrence of future events and the likelihood and amount of variable consideration are made during the contract performance period. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on the assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available to management. We only include variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Changes in circumstances could impact management's estimates made in determining the value of variable consideration recorded. When determining if the variable consideration is constrained, we consider if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue. We update our estimate of the transaction price each reporting period and the effect of variable consideration on the transaction price is recognized as an adjustment to revenue on a cumulative catch-up basis.

Contracting services revenue is recognized over time using an input method based on the cost-to-cost measure of progress on a project. We have determined this method to be appropriate for measuring revenue because the costs incurred have been determined to represent the best indication of the overall progress toward the transfer of such goods or services promised to a customer. Under the cost-to-cost measure of progress, the costs incurred are compared with total estimated costs of a performance obligation. Revenues are recorded proportionately to the costs incurred. The percentage of completion is determined on a performance obligation basis.

We also sell construction materials to external customers and internal customers. The contract for material sales is the use of a sales order or an invoice, which includes the pricing and payment terms. All material contracts contain a single performance obligation for the delivery of a single distinct product or a distinct separately identifiable bundle of products and services. Revenue is recognized at a point in time when the performance obligation has been satisfied with the delivery of the products or services. The warranties associated with the sales are those consistent with a standard warranty that the product meets certain specifications for quality or those required by law. For most contracts, amounts billed to customers are due within 30 days of receipt. There are no material obligations for returns, refunds or other similar obligations.

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2025, 2024 and 2023

Receivables and allowance for expected credit losses

Receivables consist primarily of trade and contract receivables from the sale of goods and services net of expected credit losses. A majority of our receivables are due in 30 days or less. The total balance of receivables past due 90 days or more was \$15.3 million and \$14.3 million at December 31, 2025 and 2024, respectively. Receivables, net consisted of the following at December 31:

| | 2025 | 2024 |
|---------------------------------|-------------------|-------------------|
| | (In thousands) | |
| Trade receivables | \$ 155,836 | \$ 134,480 |
| Contract receivables | 127,383 | 137,105 |
| Receivables, gross | 283,219 | 271,585 |
| Less expected credit loss | 5,189 | 4,345 |
| Receivables, net | <u>\$ 278,030</u> | <u>\$ 267,240</u> |

Our expected credit losses are determined through a review using historical credit loss experience, changes in asset specific characteristics, current conditions and reasonable and supportable future forecasts, among other specific account data, and is performed at least quarterly. We develop and document our methodology to determine our allowance for expected credit losses. Risk characteristics we use may include customer mix, knowledge of customers and general economic conditions of the various local economies, among others. Specific account balances are written off when management determines the amounts to be uncollectible. Management has reviewed the balance reserved through the allowance for expected credit losses and believes it is reasonable.

Details of our expected credit losses were as follows:

| | West | Mountain | Central | Energy Services | Total |
|--|-----------------|---------------|-----------------|--------------------|-----------------|
| | (In thousands) | | | | |
| At December 31, 2023 | \$ 3,057 | \$ 2,293 | \$ 718 | \$ 100 | \$ 6,168 |
| Current expected credit loss provision | 417 | 35 | 575 | 72 | 1,099 |
| Less write-offs charged against the allowance | 996 | 1,548 | 372 | 6 | 2,922 |
| At December 31, 2024 | \$ 2,478 | \$ 780 | \$ 921 | \$ 166 | \$ 4,345 |
| Current expected credit loss provision | 422 | 436 | 752 | 835 | 2,445 |
| Less write-offs charged against the allowance | 495 | 942 | 71 | 93 | 1,601 |
| At December 31, 2025 | <u>\$ 2,405</u> | <u>\$ 274</u> | <u>\$ 1,602</u> | <u>\$ 908</u> | <u>\$ 5,189</u> |

Inventories

Inventories at December 31 consisted of:

| | 2025 | 2024 |
|--------------------------|-------------------|-------------------|
| | (In thousands) | |
| Finished products | \$ 304,281 | \$ 252,563 |
| Raw materials | 91,069 | 91,334 |
| Supplies and parts | 40,364 | 36,439 |
| Total | <u>\$ 435,714</u> | <u>\$ 380,336</u> |

KNIFE RIVER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Inventories are valued at the lower of cost or net realizable value using the average cost method. Inventories include production costs incurred as part of our aggregate mining activities. These inventoriable production costs include all mining and processing costs associated with the production of aggregates. Stripping costs incurred during the production phase, which represent costs of removing overburden and waste materials to access mineral deposits, are a component of inventoriable production costs.

Property, plant and equipment

Additions to property, plant and equipment are recorded at cost. Gains or losses resulting from the retirement or disposal of assets are recognized as a component of operating income. Generally, property, plant and equipment are depreciated on a straight-line basis over the average useful lives of the assets with the exception of large marine equipment, which is computed using units-of-production.

Aggregate mining development costs are capitalized and classified as land improvements and depreciated over the lower of the estimated life of the reserves or the life of the associated improvement. We begin capitalizing development costs at a point when reserves are determined to be proven or probable and economically mineable. Capitalization of these costs ceases when production commences. The cost of acquiring reserves in connection with a business combination are valued at fair value. Aggregate reserves, from both owned and leased mining sites, are a component within property, plant and equipment and are depleted using the units-of-production method. We use proven and probable aggregate reserves as the denominator in our units-of production calculation. Exploration costs are expensed as incurred in cost of revenue and production costs are capitalized to inventory.

Capitalized interest

The interest cost on capital projects is capitalized and included in the cost of the project. Capitalization commences in the pre-acquisition or construction stage of the project and continues until the project is substantially complete and ready for its intended use. When no debt is incurred specifically for a project, interest is capitalized using the weighted average cost of our outstanding borrowings. For the years ended December 31, 2025 and 2024, the amount we capitalized into net property, plant and equipment on the Consolidated Balance Sheet was immaterial.

Impairment of long-lived assets, excluding goodwill

We review the carrying values of our long-lived assets, including mining and related assets, whenever events or changes in circumstances indicate that such carrying values may not be recoverable. We test long-lived assets for impairment at a level significantly lower than that of goodwill impairment testing. Long-lived assets or groups of assets that are evaluated for impairment at the lowest level of largely independent identifiable cash flows at an individual operation or group of operations collectively serving a local market. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a loss if the carrying value is greater than the fair value. No impairment losses were recorded in 2025 or 2024. During the year ended December 31, 2023, we recognized non-cash asset impairments of \$5.8 million as a result of certain aggregate sites no longer being economically feasible to mine and having no remaining value.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net tangible and intangible assets acquired in a business combination. Goodwill is required to be tested for impairment annually, which we complete in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

We have determined the reporting units for our goodwill impairment test are our operating segments along with the Prestress component of the West operating segment as they each constitute a business for which discrete financial information is available and for which management regularly reviews the operating results. For more

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information on our operating segments, see Note 15. Goodwill impairment, if any, is measured by comparing the fair value of each reporting unit to its carrying value. If the fair value of a reporting unit exceeds its carrying value, the goodwill of the reporting unit is not impaired. If the carrying value of a reporting unit exceeds its fair value, we must record an impairment loss for the amount that the carrying value of the reporting unit, including goodwill, exceeds the fair value of the reporting unit. For the years ended December 31, 2025, 2024 and 2023, there were no impairment losses recorded. Our annual goodwill impairment test was performed in the fourth quarter of 2025 and determined the fair value of each of our reporting units substantially exceeded the carrying value as of October 31, 2025.

We use a weighted average combination of both an income approach and a market approach to estimate the fair value of our reporting units for our goodwill impairment analysis. Determining the fair value of a reporting unit requires judgment and the use of significant estimates, which include assumptions about our future revenue, profitability and cash flows, amount and timing of estimated capital expenditures, inflation rates, weighted average cost of capital, operational plans, and current and future economic conditions, among others. We believe the estimates and assumptions used in our impairment assessments are reasonable and based on available market information.

Investments

Our investments include the cash surrender value of life insurance policies and insurance contracts. We measure our investment in the insurance contracts at fair value with any unrealized gains and losses recorded on the Consolidated Statements of Operations.

Government Assistance

We account for government assistance received for capital projects by reducing the cost of the project by the amount of assistance received. We record government assistance received as taxable income and write-up the tax basis of the asset to include the amount of the assistance received.

Government assistance received for the years ended December 31, 2025, 2024 and 2023, was not material.

Joint Ventures

We account for unconsolidated joint ventures using either the equity method or proportionate consolidation. As of December 31, 2025, we held interests of 25 percent and 33 percent in joint ventures formed primarily for the purpose of pooling resources on construction contracts. Proportionate consolidation is used for joint ventures that include unincorporated legal entities and activities of the joint venture which are construction-related. For those joint ventures accounted for under proportionate consolidation, only our pro rata share of assets, liabilities, revenues and expenses are included in the Consolidated Balance Sheets and Consolidated Statements of Operations.

For those joint ventures accounted for using proportionate consolidation, we recorded in our Consolidated Statements of Operations revenue of \$514,000, \$0 and \$4.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. Also for the years ended December 31, 2025, 2024 and 2023, we reported operating losses of \$10,000, \$3,000 and \$1.9 million, respectively. We had interest in assets from these joint ventures of \$50,000 for 2025 and \$45,000 for both 2024 and 2023.

For joint ventures accounted for under the equity method, our investment balances for the joint ventures are included in Investments in the Consolidated Balance Sheets and our pro rata share of net income is included in Other income in the Consolidated Statements of Operations. Our investments in equity method joint ventures were a net asset of \$2.1 million, \$1.9 million and \$68,000 for December 31, 2025, 2024 and 2023, respectively. In 2025, 2024 and 2023, we recognized income from equity method joint ventures of \$199,000, \$279,000 and \$55,000, respectively.

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Leases

The recognition of leases requires us to make estimates and assumptions that affect the lease classification and the assets and liabilities recorded. The accuracy of lease assets and liabilities reported on the audited Consolidated Financial Statements depends on, among other things, management's estimates of interest rates used to discount the lease assets and liabilities to their present value, as well as the lease terms based on the unique facts and circumstances of each lease.

Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. We recognize leases with an original lease term of 12 months or less in income on a straight-line basis over the term of the lease and do not recognize a corresponding right-of-use asset or lease liability. We determine the lease term based on the non-cancelable and cancelable periods in each contract. The non-cancelable period consists of the term of the contract that is legally enforceable and cannot be canceled by either party without incurring a significant penalty. The cancelable period is determined by various factors that are based on who has the right to cancel a contract. If only the lessor has the right to cancel the contract, we will assume the contract will continue. If the lessee is the only party that has the right to cancel the contract, we look to asset, entity and market-based factors. If both the lessor and the lessee have the right to cancel the contract, we assume the contract will not continue.

The discount rate used to calculate the present value of the lease liabilities is based upon the implied rate within each contract. If the rate is unknown or cannot be determined, we use an incremental borrowing rate, which is determined by the length of the contract, asset class and our borrowing rates, as of the commencement date of the contract.

Insurance

Our wholly-owned captive insurance company, Spring Creek Insurance Company, which is subject to applicable insurance rules and regulations, insures our exposure related to workers' compensation, general liability and automobile liability on a primary basis. We also purchase excess coverage from unrelated insurance carriers and obtain third-party coverage for other forms of insurance including, but not limited to, excess liability, contractor's pollution liability, marine liability, directors and officers liability and employment practices liability.

Spring Creek Insurance Company establishes a reserve for estimated ultimate losses on reported claims and those incurred but not yet reported utilizing actuarial projections. The reserves are classified within other accrued liabilities or noncurrent liabilities - other on the Consolidated Balance Sheets based on projections of when the estimated loss will be paid. The estimates that are utilized to record potential losses on claims are inherently subjective, and actual claims could differ from amounts recorded, which could result in increased or decreased expense in future periods.

Additionally, we maintain a self-insurance reserve for health insurance programs offered to eligible employees, included within other accrued liabilities on the Consolidated Balance Sheets. The reserve includes an estimate for losses on reported claims as well as for amounts incurred but not yet reported, based on historical trends.

Asset retirement obligations

We record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, we capitalize a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, we either settle the obligation for the recorded amount or incur a gain or loss.

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Net income per share

Basic net income per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. Diluted net income per share is computed by dividing net income by the total of the weighted average number of shares of common stock outstanding during the applicable period, plus the effect of non-vested performance and restricted stock units. Basic and diluted net income per share are calculated as follows, based on a reconciliation of the weighted-average common shares outstanding on a basic and diluted basis:

| Years ended December 31, | 2025 | 2024 | 2023 |
|--|---|-------------|-------------|
| | (In thousands, except per share amounts) | | |
| Net income | \$ 157,074 | \$ 201,678 | \$ 182,872 |
| Weighted average common shares outstanding - basic | 56,653 | 56,607 | 56,568 |
| Effect of dilutive performance and restricted stock units | 242 | 237 | 100 |
| Weighted average common shares outstanding - diluted | 56,895 | 56,844 | 56,668 |
| Shares excluded from the calculation of diluted earnings per share | 34 | — | — |
| Net income per share - basic | \$ 2.77 | \$ 3.56 | \$ 3.23 |
| Net income per share - diluted | \$ 2.76 | \$ 3.55 | \$ 3.23 |

Stock-based compensation

We determine compensation expense for stock-based compensation awards based on the estimated fair values at the grant date and recognize the related compensation expense over the vesting period. We use the straight-line amortization method to recognize compensation expense related to restricted stock units, which only has a service condition. This method recognizes stock compensation expense on a straight-line basis over the requisite service period for the entire award. We recognize compensation expense related to performance awards that vest based on performance metrics and service conditions on a straight-line basis over the service period. Inception-to-date expense is adjusted based upon the determination of the potential achievement of the performance target at each reporting date. We recognize compensation expense related to performance awards with market-based performance metrics on a straight-line basis over the requisite service period. Forfeitures are recognized as they occur, and expenses are adjusted on a cumulative catch-up basis at the time of any forfeitures.

Prior to the Separation, key employees participated in various stock-based compensation plans authorized and managed by MDU Resources. All awards granted under the plans were based on MDU Resources' common shares, however, we recognized the expense for our participants in our financial statements.

At the time of the Separation, each outstanding MDU Resources' time-vested restricted stock unit and performance share awards held by a Knife River employee was converted into Knife River time-vested restricted stock units. The converted awards continue to vest over the original vesting period, which is generally three years from the grant date. All performance share awards that were converted at the time of the Separation were first adjusted using a combined performance factor based on MDU Resources' actual performance as of December 31, 2022. The number of restricted stock units was determined by taking the closing per share price of MDU Resources on May 31, 2023, and dividing by the closing per share price of Knife River on June 1, 2023. The ratio used to convert the MDU Resources' stock-based compensation awards was designed to preserve the aggregate intrinsic value of the award immediately after the Separation when compared to the aggregate intrinsic value of the award immediately prior to the Separation. The existing unvested stock-based awards issued through MDU Resources' stock-based compensation plans were modified in connection with the Separation to maintain an equivalent value immediately before and after Separation. Incremental fair value for unvested awards has been recorded over the remaining vesting periods.

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Income taxes

Knife River and its subsidiaries file consolidated federal income tax returns and combined and separate state income tax returns. Pursuant to the tax sharing agreement that exists between Knife River and its subsidiaries, federal income taxes paid by Knife River, as parent of the consolidated group, are allocated to the individual subsidiaries based on separate company computations of tax. However, all income tax expense is reported within the Corporate Services segment. We make a similar allocation for state income taxes paid in connection with combined state filings.

We provide deferred federal and state income taxes on all temporary differences between the book and tax basis of our assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record uncertain tax positions in accordance with accounting guidance on accounting for income taxes on the basis of a two-step process in which (1) we determine whether it is more-likely-than-not that the tax position will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of the tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. Tax positions that do not meet the more-likely-than-not criteria are reflected as a tax liability. We recognize interest and penalties accrued related to unrecognized tax benefits in income taxes.

Note 3 – Acquisitions and Dispositions

Acquisitions

The following acquisitions were accounted for as business combinations in accordance with *ASC 805 - Business Combinations*. The results of the business combinations have been included in the Company's Consolidated Financial Statements beginning on the acquisition dates.

Acquisitions are also subject to customary adjustments based on, among other things, the amount of cash, debt and working capital in the business as of the closing date. The amounts included in the Consolidated Balance Sheets for these adjustments are considered provisional until final settlement has occurred.

Strata Corporation

On March 7, 2025, we completed the acquisition of Strata Corporation, a leading construction materials and contracting services provider in North Dakota and northwestern Minnesota. The purchase of Strata includes operations that expand our aggregates, ready-mix and asphalt operations, as well as our trucking fleet, locomotives and railcars, in our current geographic locations. The purchase price for Strata totaled \$454.0 million and was subject to post-closing adjustments. The results of Strata are included in our Central segment.

The estimated fair value of the assets acquired and liabilities assumed were final as of December 31, 2025. Post closing, we continued to gather information to finalize the valuation of these assets and liabilities. The fair values were considered provisional until final fair values were determined during the measurement period. We recorded adjustments to the estimated fair value of assets acquired and liabilities assumed, including working capital balances, estimated fair value of identifiable intangible assets, property, plant and equipment, total consideration and goodwill. We utilized market and cost approaches to estimate the fair value of the property, plant and equipment, excluding aggregate reserves. The fair value of aggregate reserves and intangible assets were determined using the income approach. All estimates, key assumptions, and forecasts were either provided by or reviewed by management. We engaged third-party valuation firms to assist in the analysis and valuation of the assets of Strata. While we chose to utilize third-party valuation firms, the fair value analysis and related valuations represent the conclusions of management and not the conclusions or statements of any third party.

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The excess of the total purchase price over the fair value of assets acquired and liabilities assumed was allocated to goodwill. We believe that the goodwill relates to several factors, including potential synergies related to market opportunities for multiple product offerings and economies of scale expected from combining our operations with the business acquired.

The final allocation of the aggregate purchase price for Strata is as follows, which has been updated as of December 31, 2025, to include measurement period adjustments for updated fair values of certain assets, working capital adjustments and reclassification of assets held for sale to property, plant and equipment.

| | As of March 7, 2025 | Measurement Period Adjustment | As of December 31, 2025 |
|--|------------------------|-------------------------------------|-------------------------------|
| (In thousands) | | | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 7,906 | \$ 732 | \$ 8,638 |
| Receivables, net | 3,751 | 1,005 | 4,756 |
| Contract assets | 9,013 | 196 | 9,209 |
| Inventories | 36,355 | (277) | 36,078 |
| Assets held for sale | 21,093 | (2,726) | 18,367 |
| Prepayments and other current assets | 4,850 | 477 | 5,327 |
| Total current assets | 82,968 | (593) | 82,375 |
| Noncurrent assets: | | | |
| Property, plant and equipment | 266,370 | 8,201 | 274,571 |
| Goodwill | 152,329 | (5,368) | 146,961 |
| Other intangible assets | 13,600 | (700) | 12,900 |
| Operating lease right-of-use assets | 53 | — | 53 |
| Total noncurrent assets | 432,352 | 2,133 | 434,485 |
| Total assets acquired | <u>\$ 515,320</u> | <u>\$ 1,540</u> | <u>\$ 516,860</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 3,312 | \$ 202 | \$ 3,514 |
| Contract liabilities | 921 | (324) | 597 |
| Current operating lease liabilities | 29 | — | 29 |
| Other accrued liabilities | 21,378 | (8,145) | 13,233 |
| Total current liabilities | 25,640 | (8,267) | 17,373 |
| Noncurrent liabilities: | | | |
| Deferred income taxes | 45,092 | 5,193 | 50,285 |
| Other noncurrent liabilities | 3,293 | 898 | 4,191 |
| Total noncurrent liabilities | 48,385 | 6,091 | 54,476 |
| Total liabilities assumed | <u>\$ 74,025</u> | <u>\$ (2,176)</u> | <u>\$ 71,849</u> |
| Total consideration (fair value) | <u>\$ 441,295</u> | <u>\$ 3,716</u> | <u>\$ 445,011</u> |

Intangible assets for Strata, as of the date of acquisition, included \$8.8 million for customer backlog with an amortization period of 9 months and \$4.1 million for permits with an amortization period of 10 years upon commencement of operations.

Revenue attributable to Strata included in our Consolidated Statements of Operations for the year ended December 31, 2025 was \$198.7 million and net income was not meaningful.

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Other Acquisitions

During 2025, we completed the following acquisitions:

- A Washington aggregate quarry operation in the West segment which included a bargain purchase gain of \$3.5 million, net of deferred taxes of \$1.3 million, and was recorded in other income on the Consolidated Statement of Operations. We reviewed the fair values of the assets acquired and liabilities assumed and determined that the purchase would result in a gain being recognized at the time of the acquisition. We believe the bargain purchase gain was primarily the result of the sellers' desire to exit quickly due to cash flow constraints which were limiting their ability to operate the business efficiently. In the fourth quarter of 2025, we finalized the purchase accounting and no material adjustments were made.
- An Oregon aggregates and contracting company in the West segment which included a \$5.4 million holdback liability. The fair value of the assets acquired and liabilities assumed are still provisional.
- A central Minnesota aggregates and contracting services business in the Central segment. The fair value of the assets acquired and liabilities assumed are still provisional.
- A Texas aggregates and ready-mix concrete supplier in the Central segment. The fair value of the assets acquired and liabilities assumed are still provisional.

The aggregated purchase consideration of these four acquisitions was \$177.2 million. These acquisitions were not considered material separately or in the aggregate. The acquisitions resulted in the recognition of \$22.1 million of current assets; \$98.7 million of assets in property, plant and equipment; \$3.1 million of operating lease right-of-use assets; \$75.6 million of goodwill; \$5.2 million of intangible assets, which included \$100,000 of non-compete agreements, \$1.1 million of backlog and \$4.0 million of customer relationships; \$13.4 million of current liabilities; \$1.3 million deferred income tax liability and \$9.3 million of noncurrent liabilities - other.

During 2024, we completed four acquisitions with an aggregated purchase consideration of \$119.0 million. These acquisitions were not considered material separately or in the aggregate. The acquisitions resulted in the recognition of \$28.9 million of current assets; \$51.5 million of assets in property, plant and equipment; \$22.7 million of goodwill; \$21.1 million of intangible assets; \$1.9 million of other noncurrent assets; \$5.6 million of current liabilities; and \$1.5 million of noncurrent liabilities - other. The purchase accounting for these acquisitions was completed in 2025 and no material adjustments were recorded.

For the years ended December 31, 2025 and 2024, we incurred acquisition-related costs on completed and other potential acquisitions of \$10.8 million and \$7.7 million, respectively. These costs are included in our Corporate Services in selling, general and administrative expenses on the Consolidated Statement of Operations.

Dispositions

On March 7, 2025, we sold four ready-mix plant operations for total proceeds of \$14.5 million. The ready-mix plant operations were acquired by us as part of the Strata acquisition and subsequently sold to an unrelated third-party. The ready-mix plants were included in assets held for sale on the opening balance sheet for Strata at the time of the acquisition.

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Note 4 – Revenue from Contracts with Customers

In the following table, revenue is disaggregated by category for each reportable segment. We believe this level of disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Revenue for contracting services is recognized over time while revenue for construction materials is recognized at a point in time. For more information on our reportable segments, see Note 15.

Presented in the following tables are the sales of materials to both third parties and internal customers. Due to consolidation requirements, the internal sales revenues must be eliminated against the construction materials product used in the contracting services to arrive at the external operating revenues.

| Year ended December 31, 2025 | West | Mountain | Central | Energy Services | Corporate Services | Total |
|--|---------------------|-------------------|---------------------|------------------------|---------------------------|---------------------|
| Aggregates..... | \$ 296,260 | \$ 95,220 | \$ 225,646 | \$ — | \$ — | \$ 617,126 |
| Ready-mix concrete..... | 346,736 | 124,536 | 308,152 | — | — | 779,424 |
| Asphalt..... | 131,796 | 99,023 | 190,163 | — | — | 420,982 |
| Liquid asphalt..... | — | — | — | 296,032 | — | 296,032 |
| Other..... | 177,240 | 12 | 35,154 | 53,523 | 13,888 | 279,817 |
| Contracting services public-sector..... | 349,310 | 330,390 | 445,169 | — | — | 1,124,869 |
| Contracting services private-sector..... | 121,041 | 105,293 | 32,677 | — | — | 259,011 |
| Internal sales..... | (213,670) | (110,632) | (232,407) | (61,276) | (13,264) | (631,249) |
| Revenues from contracts with customers..... | <u>\$ 1,208,713</u> | <u>\$ 643,842</u> | <u>\$ 1,004,554</u> | <u>\$ 288,279</u> | <u>\$ 624</u> | <u>\$ 3,146,012</u> |
| | | | | | | |
| Year ended December 31, 2024 | West | Mountain | Central | Energy Services | Corporate Services | Total |
| Aggregates..... | \$ 297,173 | \$ 101,810 | \$ 157,165 | \$ — | \$ — | \$ 556,148 |
| Ready-mix concrete..... | 313,532 | 117,108 | 224,803 | — | — | 655,443 |
| Asphalt..... | 135,306 | 120,827 | 185,305 | — | — | 441,438 |
| Liquid asphalt..... | — | — | — | 238,939 | — | 238,939 |
| Other..... | 167,361 | 36 | 31,734 | 50,585 | 16,104 | 265,820 |
| Contracting services public-sector..... | 351,377 | 360,790 | 410,072 | — | — | 1,122,239 |
| Contracting services private-sector..... | 115,284 | 98,268 | 22,465 | — | — | 236,017 |
| Internal sales..... | (197,074) | (135,947) | (213,672) | (54,872) | (15,474) | (617,039) |
| Revenues from contracts with customers..... | <u>\$ 1,182,959</u> | <u>\$ 662,892</u> | <u>\$ 817,872</u> | <u>\$ 234,652</u> | <u>\$ 630</u> | <u>\$ 2,899,005</u> |

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| Year ended December 31, 2023 | West | Mountain | Central | Energy Services | Corporate Services | Total |
|--|---------------------|-------------------|-------------------|--------------------|-----------------------|---------------------|
| Aggregates..... | \$ 294,672 | \$ 100,505 | \$ 152,691 | \$ — | \$ — | \$ 547,868 |
| Ready-mix concrete..... | 305,673 | 120,534 | 227,735 | — | — | 653,942 |
| Asphalt..... | 135,505 | 112,897 | 204,018 | — | — | 452,420 |
| Liquid asphalt..... | — | — | — | 253,196 | — | 253,196 |
| Other..... | 158,493 | 16 | 28,745 | 49,363 | 12,414 | 249,031 |
| Contracting services public-sector..... | 268,734 | 308,711 | 426,318 | — | — | 1,003,763 |
| Contracting services private-sector..... | 157,989 | 124,282 | 21,276 | — | — | 303,547 |
| Internal sales..... | (195,223) | (133,328) | (235,875) | (57,373) | (11,618) | (633,417) |
| Revenues from contracts with customers..... | <u>\$ 1,125,843</u> | <u>\$ 633,617</u> | <u>\$ 824,908</u> | <u>\$ 245,186</u> | <u>\$ 796</u> | <u>\$ 2,830,350</u> |

Note 5 – Uncompleted Contracts

Costs, estimated earnings, and billings on uncompleted contracts at December 31 are summarized as follows:

| | 2025 | 2024 |
|---|------------------|--------------------|
| | (In thousands) | |
| Costs incurred on uncompleted contracts..... | \$ 1,570,937 | \$ 1,300,669 |
| Estimated earnings..... | 261,986 | 222,368 |
| Estimated revenue on uncompleted contracts..... | 1,832,923 | 1,523,037 |
| Less billings to date..... | (1,789,168) | (1,533,880) |
| Net contract asset (liability)..... | <u>\$ 43,755</u> | <u>\$ (10,843)</u> |

The timing of invoicing to customers does not necessarily correlate with the timing of revenues being recognized under the cost-to-cost method of accounting. Contracts from contracting services are billed as work progresses in accordance with agreed upon contractual terms. Generally, billing to the customer occurs contemporaneous to revenue recognition. A variance in timing of the billings may result in a contract asset or a contract liability. A contract asset occurs when revenues are recognized under the cost-to-cost measure of progress, which exceeds amounts billed on uncompleted contracts. Such amounts will be billed as standard contract terms allow, usually based on various measures of performance or achievement. A contract liability occurs when there are billings in excess of revenues recognized under the cost-to-cost measure of progress on uncompleted contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation.

Such amounts are included in the accompanying Consolidated Balance Sheets at December 31 under the following captions:

| | 2025 | 2024 | Change |
|---|------------------|--------------------|------------------|
| | (In thousands) | | |
| Contract assets ¹ | \$ 77,528 | \$ 31,283 | \$ 46,245 |
| Contract liabilities ¹ | (33,773) | (42,126) | 8,353 |
| Net contract asset (liability)..... | <u>\$ 43,755</u> | <u>\$ (10,843)</u> | <u>\$ 54,598</u> |

¹ Following the issuance of the FASB Staff Educational Paper on Topic 606: Presentation and Disclosure of Retainage for Construction Contractors, we have reclassified retention receivables on a contract-by-contract basis from accounts receivable to contract assets and liabilities. The change in presentation was on a prospective basis beginning with balances as of December 31, 2025.

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| | 2024 | 2023 | Change |
|--------------------------------------|--------------------|--------------------|------------------|
| | (In thousands) | | |
| Contract assets | \$ 31,283 | \$ 27,293 | \$ 3,990 |
| Contract liabilities | (42,126) | (51,376) | 9,250 |
| Net contract asset (liability) | <u>\$ (10,843)</u> | <u>\$ (24,083)</u> | <u>\$ 13,240</u> |

We recognized \$41.2 million and \$50.6 million in revenue for the years ended December 31, 2025 and 2024, respectively, which was previously included in contract liabilities at December 31, 2024 and 2023, respectively.

We recognized a net increase in revenues of approximately \$28.5 million and \$32.6 million for the years ended December 31, 2025 and 2024, respectively, from performance obligations satisfied in prior periods.

Remaining performance obligations

The remaining performance obligations, also referred to as backlog, include unrecognized revenues that we reasonably expect to be realized. These unrecognized revenues can include: projects that have a written award, a letter of intent, a notice to proceed, an agreed upon work order to perform work on mutually accepted terms and conditions and change orders or claims to the extent management believes additional contract revenues will be earned and are deemed probable of collection. The majority of our contracts for contracting services have an original duration of less than one year.

At December 31, 2025, our remaining performance obligations were \$1.0 billion. We expect to recognize the following revenue amounts in future periods related to these remaining performance obligations: \$768.8 million within the next 12 months; \$170.8 million within the next 13 to 24 months; and \$92.5 million thereafter.

Note 6 – Property, Plant and Equipment

Property, plant and equipment at December 31 was as follows:

| | 2025 | 2024 | Depreciable Lives |
|--|---------------------|---------------------|-------------------|
| | (In thousands) | | |
| Land | \$ 229,551 | \$ 175,313 | — |
| Aggregate reserves | 847,472 | 624,280 | * |
| Buildings and improvements | 291,893 | 241,129 | 15-30 |
| Machinery, vehicles and equipment | 2,050,249 | 1,721,427 | 3-30 |
| Construction in progress | 90,073 | 43,535 | — |
| Less: accumulated depreciation and depletion | 1,480,305 | 1,363,984 | |
| Net property, plant and equipment | <u>\$ 2,028,933</u> | <u>\$ 1,441,700</u> | |

* Depleted on the units-of-production method based on proven and probable aggregate reserves.

Total depreciation and depletion expense was \$175.5 million, \$132.2 million and \$119.2 million for the years ended December 31, 2025, 2024 and 2023, respectively.

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Note 7 – Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill were as follows:

| | Balance at January 1, 2025 | Goodwill Acquired During the Year | Measurement Period Adjustments | Balance at December 31, 2025 |
|-----------------------|-------------------------------|---|--------------------------------------|------------------------------------|
| (In thousands) | | | | |
| West | \$ 123,674 | \$ 11,904 | \$ 1,997 | \$ 137,575 |
| Mountain | 26,816 | — | — | 26,816 |
| Central | 115,322 | 212,962 | (4,381) | 323,903 |
| Energy Services | 31,413 | — | (39) | 31,374 |
| Total | \$ 297,225 | \$ 224,866 | \$ (2,423) | \$ 519,668 |

| | Balance at January 1, 2024 | Goodwill Acquired During the Year | Measurement Period Adjustments | Balance at December 31, 2024 |
|-----------------------|-------------------------------|---|--------------------------------------|------------------------------------|
| (In thousands) | | | | |
| West | \$ 123,599 | \$ 75 | \$ — | \$ 123,674 |
| Mountain | 26,816 | — | — | 26,816 |
| Central | 114,587 | 735 | — | 115,322 |
| Energy Services | 9,476 | 21,937 | — | 31,413 |
| Total | \$ 274,478 | \$ 22,747 | \$ — | \$ 297,225 |

Other amortizable intangible assets at December 31, were as follows:

| | Average Useful Life In Years | 2025 | 2024 |
|-------------------------------------|---------------------------------|------------------|------------------|
| (In thousands) | | | |
| Customer relationships | 1-9 | \$ 34,699 | \$ 30,703 |
| Less accumulated amortization | | 15,789 | 11,060 |
| | | 18,910 | 19,643 |
| Noncompete agreements | 1-4 | 3,107 | 3,950 |
| Less accumulated amortization | | 2,904 | 3,524 |
| | | 203 | 426 |
| Tradename | 9 | 7,470 | 7,470 |
| Less accumulated amortization | | 871 | 124 |
| | | 6,599 | 7,346 |
| Backlog | 1-2 | 10,395 | 390 |
| Less accumulated amortization | | 9,052 | 22 |
| | | 1,343 | 368 |
| Other | 10-15 | 5,968 | 3,310 |
| Less accumulated amortization | | 343 | 1,679 |
| | | 5,625 | 1,631 |
| Total | | \$ 32,680 | \$ 29,414 |

The previous tables include goodwill and intangible assets associated with the business combinations completed during 2025 and 2024. For acquisitions in 2025, the weighted average useful life for customer relationships was two years and other intangible assets was four years. For acquisitions in 2024, the weighted average useful life for

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customer relationships was ten years, noncompete agreements was three years, tradename was ten years and other intangible assets was 11 years. For more information related to these business combinations, see Note 3.

Amortization expense for amortizable intangible assets for the years ended December 31, 2025, 2024 and 2023, was \$14.8 million, \$2.5 million and \$2.6 million, respectively. Estimated amortization expense for identifiable intangible assets as of December 31, 2025, was:

| | 2026 | 2027 | 2028 | 2029 | 2030 | Thereafter |
|----------------------------|----------------|---------|---------|---------|---------|------------|
| | (In thousands) | | | | | |
| Amortization expense | \$6,587 | \$5,336 | \$4,071 | \$3,466 | \$2,676 | \$10,544 |

Note 8 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value guidance establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of the assets and liabilities measured on a recurring basis are determined using the market approach.

Financial Instruments Measured at Fair Value on a Recurring Basis

We measure our investments in certain fixed-income and equity securities at fair value with changes in fair value recognized in income. We anticipate using these investments, which consist of insurance contracts, to satisfy our obligations under our unfunded, nonqualified defined benefit and defined contribution plans for our executive officers and certain key management employees, and invest in these fixed-income and equity securities for the purpose of earning investment returns and capital appreciation. These investments, which totaled \$34.0 million and \$28.4 million as of December 31, 2025 and 2024, respectively, are classified as investments on the Consolidated Balance Sheets. The net unrealized gains on these investments for the years ended December 31, 2025, 2024, and 2023 were \$2.9 million, \$2.9 million, and \$1.9 million, respectively. The change in fair value, which is considered part of the cost of the plan, is classified in other income on the Consolidated Statements of Operations.

Our assets measured at fair value on a recurring basis were as follows:

| | Fair Value Measurements at December 31, 2025, Using | | | |
|---|--|---|--|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2025 |
| | (In thousands) | | | |
| Assets: | | | | |
| Money market funds | \$ — | \$ 2,775 | \$ — | \$ 2,775 |
| Insurance contracts | — | 33,982 | — | 33,982 |
| Total assets measured at fair value | \$ — | \$ 36,757 | \$ — | \$ 36,757 |

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| Fair Value Measurements at December 31, 2024, Using | | | | |
|---|--|---|--|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2024 |
| (In thousands) | | | | |
| Assets: | | | | |
| Money market funds | \$ — | \$ 4,082 | \$ — | \$ 4,082 |
| Insurance contracts | — | 28,377 | — | 28,377 |
| Total assets measured at fair value | \$ — | \$ 32,459 | \$ — | \$ 32,459 |

Our Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources. The estimated fair value of the Level 2 insurance contracts are based on contractual cash surrender values that are determined primarily by investments in managed separate accounts of the insurer. These amounts approximate fair value. The managed separate accounts are valued based on other observable inputs or corroborated market data.

We believe the methods used to estimate fair value are consistent with those used by other market participants. The use of other methods or assumptions could result in a different estimate of fair value.

Nonfinancial Instruments Measured at Fair Value on a Nonrecurring Basis

We apply the provisions of the fair value measurement standard to our nonrecurring, non-financial measurements, including long-lived asset impairments. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. We review the carrying value of our long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable.

The assets and liabilities of the acquisitions that occurred during 2025 and 2024 were calculated using a market or cost approach. The fair value of some of the assets was determined based on Level 3 inputs including estimated future cash flows, discount rates, growth rates and sales projections, all of which require significant management judgment. For more information on these Level 2 and Level 3 fair value measurements, see Note 3.

Our long-term debt is not measured at fair value on the Consolidated Balance Sheets and the fair value is being provided for disclosure purposes only. The fair value was categorized as Level 2 in the fair value hierarchy and was based on discounted cash flows using current market interest rates. The estimated fair value of our Level 2 long-term debt was as follows:

| | December 31, 2025 | December 31, 2024 |
|-----------------|-------------------|-------------------|
| (In thousands) | | |
| Carrying amount | \$ 1,181,142 | \$ 689,950 |
| Fair value | \$ 1,202,247 | \$ 707,853 |

The carrying amounts of our remaining financial instruments included in current assets and current liabilities approximate their fair values.

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Note 9 – Debt

Certain debt instruments of ours contain restrictive and financial covenants and cross-default provisions. In order to borrow under the debt instruments, we must be in compliance with the applicable covenants and certain other conditions, all of which management believes we, as applicable, were in compliance with at December 31, 2025. In the event we do not comply with the applicable covenants and other conditions, alternative sources of funding may need to be pursued.

Long-term Debt Outstanding Long-term debt outstanding was as follows:

| | Weighted Average Interest Rate at December 31, 2025 | December 31, 2025 | December 31, 2024 |
|--|---|-------------------|-------------------|
| (In thousands) | | | |
| Term loan A agreement due on March 7, 2030 | 5.42 % | \$ 259,725 | \$ 264,688 |
| Term loan B agreement due on March 8, 2032 | 5.74 % | 496,250 | — |
| Senior notes due on May 1, 2031 | 7.75 % | 425,000 | 425,000 |
| Other notes due on January 1, 2061 | — % | 167 | 262 |
| Less unamortized debt issuance costs | | 15,604 | 12,564 |
| Total long-term debt | | 1,165,538 | 677,386 |
| Less current maturities | | 11,708 | 10,475 |
| Net long-term debt | | \$ 1,153,830 | \$ 666,911 |

Term Loan and Revolving Credit Facility

On March 7, 2025, we entered into an amendment to the senior secured credit agreement to, among other things, increase our revolving credit facility from \$350.0 million to \$500.0 million and extend the maturity to March 7, 2030, refinance the existing \$275.0 million Term Loan A to extend the maturity to March 7, 2030, and provide for a new Term Loan B in an aggregate principal amount of \$500.0 million with a maturity of March 8, 2032. The Term Loan B was funded on March 7, 2025. Each facility has a SOFR-based interest rate. The Term Loan A has a mandatory annual amortization of 2.50 percent for years one and two, 5.00 percent for years three and four, and 7.50 percent in the fifth year. The Term Loan B has a mandatory annual amortization of \$5.0 million. The agreement contains customary covenants and provisions, including a covenant of Knife River not to permit, at any time, the ratio of total debt to trailing-twelve-month EBITDA to be greater than 4.75 to 1.00. The covenants also include restrictions on the sale of certain assets, loans and investments.

Schedule of Debt Maturities Long-term debt maturities, which excludes unamortized debt issuance costs, at December 31, 2025, were as follows:

| | 2026 | 2027 | 2028 | 2029 | 2030 | Thereafter |
|---------------------------------|-----------|-----------|-----------|-----------|------------|------------|
| (In thousands) | | | | | | |
| Long-term debt maturities | \$ 11,708 | \$ 16,657 | \$ 18,234 | \$ 23,197 | \$ 215,096 | \$ 896,250 |

Note 10 – Leases

Most of the leases we enter into are for equipment, buildings and vehicles as part of our ongoing operations. We determine if an arrangement contains a lease at inception of a contract and account for all leases in accordance with ASC 842 - *Leases*.

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Lessee accounting

The leases we have entered into as part of our ongoing operations are considered operating leases and are recognized on the Consolidated Balance Sheets as operating lease right-of-use assets, current operating lease liabilities and noncurrent operating lease liabilities. The corresponding lease costs are included in cost of revenue and selling, general and administrative expenses on the Consolidated Statements of Operations.

Generally, the leases for vehicles and equipment have a term of five years or less and buildings have a longer term of up to 35 years or more. To date, we do not have any residual value guarantee amounts probable of being owed to a lessor, financing leases or material agreements with related parties.

The following tables provide information on operating leases at and for the years ended December 31:

| | 2025 | 2024 | 2023 |
|-----------------------------|------------------|------------------|------------------|
| | (In thousands) | | |
| Lease costs: | | | |
| Operating lease cost | \$ 18,568 | \$ 18,844 | \$ 18,199 |
| Variable lease cost | 221 | 337 | 383 |
| Short-term lease cost | 52,705 | 56,373 | 53,987 |
| Total lease costs | <u>\$ 71,494</u> | <u>\$ 75,554</u> | <u>\$ 72,569</u> |

| | 2025 | 2024 |
|--|------------------------|------------|
| | (Dollars in thousands) | |
| Weighted average remaining lease term | 2.15 years | 1.95 years |
| Weighted average discount rate | 5.81 % | 5.65 % |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 18,568 | \$ 18,844 |

The reconciliation of future undiscounted cash flows to operating lease liabilities presented on the Consolidated Balance Sheet at December 31, 2025, was as follows (in thousands):

| | |
|---|------------------|
| 2026 | \$ 17,508 |
| 2027 | 14,022 |
| 2028 | 10,252 |
| 2029 | 6,351 |
| 2030 | 3,342 |
| Thereafter | 9,425 |
| Total | <u>60,900</u> |
| Less discount | 8,311 |
| Total operating lease liabilities | <u>\$ 52,589</u> |

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Note 11 – Asset Retirement Obligations

We have asset retirement obligations, which are liabilities associated with our legally required obligations to reclaim owned and leased aggregate properties, asphalt plant sites, ready-mix plant sites and other properties. For the years ended December 31, 2025 and 2024, the current portion of our liability, which is included in other accrued liabilities, was \$14.2 million and \$7.1 million, respectively. The noncurrent amount, which is included in other liabilities, was \$64.6 million and \$52.3 million, respectively. Total accretion and depreciation expenses for the years ended December 31, 2025, 2024 and 2023, were \$9.9 million, \$3.4 million and \$2.6 million, respectively, and are included in cost of revenue on the Consolidated Statements of Operations. A reconciliation of our liability for the years ended December 31 was as follows:

| | 2025 | 2024 |
|---|------------------|------------------|
| | (In thousands) | |
| Balance at beginning of year | \$ 59,430 | \$ 41,782 |
| Revisions in estimated cash flows | 634 | 12,929 |
| Liabilities incurred | 17,354 | 3,509 |
| Liabilities settled | (2,113) | (999) |
| Accretion expense | 3,465 | 2,209 |
| Balance at end of year | <u>\$ 78,770</u> | <u>\$ 59,430</u> |

Note 12 – Stock-Based Compensation

Periods Prior to the Separation

Prior to the Separation, certain key employees participated in stock-based compensation plans sponsored by MDU Resources. Under these plans, employees were granted time-vested restricted stock units and performance share awards. The shares vest over three years, contingent on continued employment. As previously discussed in Note 2, the outstanding restricted stock units and performance share awards granted to our employees were converted to restricted stock units of Knife River at the time of the Separation.

Prior to the Separation, stock-based compensation expense in the Consolidated Statements of Operations is representative of those employees of Knife River. Additionally, stock-based compensation expense was allocated to Knife River for corporate employees of MDU Resources. This stock-based compensation expense was allocated using a proportional cost allocation method and is included as a component of corporate allocations for periods prior to the Separation. The amounts presented for the periods prior to the Separation are not necessarily indicative of future awards and do not necessarily reflect the costs that we would have incurred as an independent company.

Periods Post Separation

At the time of the Separation, each outstanding MDU Resources' time-vested restricted stock unit and performance share award held by a Knife River employee was converted into Knife River time-vested restricted stock units. The conversion of the stock and the fair value of the awards was determined using the policies described in Note 2. As a result of the award modification, we incurred \$185,000 of incremental stock-based compensation expense, recognizing \$44,000, \$53,000, and \$88,000 during the years ended December 31, 2025, 2024 and 2023, respectively. There was no incremental compensation expense incurred related to the performance share awards.

Effective June 1, 2023, we established a stock-based compensation plan under which we are currently authorized to grant 2.5 million restricted stock units and other stock awards. Under our stock-based compensation plan, we have both restricted stock units and performance stock units. The performance stock units are tied to either a company specific performance metric or total stockholder return of the company as compared to its peers. Additional information on the stock units follows.

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As of December 31, 2025, there were 2.2 million shares available to grant under this plan. Shares are either purchased on the open market or new shares of common stock are issued to satisfy the vesting of stock-based awards.

Restricted Stock Units

During the year ended December 31, 2025, we granted 53,726 restricted stock units to certain executive officers, employees and members of our board of directors. The restricted stock units generally vest over three years, contingent on continued employment for employees, and over one year for our board of directors. We use the straight-line amortization method to recognize compensation expense related to restricted stock units, which only has a service condition. The fair value of all restricted stock units is based on the market value of our stock on the date of grant.

The weighted average grant-date fair value per share for the restricted stock units granted in 2025, 2024 and 2023 was \$94.06, \$73.02 and \$39.57, respectively. The total fair value of restricted stock units that vested during the years ended December 31, 2025, 2024 and 2023, was \$7.2 million, \$2.5 million and \$2.0 million, respectively.

Performance Stock Units

During the year ended December 31, 2025, we granted 76,658 performance stock units to certain executive officers and employees. The performance stock units vest over three years, contingent on continued employment for employees, and are tied to either a market condition or performance metric. We recognize compensation expense related to performance stock units with performance-based metrics on a straight-line basis over the requisite service period.

Under the performance metric for these performance stock units, participants may earn from zero to 200 percent of the apportioned target grant of shares. The performance metric is based on adjusted EBITDA margin growth. The weighted average grant-date fair value per share granted in 2025 and 2024 was \$93.24 and \$72.14, respectively.

Under the market condition for these performance stock units, participants may earn from zero to 200 percent of the apportioned target grant of performance stock units based on our total stockholder return relative to that of the selected peer group. Compensation expense was based on the grant-date fair value as determined by Monte Carlo simulation. The blended volatility term structure ranges are comprised of 50 percent historical volatility and 50 percent implied volatility. Risk-free interest rates were based on U.S. Treasury security rates in effect as of the grant date.

Assumptions used for grants applicable to the market condition for shares granted were:

| | <u>2025</u> | <u>2024</u> |
|--|-------------|-------------|
| Weighted average grant date fair value | \$130.59 | \$99.83 |
| Weighted average volatility | 43.86 % | 37.83 % |
| Weighted average risk-free interest rate | 4.01 % | 4.62 % |

Consolidated Stock-Based Compensation

The following table summarizes stock-based compensation expense recorded in selling, general and administrative expense on the Consolidated Statements of Operations:

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| Years ended December 31, | 2025 | 2024 | 2023 |
|--|----------------|----------|----------|
| | (In thousands) | | |
| Restricted stock units | \$ 5,715 | \$ 4,384 | \$ 2,921 |
| Performance stock units | 5,679 | 2,915 | — |
| Tax benefit associated with stock-based compensation | 2,780 | 2,933 | 1,219 |

As of December 31, 2025, total remaining unrecognized compensation expense related to stock-based compensation was approximately \$13.0 million (before income taxes), which will be amortized over a weighted average period of 1.6 years.

For the year ended December 31, 2025, the following summarizes the activity of the performance stock units and restricted stock units.

| | Performance Stock Units | | Restricted Stock Units | |
|--------------------------------------|-------------------------|--|------------------------|--|
| | Number of Shares | Weighted Average Grant-Date Fair Value | Number of Shares | Weighted Average Grant-Date Fair Value |
| Nonvested at the beginning of period | 101,688 | \$ 85.99 | 222,420 | \$ 49.82 |
| Granted | 76,658 | 111.91 | 53,726 | 94.06 |
| Vested shares | — | — | (167,863) | 42.70 |
| Nonvested at end of period | 178,346 | \$ 97.13 | 108,283 | \$ 82.79 |

Note 13 – Accumulated Other Comprehensive Loss

The after-tax changes in the components of accumulated other comprehensive loss were as follows:

| | Net Unrealized Loss on Derivative Instruments Qualifying as Hedges | Postretirement Liability Adjustment | Total Accumulated Other Comprehensive Loss |
|--|--|-------------------------------------|--|
| | (In thousands) | | |
| At December 31, 2023 | \$ — | \$ (11,319) | \$ (11,319) |
| Other comprehensive income before reclassifications | — | 1,709 | 1,709 |
| Amounts reclassified from accumulated other comprehensive loss | — | 308 | 308 |
| Net current-period other comprehensive income | — | 2,017 | 2,017 |
| At December 31, 2024 | — | (9,302) | (9,302) |
| Other comprehensive loss before reclassifications | — | (1,209) | (1,209) |
| Amounts reclassified from accumulated other comprehensive loss | — | 249 | 249 |
| Net current-period other comprehensive loss | — | (960) | (960) |
| At December 31, 2025 | \$ — | \$ (10,262) | \$ (10,262) |

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The following amounts were reclassified out of accumulated other comprehensive loss into net income. The amounts presented in parentheses indicate a decrease to net income on the Consolidated Statements of Operations. The reclassifications for the years ended December 31 were as follows:

| | 2025 | 2024 | 2023 | Location on Consolidated Statements of Operations |
|---|----------------|----------|----------|--|
| | (In thousands) | | | |
| Reclassification adjustment for loss on derivative instruments included in net income | \$ — | \$ — | \$ (118) | Interest expense |
| | — | — | 28 | Income taxes |
| | — | — | (90) | |
| Amortization of postretirement liability losses included in net periodic benefit cost | (334) | (411) | (256) | Other income |
| | 85 | 103 | 64 | Income taxes |
| | (249) | (308) | (192) | |
| Total reclassifications | \$ (249) | \$ (308) | \$ (282) | |

Note 14 – Cash Flow Information

Cash expenditures for interest and income taxes for the years ended December 31 were as follows:

| | 2025 | 2024 | 2023 |
|------------------------|----------------|-----------|-----------|
| | (In thousands) | | |
| Interest paid, net | \$ 78,780 | \$ 56,916 | \$ 54,925 |
| Income taxes paid, net | \$ 41,765 | \$ 62,181 | \$ 76,689 |

Noncash investing and financing transactions at December 31 were as follows:

| | 2025 | 2024 | 2023 |
|--|----------------|-----------|------------|
| | (In thousands) | | |
| Property, plant and equipment additions in accounts payable | \$ 25,840 | \$ 22,167 | \$ 12,672 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 15,811 | \$ 20,777 | \$ 14,967 |
| Equity contribution from Centennial related to the Separation | \$ — | \$ — | \$ 64,724 |
| Equity contribution to MDU Resources for asset/liability transfers related to the Separation | \$ — | \$ — | \$ (1,537) |
| MDU Resources' stock issued in connection with a business combination | \$ — | \$ — | \$ 383 |
| Accrual for holdback payment related to a business combination | \$ 5,686 | \$ — | \$ — |

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Note 15 – Business Segment Data

In January 2025, we made a change to our organizational structure to better align with our business strategy. We reorganized our business segments to reflect changes in the way our chief operating decision maker evaluates performance, makes operating decisions and allocates resources. Our former Pacific and Northwest operating segments were combined to form the new West operating segment. Our former North Central and South operating segments were combined to form the new Central operating segment. The reorganization resulted in four operating segments: West, Mountain, Central and Energy Services, each of which is also a reportable segment. Each segment's performance is evaluated based on segment results without allocating corporate expenses, which include corporate costs associated with accounting, legal, treasury, business development, information technology, human resources, and other corporate expenses that support the operating segments.

Three of our reportable segments are aligned by key geographic areas due to the production of construction materials and related contracting services and one is based on product line. Each segment is led by a segment manager who reports to our chief operating officer, who is also our chief operating decision maker, along with the chief executive officer. Our chief operating decision maker uses EBITDA to evaluate the performance of the segments, perform analytical comparisons to budget and uses historical and projected EBITDA to allocate resources, including capital allocations.

Each geographic segment offers a vertically integrated suite of products and services, including aggregates, ready-mix concrete, asphalt and contracting services, while the Energy Services segment produces and supplies liquid asphalt, primarily for use in asphalt road construction, and is a supplier to some of the other segments. Each geographic segment mines, processes and sells construction aggregates (crushed stone and sand and gravel); produces and sells asphalt; and produces and sells ready-mix concrete as well as vertically integrating its contracting services to support the aggregate-based product lines including heavy-civil construction, asphalt and concrete paving, and site development and grading. Although not common to all locations, the geographic segments also sell cement, merchandise and other building materials and related services.

Corporate Services represents the unallocated costs of certain corporate functions, such as accounting, legal, treasury, business development, information technology, human resources and other corporate expenses that support the operating segments. Corporate Services also includes an immaterial amount of external revenue from the Knife River Training Center. We account for intersegment sales and transfers as if the sales or transfers were to third parties. The accounting policies applicable to each segment are consistent with those used in the audited consolidated financial statements.

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The information below follows the same accounting policies as described in Note 2. Prior periods presented have been recast to conform to the current reportable segment presentation. Information on our segments as of December 31, and for the years then ended was as follows:

| <u>For the year ended December 31, 2025</u> | <u>West</u> | <u>Mountain</u> | <u>Central</u> | <u>Energy Services</u> | <u>Total</u> |
|---|-------------------|------------------|-------------------|----------------------------|---------------------|
| Revenues from external customers | \$1,208,713 | \$ 643,842 | \$1,004,554 | \$ 288,279 | \$ 3,145,388 |
| Intersegment revenues | 1,329 | 198 | 274 | 49,758 | 51,559 |
| Total segment revenue | 1,210,042 | 644,040 | 1,004,828 | 338,037 | 3,196,947 |
| Other revenues ¹ | | | | | 1,343 |
| Less: Elimination of intersegment revenue | | | | | 52,278 |
| Total consolidated revenue | | | | | <u>\$ 3,146,012</u> |
| Cost of revenue excluding depreciation, depletion and amortization | 890,176 | 512,618 | 774,540 | 267,702 | |
| Selling, general and administrative expenses excluding depreciation, depletion and amortization | 88,346 | 32,089 | 71,194 | 15,577 | |
| Other segment items ² | 2,591 | 242 | 534 | 132 | |
| Total segment EBITDA | <u>\$ 234,111</u> | <u>\$ 99,575</u> | <u>\$ 159,628</u> | <u>\$ 54,890</u> | <u>\$ 548,204</u> |
| Consolidated income before income taxes | | | | | \$ 213,210 |
| Plus: | | | | | |
| Depreciation, depletion and amortization | | | | | 193,740 |
| Interest expense, net ³ | | | | | 77,366 |
| Less unallocated amounts: | | | | | |
| Other corporate revenue | | | | | 623 |
| Other corporate expenses | | | | | (64,511) |
| Total segment EBITDA | | | | | <u>\$ 548,204</u> |
| Capital Expenditures | \$ 187,208 | \$ 44,011 | \$ 111,252 | \$ 9,596 | \$ 352,067 |
| Assets | \$1,516,719 | \$ 384,868 | \$1,394,257 | \$ 241,522 | \$ 3,537,366 |
| Other assets | | | | | 5,463,594 |
| Elimination of intercompany receivables and investment in subsidiaries | | | | | 5,350,847 |
| Total consolidated assets | | | | | <u>\$ 3,650,113</u> |

1 Other revenues is comprised of revenue included within our corporate services.

2 Other segment items is comprised of other income (expense) items on the income statement.

3 Interest expense, net is interest expense net of interest income.

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| Year ended December 31, 2024 | West | Mountain | Central | Energy Services | Total |
|---|-------------------|-------------------|-------------------|------------------|---------------------|
| Revenues from external customers | \$1,182,959 | \$ 662,892 | \$ 817,872 | \$ 234,652 | \$ 2,898,375 |
| Intersegment revenues | 2,381 | 173 | 193 | 41,041 | 43,788 |
| Total segment revenue | 1,185,340 | 663,065 | 818,065 | 275,693 | 2,942,163 |
| Other revenues ¹ | | | | | 1,149 |
| Elimination of intersegment revenue | | | | | 44,307 |
| Total consolidated revenue | | | | | <u>\$ 2,899,005</u> |
| Cost of revenue excluding depreciation, depletion and amortization | 889,626 | 516,292 | 630,499 | 205,423 | |
| Selling, general and administrative expenses excluding depreciation, depletion and amortization | 84,714 | 33,377 | 56,459 | 10,208 | |
| Other segment items ² | (1,331) | 108 | 502 | 104 | |
| Total segment EBITDA | <u>\$ 209,669</u> | <u>\$ 113,504</u> | <u>\$ 131,609</u> | <u>\$ 60,166</u> | <u>\$ 514,948</u> |
| Consolidated income before income taxes | | | | | \$ 270,994 |
| Plus: | | | | | |
| Depreciation, depletion and amortization | | | | | 136,871 |
| Interest expense, net ³ | | | | | 46,409 |
| Less unallocated amounts: | | | | | |
| Other corporate revenue | | | | | 630 |
| Other corporate expenses | | | | | (61,304) |
| Total segment EBITDA | | | | | <u>\$ 514,948</u> |
| Capital Expenditures | \$ 91,412 | \$ 48,322 | \$ 55,365 | \$ 117,730 | \$ 312,829 |
| Assets | \$1,276,458 | \$ 355,078 | \$ 706,795 | \$ 252,130 | \$ 2,590,461 |
| Other assets | | | | | 4,560,924 |
| Elimination of intercompany receivables and investment in subsidiaries | | | | | 4,300,183 |
| Total consolidated assets | | | | | <u>\$ 2,851,202</u> |

- 1 Other revenues is comprised of revenue included within our corporate services.
2 Other segment items is comprised of other income (expense) items on the income statement.
3 Interest expense, net is interest expense net of interest income.

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| Year ended December 31, 2023 | West | Mountain | Central | Energy Services | Total |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|
| Revenues from external customers | \$1,125,843 | \$ 633,617 | \$ 824,908 | \$ 245,186 | \$2,829,554 |
| Intersegment revenues | 2,445 | 409 | 49 | 47,168 | 50,071 |
| Total segment revenue | 1,128,288 | 634,026 | 824,957 | 292,354 | 2,879,625 |
| Other revenues ¹ | | | | | 1,267 |
| Elimination of intersegment revenue | | | | | 50,542 |
| Total consolidated revenue | | | | | <u>\$2,830,350</u> |
| Cost of revenue excluding depreciation, depletion and amortization | 860,254 | 500,677 | 657,586 | 204,463 | |
| Selling, general and administrative expenses excluding depreciation, depletion and amortization | 89,496 | 30,264 | 51,049 | 9,809 | |
| Other segment items ² | (1,234) | 57 | 331 | 42 | |
| Total segment EBITDA | <u>\$ 177,304</u> | <u>\$ 103,142</u> | <u>\$ 116,653</u> | <u>\$ 78,124</u> | <u>\$ 475,223</u> |
| Consolidated income before income taxes | | | | | \$ 245,308 |
| Plus: | | | | | |
| Depreciation, depletion and amortization | | | | | 123,805 |
| Interest expense, net ³ | | | | | 52,891 |
| Less unallocated amounts: | | | | | |
| Other corporate revenues | | | | | 796 |
| Other corporate expenses | | | | | (54,015) |
| Total segment EBITDA | | | | | <u>\$ 475,223</u> |
| Capital Expenditures | \$ 53,165 | \$ 25,506 | \$ 39,302 | \$ 4,099 | \$ 122,072 |
| Assets | \$1,214,460 | \$ 315,661 | \$ 663,134 | \$ 128,383 | \$2,321,638 |
| Other assets | | | | | 4,049,800 |
| Elimination of intercompany receivables and investment in subsidiaries | | | | | 3,771,625 |
| Total consolidated assets | | | | | <u>\$2,599,813</u> |

1 Other revenues is comprised of revenue included within our corporate services.

2 Other segment items is comprised of other income (expense) items on the income statement.

3 Interest expense, net is interest expense net of interest income.

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Note 16 – Income Taxes

Income tax expense on the Consolidated Statements of Operations for the years ended December 31 was as follows:

| | 2025 | 2024 | 2023 |
|--------------------------------|------------------|------------------|------------------|
| | (In thousands) | | |
| Current: | | | |
| Federal | \$ 21,690 | \$ 51,899 | \$ 45,746 |
| State | 8,955 | 17,767 | 18,296 |
| | <u>30,645</u> | <u>69,666</u> | <u>64,042</u> |
| Deferred: | | | |
| Income taxes: | | | |
| Federal | 19,032 | (1,082) | 263 |
| State | 6,459 | 732 | (1,869) |
| | <u>25,491</u> | <u>(350)</u> | <u>(1,606)</u> |
| Total income tax expense | <u>\$ 56,136</u> | <u>\$ 69,316</u> | <u>\$ 62,436</u> |

Components of deferred tax assets and deferred tax liabilities at December 31 were as follows:

| | 2025 | 2024 |
|--|---------------------|---------------------|
| | (In thousands) | |
| Deferred tax assets: | | |
| Deferred compensation/compensation related | \$ 20,750 | \$ 23,751 |
| Asset retirement obligations | 20,506 | 15,420 |
| Operating lease liabilities | 13,317 | 12,725 |
| Accrued pension costs | 9,958 | 9,528 |
| Capitalized inventory overheads | 9,951 | 8,359 |
| Net operating loss | 3,318 | 5,528 |
| Section 174 costs | — | 4,051 |
| Other | 7,053 | 4,645 |
| Total deferred tax assets | <u>\$ 84,853</u> | <u>\$ 84,007</u> |
| Deferred tax liabilities: | | |
| Basis differences on property, plant and equipment | \$ 317,809 | \$ 209,488 |
| Intangible assets | 17,347 | 13,574 |
| Operating lease right-of-use-assets | 13,317 | 12,725 |
| Other | 21,269 | 17,419 |
| Total deferred tax liabilities | <u>369,742</u> | <u>253,206</u> |
| Valuation allowance | 3,028 | 5,528 |
| Net deferred income tax liability | <u>\$ (287,917)</u> | <u>\$ (174,727)</u> |

As of December 31, 2025 and 2024, we had various state income tax net operating loss carryforwards of \$62.5 million and \$98.6 million, respectively. The state income tax net operating loss carryforwards are due to

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expire between 2026 and 2044. Changes in tax regulations or assumptions regarding current and future taxable income could require additional valuation allowances in the future.

The following table reconciles the change in the net deferred income tax liability from December 31, 2024, to December 31, 2025, to deferred income tax expense:

| | 2025 | 2024 |
|--|------------------|-----------------|
| | (In thousands) | |
| Change in net deferred income tax liability from the preceding table | \$ 113,190 | \$ 185 |
| Deferred taxes established due to acquisition | (88,031) | — |
| Deferred taxes associated with other comprehensive loss | 332 | (670) |
| Other | — | 135 |
| Deferred income tax expense for the period | <u>\$ 25,491</u> | <u>\$ (350)</u> |

Total income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before taxes. The reasons for this difference were as follows:

| Years ended December 31, | 2025 | | 2024 | | 2023 | |
|--|------------------------|-------------|------------------|-------------|------------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| | (Dollars in thousands) | | | | | |
| Computed tax at federal statutory rate | \$ 44,770 | 21.0 | \$ 56,909 | 21.0 | \$ 51,515 | 21.0 |
| Increases (reductions) resulting from: | | | | | | |
| State income taxes, net of federal income tax* | 12,189 | 5.7 | 14,559 | 5.4 | 12,977 | 5.3 |
| Depletion allowance | (2,359) | (1.1) | (2,767) | (1.0) | (2,808) | (1.1) |
| Nondeductible expenses .. | 2,041 | 1.0 | 1,258 | 0.5 | 2,299 | 0.9 |
| Tax credits | (549) | (0.3) | (720) | (0.3) | (1,722) | (0.7) |
| Unrecognized tax benefits | 44 | — | 77 | — | 175 | 0.1 |
| Total income tax expense | <u>\$ 56,136</u> | <u>26.3</u> | <u>\$ 69,316</u> | <u>25.6</u> | <u>\$ 62,436</u> | <u>25.5</u> |

* State taxes in Oregon and California for 2025; and Oregon, Minnesota, and California for 2024 and 2023 constitute the majority (greater than 50%) of the tax effect within this category.

The following table provides cash taxes paid (net of refunds) for the year end December 31 were as follows:

| Jurisdiction | 2025 | 2024 |
|------------------------|------------------|------------------|
| | (In thousands) | |
| Federal | \$ 26,500 | \$ 40,736 |
| Oregon | 6,350 | 7,229 |
| Minnesota | 1,300 | 4,396 |
| Other States/Cities .. | 7,615 | 9,820 |
| Total | <u>\$ 41,765</u> | <u>\$ 62,181</u> |

Knife River and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. We are no longer subject to U.S. federal or non-U.S. income tax examinations by tax authorities for years ending prior to 2022. With few exceptions, as of December 31, 2025, we are no longer subject to state and local income tax examinations by tax authorities for years ending prior to 2022.

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Total reserves for uncertain tax positions were not material. We recognize interest and penalties accrued relative to unrecognized tax benefits in income tax expense.

Note 17 – Employee Benefit Plans

Pension and other postretirement benefit plans

We participate in self-sponsored qualified defined benefit pension plans which are accounted for as single-employer plans and are reflected in our audited consolidated financial statements. We use a measurement date of December 31 for all our pension and postretirement benefit plans. Prior to 2010, defined benefit pension plan benefits and accruals for the nonunion plan were frozen and on June 30, 2015, the remaining union plan was frozen. These employees were eligible to receive additional defined contribution plan benefits.

Prior to the Separation, we participated in a multiple-employer postretirement benefit plan sponsored by MDU Resources. In connection with the Separation, we assumed all the obligations and liabilities of our employees in that plan, along with all MDU Resources employees that transferred to Knife River as a result of the Separation. Subsequent to the Separation, the postretirement benefit plans in which we participate are single employer plans. Employees hired after December 31, 2010 are not eligible for retiree medical benefits. Effective January 1, 2011, eligibility to receive retiree medical benefits was modified such that eligible employees who attained age 55 with 10 years of continuous, full-time service by December 31, 2010, will have an option to select one of two retiree medical insurance benefits. All other eligible employees must meet the new eligibility criteria of age 60 and 10 years of continuous, full-time service at the time they retire. These employees will be eligible for a company funded retiree reimbursement account. Employees hired after December 31, 2014 are not eligible for retiree medical benefits.

In 2012, we modified health care coverage for certain retirees. Effective January 1, 2013, post-65 coverage was replaced by a fixed-dollar subsidy for retirees and spouses to be used to purchase individual insurance through a healthcare exchange.

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Changes in benefit obligation and plan assets and amounts recognized in the Consolidated Balance Sheets at December 31, were as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|--|------------------|------------------|-------------------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (In thousands) | | | |
| Change in benefit obligation: | | | | |
| Benefit obligation at beginning of year | \$ 30,720 | \$ 33,380 | \$ 14,055 | \$ 14,759 |
| Service cost | — | — | 364 | 372 |
| Interest cost | 1,583 | 1,542 | 745 | 697 |
| Actuarial (gain) loss | 583 | (1,549) | 1,628 | (1,221) |
| Benefits paid | (2,559) | (2,653) | (570) | (552) |
| Benefit obligation at end of year | <u>30,327</u> | <u>30,720</u> | <u>16,222</u> | <u>14,055</u> |
| Change in net plan assets: | | | | |
| Fair value of plan assets at beginning of year | 30,375 | 30,187 | — | — |
| Actual return on plan assets | 2,564 | 741 | — | — |
| Employer contribution | — | 2,100 | 570 | 552 |
| Benefits paid | (2,559) | (2,653) | (570) | (552) |
| Fair value of net plan assets at end of year | <u>30,380</u> | <u>30,375</u> | <u>—</u> | <u>—</u> |
| Funded status - over (under) | <u>\$ 53</u> | <u>\$ (345)</u> | <u>\$ (16,222)</u> | <u>\$ (14,055)</u> |
| Amounts recognized in the Consolidated Balance Sheets at December 31: | | | | |
| Other accrued assets | \$ 533 | \$ 140 | \$ — | \$ — |
| Other accrued liabilities | — | — | 795 | 702 |
| Noncurrent liabilities - other | 480 | 485 | 15,427 | 13,353 |
| Benefit obligation assets (liabilities) - net | <u>\$ 53</u> | <u>\$ (345)</u> | <u>\$ (16,222)</u> | <u>\$ (14,055)</u> |
| Amounts recognized in accumulated other comprehensive loss consist of: | | | | |
| Actuarial (gain) loss | \$ 15,995 | \$ 16,742 | \$ (1,815) | \$ (3,663) |
| Prior service credit | — | — | — | — |
| Total | <u>\$ 15,995</u> | <u>\$ 16,742</u> | <u>\$ (1,815)</u> | <u>\$ (3,663)</u> |

Employer contributions and benefits paid in the preceding table include only those amounts contributed directly to, or paid directly from, plan assets.

In 2025, the actuarial losses recognized in the pension and other postretirement benefit obligations was largely the combination of losses resulting from decreased discount rates, offset in part by higher asset gains. In 2024, the actuarial gains recognized in the pension and other postretirement benefit obligations was primarily the result of an increase in the discount rate. For more information on the discount rates, see the table below. Unrecognized pension actuarial gains and losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average life expectancy of plan participants for frozen plans. The market-related value of assets is determined using a 5 year average of assets.

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The pension plans all have plan assets in excess of accumulated benefit obligations. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans at December 31, were as follows:

| | 2025 | 2024 |
|-------------------------------------|----------------|-----------|
| | (In thousands) | |
| Projected benefit obligation..... | \$ 30,327 | \$ 30,720 |
| Accumulated benefit obligation..... | \$ 30,327 | \$ 30,720 |
| Fair value of plan assets..... | \$ 30,380 | \$ 30,375 |

The components of net periodic benefit cost, other than the service cost component, are included in other income (expense) on the Consolidated Statements of Operations. Prior service credit is amortized on a straight-line basis over the average remaining service period of active participants. The components related to our pension and other postretirement benefit plans for the years ended December 31, were as follows:

| | Pension Benefits | | | Other Postretirement Benefits | | |
|--|------------------|----------|----------|-------------------------------|----------|--------|
| | 2025 | 2024 | 2023 | 2025 | 2024 | 2023 |
| | (In thousands) | | | | | |
| Components of net periodic benefit cost: | | | | | | |
| Service cost..... | \$ — | \$ — | \$ — | \$ 364 | \$ 372 | \$ 361 |
| Interest cost..... | 1,583 | 1,542 | 1,633 | 745 | 697 | 721 |
| Expected return on assets.. | (1,788) | (1,812) | (1,800) | — | — | 11 |
| Amortization of prior service credit..... | — | — | — | — | (30) | (79) |
| Amortization of actuarial gain (loss)..... | 554 | 559 | 510 | (220) | (118) | (175) |
| Net periodic benefit cost..... | 349 | 289 | 343 | 889 | 921 | 839 |
| Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive loss: | | | | | | |
| Net (gain) loss..... | (193) | (479) | (797) | 1,628 | (1,221) | (678) |
| Amortization of actuarial gain (loss)..... | (554) | (559) | (510) | 220 | 118 | 175 |
| Amortization of prior service credit..... | — | — | — | — | 30 | 79 |
| Total recognized in accumulated other comprehensive loss..... | (747) | (1,038) | (1,307) | 1,848 | (1,073) | (424) |
| Total recognized in net periodic benefit cost and accumulated other comprehensive loss..... | \$ (398) | \$ (749) | \$ (964) | \$ 2,737 | \$ (152) | \$ 415 |

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Weighted average assumptions used to determine benefit obligations at December 31, were as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|--------------------------------------|------------------|-------|-------------------------------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| Discount rate | 5.21% | 5.40% | 5.32% | 5.44% |
| Expected return on plan assets | 6.00% | 6.00% | —% | —% |
| Rate of compensation increase | N/A | N/A | 3.50% | 4.00% |

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, were as follows:

| | Pension Benefits | | Other Postretirement Benefits | |
|--------------------------------------|------------------|-------|-------------------------------|-------|
| | 2025 | 2024 | 2025 | 2024 |
| Discount rate | 5.40% | 4.83% | 5.44% | 4.84% |
| Expected return on plan assets | 6.00% | 6.50% | —% | —% |
| Rate of compensation increase | N/A | N/A | 4.00% | 4.00% |

The expected rate of return on pension plan assets is based on a targeted asset allocation range determined by the funded ratio of the plan. As of December 31, 2025, the expected rate of return on pension plan assets is based on the targeted asset allocation range of 30 percent to 40 percent equity securities and 60 percent to 70 percent fixed-income securities and the expected rate of return from these asset categories.

Health care rate assumptions for our other postretirement benefit plans as of December 31, were as follows:

| | 2025 | 2024 |
|--|-------------|------|
| Health care trend rate assumed for next year | 9.5% | 8.5% |
| Health care cost trend rate – ultimate | 4.5% | 4.5% |
| Year in which ultimate trend rate achieved | 2036 | 2035 |

Our other postretirement benefit plans include health care and life insurance benefits for certain retirees. The plans underlying these benefits may require contributions by the retiree depending on such retiree's age and years of service at retirement or the date of retirement. We contribute a flat dollar amount to the monthly premiums, which is updated annually on January 1.

We do not expect to contribute to our defined pension plans in 2026. We expect to contribute approximately \$795,000 to our postretirement benefit plans in 2026.

The following benefit payments, which reflect future service, as appropriate, at December 31, 2025, are as follows:

| Years | Pension Benefits | Other Postretirement Benefits |
|-----------------|------------------|-------------------------------|
| | (In thousands) | |
| 2026 | \$ 2,780 | \$ 795 |
| 2027 | 2,720 | 978 |
| 2028 | 2,660 | 1,152 |
| 2029 | 2,630 | 1,235 |
| 2030 | 2,570 | 1,366 |
| 2031-2035 | 11,690 | 7,621 |

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Outside investment managers manage our pension assets. Our investment policy with respect to the pension assets is to make investments solely in the interest of the participants and beneficiaries of the plans and for the exclusive purpose of providing benefits accrued and defraying the reasonable expenses of administration. We strive to maintain investment diversification to assist in minimizing the risk of large losses. Our policy guidelines allow for investment of funds in cash equivalents, fixed-income securities and equity securities. The guidelines prohibit investment in commodities and futures contracts, equity private placement, employer securities, leveraged or derivative securities, options, direct real estate investments, precious metals, venture capital and limited partnerships. The guidelines also prohibit short selling and margin transactions. Our practice is to periodically review and rebalance asset categories based on our targeted asset allocation percentage policy.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The fair value ASC establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs. The estimated fair values of our pension plans' assets are determined using the market approach.

The carrying value of the pension plans' Level 1 and Level 2 cash equivalents are based on quoted prices in active markets for identical instruments and approximates fair value by using observable inputs in active markets. The estimated fair value of the pension plans' Level 1 and Level 2 cash equivalents is based on the net asset value of shares held at year end, based on quoted prices in active markets and is determined using other observable inputs, including pricing from outside sources.

The carrying value of the pension plan's Level 2 money market funds are valued at the net asset value of shares held at the end of the period, based on published market quotations on active markets, or using other known sources including pricing from outside sources.

The estimated fair value of the pension plans' Level 1 and Level 2 equity securities are based on the closing price reported on the active market on which the individual securities are traded or other known sources including pricing from outside sources. The estimated fair value of the pension plans' Level 1 and Level 2 collective and mutual funds are based on the net asset value of shares held at year end, based on either published market quotations on active markets or other known sources, including pricing from outside sources.

Though we believe the methods used to estimate fair value are consistent with those used by other market participants, the use of other methods or assumptions could result in a different estimate of fair value.

The fair value of our pension plans' assets by class were as follows:

| | Fair Value Measurements at December 31, 2025, Using | | | |
|---|--|--|--|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2025 |
| | (In thousands) | | | |
| Assets: | | | | |
| Cash equivalents | \$ 423 | \$ — | \$ — | \$ 423 |
| Collective and mutual funds | 28,636 | 1,321 | — | 29,957 |
| Total assets measured at fair value | \$ 29,059 | \$ 1,321 | \$ — | \$ 30,380 |

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Fair Value Measurements at December 31, 2024, Using

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2024 |
|---|--|--|--|------------------------------------|
| | (In thousands) | | | |
| Assets: | | | | |
| Cash equivalents | \$ — | \$ 297 | \$ — | \$ 297 |
| Collective and mutual funds | 28,374 | 1,672 | — | 30,046 |
| Money market funds | — | 32 | — | 32 |
| Total assets measured at fair value | <u>\$ 28,374</u> | <u>\$ 2,001</u> | <u>\$ —</u> | <u>\$ 30,375</u> |

Nonqualified benefit plans

Prior to the Separation, we participated in unfunded, nonqualified defined benefit plans sponsored by MDU Resources. In connection with the Separation, we assumed all the obligations and liabilities of our employees in those plans, along with all MDU Resources employees that transferred to Knife River as a result of the Separation. Subsequent to the Separation, the unfunded, nonqualified defined benefit plans in which we participate are single employer plans for executive officers and certain key management employees. The plans generally provide for defined benefit payments at age 65 following the employee's retirement or, upon death, to their beneficiaries for a 15-year period. In February 2016, the unfunded, nonqualified defined benefit plans were frozen to new participants and eliminated benefit increases. Vesting for participants not fully vested was retained.

The projected benefit obligation and accumulated benefit obligation for our participants in these plans at December 31, were as follows:

| | 2025 | 2024 |
|--------------------------------------|----------------|-----------|
| | (In thousands) | |
| Projected benefit obligation | \$ 13,747 | \$ 14,468 |
| Accumulated benefit obligation | \$ 13,747 | \$ 14,468 |

The components of net periodic benefit cost are included in other income (expense) on the Consolidated Statements of Operations. The components related to our participation in the nonqualified defined benefit plans for the years ended December 31, were as follows:

| | 2025 | 2024 | 2023 |
|--|----------------|---------------|---------------|
| | (In thousands) | | |
| Components of net periodic benefit cost: | | | |
| Interest cost | \$ 720 | \$ 714 | \$ 765 |
| Recognized net actuarial loss | — | — | — |
| Net periodic benefit cost | <u>\$ 720</u> | <u>\$ 714</u> | <u>\$ 765</u> |

Weighted average assumptions used at December 31, were as follows:

| | 2025 | 2024 |
|---|-------|-------|
| Benefit obligation discount rate | 5.01% | 5.29% |
| Benefit obligation rate of compensation increase | N/A | N/A |
| Net periodic benefit cost discount rate | 5.29% | 4.74% |
| Net periodic benefit cost rate of compensation increase | N/A | N/A |

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The amount of future benefit payments for the unfunded, nonqualified defined benefit plans at December 31, 2025 are expected to aggregate as follows:

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031-2035 |
|-----------------------------|----------------|----------|----------|----------|----------|-----------|
| | (In thousands) | | | | | |
| Nonqualified benefits | \$ 1,690 | \$ 1,640 | \$ 1,680 | \$ 1,400 | \$ 1,160 | \$ 4,860 |

Prior to the Separation, we participated in nonqualified defined contribution plans sponsored by MDU Resources. In connection with the Separation, we assumed all the obligations and liabilities of our employees in those plans, along with all MDU Resources employees that transferred to Knife River as a result of the Separation. In 2020, the plan established in 2012 was frozen to new participants and no new employer contributions were made to the plan after December 31, 2020. Vesting for participants not fully vested was retained.

Effective January 1, 2021, a new nonqualified defined contribution plan was adopted, to replace the plan originally established in 2012 with similar provisions. Expenses we incurred under these plans for 2025, 2024 and 2023 were \$1.4 million, \$800,000 and \$1.5 million, respectively.

The amount of investments that we anticipate using to satisfy obligations under these plans at December 31, was as follows:

| | 2025 | 2024 |
|---------------------------------------|----------------|-----------|
| | (In thousands) | |
| Investments | | |
| Insurance contract ¹ | \$ 33,982 | \$ 28,377 |
| Life insurance ² | 7,642 | 7,484 |
| Other | 2,775 | 4,082 |
| Total investments | \$ 44,399 | \$ 39,943 |

¹ For more information on the insurance contract, see Note 8.

² Investments of life insurance are carried on plan participants (payable upon the employee's death).

Defined contribution plan

We sponsor a defined contribution plan in which our employees participate. The costs incurred by us under this plan for eligible employees were \$31.7 million, \$33.9 million and \$31.1 million in 2025, 2024 and 2023, respectively.

Multiemployer plans

We contribute to a number of MEPPs under the terms of collective-bargaining agreements that cover our union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the MEPP by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If we choose to stop participating in some of our MEPPs, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Our participation in these plans is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2025, 2024 and 2023 is for the plan's year-end at December 31, 2024, December 31, 2023 and December 31, 2022, respectively. The zone status is based on information that we

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received from the plan and is certified by the plan’s actuary. Among other factors, plans in the “red zone,” or critical status, are generally less than 65 percent funded, plans in the “yellow zone,” or endangered status, are between 65 percent and 80 percent funded, and plans in the “green zone,” or healthy status, are at least 80 percent funded.

| Pension Fund | EIN/ Pension Plan Number | Pension Protection Act Zone Status | | FIP/RP Status Pending/ Implemented | Contributions | | | Surcharge Imposed | Expiration Date of Collective Bargaining Agreement |
|---|-----------------------------------|---|-------|--|---------------|-----------|-----------|----------------------|---|
| | | 2025 | 2024 | | 2025 | 2024 | 2023 | | |
| (In thousands) | | | | | | | | | |
| DB Pension Plan of AGC-IUOE Local 701 Pension Trust Fund... | 936075580 -001 | Green | Green | No | 1,434 | 1,225 | 1,295 | No | 12/31/2025 |
| Minnesota Teamsters Construction Division Pension Fund | 416187751 -001 | Green | Green | No | 412 | 367 | 418 | No | 4/30/2027 |
| Pension Trust Fund for Operating Engineers | 946090764 -001 | Green | Green | No | 3,004 | 2,746 | 2,476 | No | 3/31/2026- 6/30/2026 |
| Western Conference of Teamsters Pension Plan | 916145047 -001 | Green | Green | No | 3,753 | 3,396 | 3,307 | No | 12/31/2023- 6/30/2026 * |
| Other funds | | | | | 5,619 | 5,427 | 5,245 | | |
| Total contributions | | | | | \$ 14,222 | \$ 13,161 | \$ 12,741 | | |

* Plan includes contributions required by collective bargaining agreements which have expired but contain provisions automatically renewing their terms in the absence of a subsequent negotiated agreement.

We were listed in the plans’ Forms 5500 as providing more than 5 percent of the total contributions for the following plans and plan years:

| Pension Fund | Year Contributions to Plan Exceeded More Than 5 Percent of Total Contributions (as of December 31, of the Plan’s Year-End) |
|--|---|
| Minnesota Teamsters Construction Division Pension Fund | 2024 and 2023 |
| DB Pension Plan of AGC-IUOE Local 701 Pension Trust Fund | 2023 |

We also contribute to a number of multiemployer other postretirement plans under the terms of collective-bargaining agreements that cover our union-represented employees. These plans provide benefits such as health insurance, disability insurance and life insurance to retired union employees. Many of the multiemployer other postretirement plans are combined with active multiemployer health and welfare plans. Our total contributions to the multiemployer other postretirement plans, which also includes contributions to active multiemployer health and welfare plans, were \$2.2 million, \$2.0 million and \$1.8 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Note 18 – Commitments and contingencies

We are party to claims and lawsuits arising out of our business and that of our consolidated subsidiaries, which may include, but are not limited to, matters involving property damage, personal injury, and environmental, contractual and statutory obligations. We accrue a liability for those contingencies when the incurrence of a loss is probable, and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no

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amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not accrue liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated or when the liability is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is probable or reasonably possible and which are material, we disclose the nature of the contingency and, in some circumstances, an estimate of the possible loss. Accruals are based on the best information available, but in certain situations management is unable to estimate an amount or range of a reasonably possible loss, including, but not limited to, when: (1) the damages are unsubstantiated or indeterminate, (2) the proceedings are in the early stages, (3) numerous parties are involved, or (4) the matter involves novel or unsettled legal theories.

At December 31, 2025 and 2024, we accrued liabilities which have not been discounted, of \$3.3 million and \$6.6 million, respectively. At December 31, 2025 and 2024, we also recorded corresponding insurance receivables of \$0 and \$459,000, respectively, related to the accrued liabilities. The accruals are for contingencies, including litigation and environmental matters. Most of these claims and lawsuits are covered by insurance, thus our exposure is typically limited to our deductible amount. We will continue to monitor each matter and adjust accruals as might be warranted based on new information and further developments. Management believes that the outcomes with respect to probable and reasonably possible losses in excess of the amounts accrued, net of insurance recoveries, while uncertain, either cannot be estimated or will not have a material effect upon our financial position, results of operations or cash flows. Unless otherwise required by GAAP, legal costs are expensed as they are incurred.

Environmental matters

Portland Harbor Site. In 1999, Knife River - Northwest acquired a commercial property along the portion of the Willamette River know as the Portland Harbor from Georgia-Pacific West, Inc. (the “Linnton Property”). In December 2000, the EPA designated portions of the Portland Harbor, including the area encompassing the Linnton Property, as a Superfund site due to sediment contamination (the “Portland Harbor Site” or “Site”). The EPA has issued General Notice Letters to more than 150 parties, including Knife River - Northwest, indicating that the recipients could potentially be liable for investigation and remediation costs associated with the Portland Harbor Site. Liability for those costs may be joint and several between the potentially responsible parties (“PRPs”). We have joined with approximately 100 other PRPs, in a voluntary, non-judicial mediation process to try and allocate those cleanup costs. This process remains ongoing.

In January 2017, the EPA issued a Record of Decision (“ROD”) identifying its preferred remedy to address the sediment contamination, including a combination of sediment removal, capping, enhanced and monitored natural recovery, and riverbank improvements depending on the particular part of the river. This remedy, which will not begin until the EPA has approved remedial design and remedial action plans from the PRPs, was expected to require 13 years of active remediation and cost \$1 billion to \$2 billion. The EPA has, through voluntary consent agreements or unilateral administrative orders, engaged certain PRPs to perform the remedial design work throughout the Site. We are not a party to any of the voluntary consent agreements or unilateral administrative orders. Remedial design work is ongoing for 100 percent of the Site, but Site-wide remediation activities are not expected to begin for several years as different parts of the Site are at different stages of the remedial design process. While it is not presently possible to estimate the total cleanup costs given the large number of PRPs and the variation in the ROD remedy across the Site, costs for the ROD remedy are likely to increase given the anticipated timeline for implementation.

In November 2024, EPA initiated the negotiation process for a consent decree that would govern remediation as well as long-term site monitoring by issuing Special Notice Letters to approximately 60 PRPs. Knife River–Northwest did not receive a Special Notice Letter.

Separate from the EPA’s remediation and allocation process, we have also been notified that the Portland Harbor Natural Resource Trustee Council (the “Trustees”) intends to perform a natural resource injury assessment for damage resulting from the release of hazardous substances at the Site. Until that assessment is complete, there is not adequate information to estimate the cost of any natural resource damages or the allocation to any PRP. The Trustees may seek to negotiate their own settlements or take other legal action against parties responsible for those damages.

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We do not expect that we will incur material costs related to remediation or natural resource damages. Additionally, we believe Georgia-Pacific West, Inc. and its successors – are required to indemnify Knife River – Northwest under the Linnton Property sale agreement for any costs and liabilities incurred in relation to the Portland Harbor Site and have notified them accordingly.

Purchase commitments

We have entered into various commitments, largely purchased cement, liquid asphalt, minimum royalties and fuel. The commitment terms vary in length, up to 45 years. The commitments under these contracts as of December 31, 2025, were:

| | 2026 | | 2027 | | 2028 | | 2029 | | 2030 | Thereafter | |
|----------------------------|-----------|----|--------|----|--------|----|--------|----|-------|------------|--------|
| (In thousands) | | | | | | | | | | | |
| Purchase commitments | \$ 42,868 | \$ | 33,328 | \$ | 32,732 | \$ | 32,507 | \$ | 2,264 | \$ | 10,534 |

These commitments were not reflected in our audited consolidated financial statements. Amounts purchased under various commitments for the years ended December 31, 2025, 2024 and 2023 were \$135.3 million, \$128.3 million and \$128.7 million, respectively.

Guarantees

We have outstanding obligations to third parties where we have guaranteed their performance. These guarantees are related to contracts for contracting services and certain other guarantees. At December 31, 2025, the fixed maximum amounts guaranteed under these agreements aggregated \$11.5 million, all of which have no scheduled maturity date. Certain of the guarantees also have no fixed maximum amounts specified. There were no amounts outstanding under the previously mentioned guarantees at December 31, 2025.

We have outstanding letters of credit to third parties related to insurance policies, reclamation obligations and other agreements. At December 31, 2025, the fixed maximum amounts guaranteed under these letters of credit aggregated to \$23.4 million. The amounts of scheduled expiration of the maximum amounts guaranteed under these letters of credit aggregate to \$11.9 million in 2026, \$11.3 million in 2027 and \$175,000 in 2028. There were no amounts outstanding under the previously mentioned letters of credit at December 31, 2025.

In the normal course of business, we have surety bonds related to contracts for contracting services and reclamation obligations of its subsidiaries. In the event a subsidiary of ours does not fulfill a bonded obligation, we would be responsible to the surety bond company for completion of the bonded contract or obligation. A large portion of the surety bonds is expected to expire within the next 12 months; however, we will likely continue to enter into surety bonds for its subsidiaries in the future. At December 31, 2025, approximately \$858.3 million of surety bonds were outstanding, which were not reflected on the Consolidated Balance Sheet.

Note 19 – Related-party Transactions

Allocation of corporate expenses

Prior to the Separation, Centennial and MDU Resources provided expense allocations for corporate services provided to us, including costs related to senior management, legal, human resources, finance and accounting, treasury, information technology, and other shared services. Some of these services were provided by MDU Resources on a temporary basis under a transition services agreement. For the year ended December 31, 2023, we were allocated \$10.7 million for these corporate services and for the years ended December 31, 2025 and 2024, there were no expenses allocated. These expenses were allocated to us on the basis of direct usage when identifiable, with the remainder allocated on the basis of percent of total capital invested, the percent of total average commercial paper borrowings at Centennial or other allocation methodologies that are considered to be a reasonable reflection of the utilization of the services provided to the benefits received, including the following: number of employees paid and stated as cost per check; number of employees served; weighted factor of travel, managed units, national

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account spending, equipment and fleet acquisitions; purchase order dollars spent and purchase order line count; number of payments, vouchers or unclaimed property reports; labor hours; time tracked; and projected workload.

Management believes these cost allocations were a reasonable reflection of the utilization of services provided to, or the benefit derived by, us during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had we operated as a stand-alone public company for these periods. Actual costs that would have been incurred if we had been a stand-alone public company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees, and strategic decisions made in areas such as selling and marketing, information technology and infrastructure.

Transition services agreements

As part of the Separation, MDU Resources provided transition services to us and we provided transition services to MDU Resources in accordance with the Transition Services Agreement entered into on May 30, 2023. For the years ended December 31, 2024 and 2023, we paid \$1.2 million and \$3.0 million, respectively, related to these activities, which was reflected in selling, general and administrative expenses on the Consolidated Statements of Operations. For the years ended December 31, 2024 and 2023, we received \$156,000 and \$824,000, respectively, related to these activities, which was reflected in other income on the Consolidated Statements of Operations. The majority of the transition services were completed over a period of 1 year after the Separation and, as of December 31, 2024, no further obligation for services existed for either party.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The following information includes the evaluation of disclosure controls and procedures by the Company's chief executive officer and the chief financial officer, along with any significant changes in internal controls of the Company.

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and other procedures are designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management, including the Company's chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the Company's disclosure controls and other procedures as of the end of the period covered by this Annual Report. Based upon that evaluation, the chief executive officer and the chief financial officer have concluded that, as of the end of the period covered by this Annual Report, such controls and procedures were effective at a reasonable assurance level.

Changes in Internal Controls

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

The information required by this item is included in this Form 10-K at Item 8 - Management's Report on Internal Control Over Financial Reporting.

As previously disclosed, we completed the acquisition of Strata Corporation on March 7, 2025, and, as permitted by SEC guidance for newly acquired businesses, we have elected to exclude Strata Corporation from the scope of our internal controls over financial reporting and procedures for the year ended December 31, 2025. We are in the process of evaluating the existing controls and procedures of Strata and integrating them in our system of internal controls over financial reporting. Strata Corporation constituted approximately 6.2 percent of our consolidated revenue and approximately 13.5 percent of our total assets as of December 31, 2025.

Attestation Report of the Registered Public Accounting Firm

The information required by this item is included in this Form 10-K at Item 8 - Report of Independent Registered Public Accounting Firm.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table includes information as of December 31, 2025, with respect to our equity compensation plans:

| <u>Plan Category</u> | <u>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights²</u> | <u>(b) Weighted average exercise price of outstanding options, warrants and ³</u> | <u>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁴</u> |
|---|--|--|--|
| Equity compensation plans approved by stockholders ¹ | 286,629 | — | 1,908,701 |
| Equity compensation plans not approved by stockholders | N/A | N/A | N/A |
| Total | 286,629 | — | 1,908,701 |

1 Consists of the Knife River Long-Term Performance-Based Incentive Plan, as discussed in Item 8 - Note 12.

2 Consists of restricted and performance stock units.

3 No weighted average exercise price is shown for the restricted or performance stock units because such awards have no exercise price.

4 This amount includes 2,195,330 shares available for future issuance under the Long-Term Performance-Based Incentive Plan in connection with grants of restricted stock units, performance stock units or other equity-based awards.

The remaining information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item will be included in the Company's Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item about aggregate fees billed to the Company by its principal accountant, Deloitte & Touche LLP (PCAOB ID No. 34), will be included in the Company's Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

A. The following documents are filed as part of this Annual Report:

1. Financial Statements

Reference is made to the Index to Financial Statements under Item 8 in Part II hereof, where these documents are listed.

2. Schedules

All schedules are omitted because they are not required or not applicable, or the information is shown in the financial statements or the notes to audited consolidated financial statements.

3. Exhibits

The Exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of, or furnished with, this Annual Report.

EXHIBIT INDEX

Incorporated by Reference (Unless Otherwise Indicated)

| Exhibit Number | Exhibit Description | Filed Herewith | Furnished Herewith | Form | File Number | Exhibit | Filing Date |
|----------------|---|----------------|--------------------|----------|-------------|---------|-------------------|
| 2.1+ | Separation and Distribution Agreement, dated as of May 30, 2023, by and between Knife River Corporation and MDU Resources Group, Inc. | | | 8-K | 001-41642 | 2.1 | June 1, 2023 |
| 2.2*+ | Asset and Equity Purchase Agreement, dated December 20, 2024, by and among Strata Corporation, Glacier Resources, Ltd., the equity holders of Strata Corporation and Glacier Resources Ltd., Landmark Investments, L.L.C., the current equity holders of Landmark Investments, L.L.C., the beneficiaries of certain trusts, the sellers' representative, and KRC Holdings, Inc. | | | 8-K | 001-41642 | 2.1 | December 26, 2024 |
| 3.1 | Second Amended and Restated Certificate of Incorporation of Knife River Corporation. | | | 8-K | 001-41642 | 3.1 | May 28, 2025 |
| 3.2 | Second Amended and Restated Bylaws of Knife River Corporation. | | | 8-K | 001-41642 | 3.2 | May 28, 2025 |
| 4.1 | Indenture, dated as of April 25, 2023, by and among Knife River Corporation and U.S. Bank Trust Company, National Association. | | | 10-12B/A | 001-41642 | 4.2 | April 28, 2023 |
| 4.2 | Supplemental Indenture, dated as of May 31, 2023, by and among the parties that are signatories thereto as Guarantors, Knife River Corporation and U.S. Bank Trust Company, National Association. | | | 8-K | 001-41642 | 4.2 | June 1, 2023 |
| 4.3 | Third Supplemental Indenture, dated as of June 12, 2025, by and among the parties that are signatories hereto as Guarantors, Knife River Corporation and U.S. Bank Trust Company, National Association. | | | 10-Q | 001-41642 | 4.1 | August 5, 2025 |
| 4.4 | Knife River Corporation Description of Securities Registered Pursuant to Section 12 of the Securities and Exchange Act of 1934. | | | 10-K | 001-41642 | 4.3 | February 27, 2024 |
| 10.1* | Credit Agreement, dated as of May 31, 2023, by and among Knife River Corporation, JPMorgan Chase Bank, N.A. and Lenders and L/C Issuers party thereto. | | | 8-K | 001-41642 | 10.4 | June 1, 2023 |
| 10.2* | First Amendment, dated as of March 7, 2025, among Knife River Corporation, as borrower, the guarantors party thereto, the lenders and other parties party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. | | | 8-K | 001-41642 | 10.1 | March 10, 2025 |
| 10.3** | Knife River Corporation Change in Control Severance Plan. | | | 8-K | 001-41642 | 10.1 | August 21, 2024 |
| 10.4** | Knife River Corporation Long Term Performance-Based Incentive Plan. | | | 8-K | 001-41642 | 10.5 | June 1, 2023 |
| 10.5** | Form of Knife River Corporation Restricted Stock Unit Award Agreement for Non-Employee Directors under the Long-Term Performance-Based Incentive Plan, as of May 15, 2024. | | | 10-Q | 001-41642 | 10(b) | August 6, 2024 |
| 10.6** | Restricted Stock Unit Award Agreement under the Long-Term Performance-Based Incentive Plan, effective July 12, 2023. | | | 10-Q | 001-41642 | 10(a) | November 6, 2023 |
| 10.7** | Form of Restricted Stock Unit Award Agreement under the Long-Term Performance-Based Incentive Plan, effective February 27, 2025. | | | 10-Q | 001-41642 | 10.2 | May 6, 2025 |
| 10.8** | Form of Performance Stock Unit Award Agreement under the Long-Term Performance-Based Incentive Plan, as amended February 27, 2025. | | | 10-Q | 001-41642 | 10.3 | May 6, 2025 |
| 10.9** | Knife River Corporation Executive Incentive Compensation Plan, including Rules and Regulations. | | | 8-K | 001-41642 | 10.6 | June 1, 2023 |

Incorporated by Reference (Unless Otherwise Indicated)

| Exhibit Number | Exhibit Description | Filed Herewith | Furnished Herewith | Form | File Number | Exhibit | Filing Date |
|----------------|--|----------------|--------------------|----------|-------------|---------|-------------------|
| 10.10** | Knife River Corporation Deferred Compensation Plan-Plan Document and Adoption Agreement. | | | 8-K | 001-41642 | 10.7 | June 1, 2023 |
| 10.11** | Knife River Corporation Supplemental Income Security Plan. | | | 8-K | 001-41642 | 10.8 | June 1, 2023 |
| 10.12** | Knife River Corporation Nonqualified Defined Contribution Plan. | | | 8-K | 001-41642 | 10.9 | June 1, 2023 |
| 10.13** | Knife River Corporation Director Compensation Policy, as amended May 22, 2025. | | | 10-Q | 001-41642 | 10.1 | August 5, 2025 |
| 10.14** | Knife River Corporation Deferred Compensation Plan for Directors, as amended and restated effective November 14, 2025. | X | | | | | |
| 10.15** | Knife River Corporation, 401(k) Retirement Plan, effective January 1, 2026. | X | | | | | |
| 10.16** | Third Amendment to Knife River Corporation, 401(k) Retirement Plan, as amended March 17, 2025. | | | 10-Q | 001-41642 | 10.4 | May 6, 2025 |
| 10.17** | Fourth Amendment to Knife River Corporation, 401(k) Retirement Plan, as amended June 30, 2025. | | | 10-Q | 001-41642 | 10.2 | August 5, 2025 |
| 10.18** | Fifth Amendment to Knife River Corporation, 401(k) Retirement Plan, as amended June 30, 2025. | | | 10-Q | 001-41642 | 10.3 | August 5, 2025 |
| 10.19** | Knife River Corporation Section 16 Officers and Directors with Indemnification Agreements Chart, as of February 19, 2026. | X | | | | | |
| 10.20** | Form of Knife River Corporation Director and/or Executive Officer Indemnification Agreement. | | | 10-Q | 001-41642 | 10.6 | May 6, 2025 |
| 10.21** | Promotion Letter with Nathan Ring dated as of March 15, 2023. | | | 10-12B/A | 001-41642 | 10.9 | April 28, 2023 |
| 10.22** | Promotion Letter with Nancy Christenson dated as of March 15, 2023. | | | 10-12B/A | 001-41642 | 10.12 | April 28, 2023 |
| 10.23** | Promotion Letter with Karl Liepitz dated as of March 15, 2023. | | | 10-12B/A | 001-41642 | 10.13 | April 28, 2023 |
| 10.24** | Promotion Letter with Trevor Hastings dated as of March 15, 2023. | | | 10-12B/A | 001-41642 | 10.14 | April 28, 2023 |
| 10.25** | Promotion Letter with Brian R. Gray dated as of March 27, 2023. | | | 10-12B/A | 001-41642 | 10.15 | April 28, 2023 |
| 19 | Knife River Insider Trading Policy. | | | 10-K | 001-41642 | 19 | February 21, 2025 |
| 21.1 | List of Subsidiaries of Knife River Corporation. | X | | | | | |
| 23.1 | Consent of Deloitte & Touche LLP. | X | | | | | |
| 31.1 | Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | X | | | | | |
| 31.2 | Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | X | | | | | |
| 32 | Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | X | | | | |
| 95 | Mine Safety Disclosures. | X | | | | | |
| 97+ | Knife River Corporation Incentive Compensation Recovery Policy. | | | 10-K | 001-41642 | 97 | February 27, 2024 |
| 101 | The following financial information formatted in Inline XBRL: | X | | | | | |
| 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | X | | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | X | | | | | |

Incorporated by Reference (Unless Otherwise Indicated)

| Exhibit Number | Exhibit Description | Filed Herewith | Furnished Herewith | File | | | |
|-------------------|---|-------------------|-----------------------|------|--------|---------|-------------|
| | | | | Form | Number | Exhibit | Filing Date |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | X | | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | X | | | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | X | | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | X | | | | | |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101). | X | | | | | |

+ Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted exhibits or schedules upon request; provided that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon its request.

** Management contract, compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Knife River Corporation

Date: February 20, 2026

By: /s/ Brian R. Gray

Brian R. Gray
(President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

| Signature | Title | Date |
|---|--|-------------------|
| <u>/s/ Brian R. Gray</u> Brian R. Gray (Principal Executive Officer) | President, Chief Executive Officer and Director | February 20, 2026 |
| <u>/s/ Nathan W. Ring</u> Nathan W. Ring (Principal Financial Officer) | Vice President and Chief Financial Officer | February 20, 2026 |
| <u>/s/ Marney L. Kadrmas</u> Marney L. Kadrmas (Principal Accounting Officer) | Vice President and Chief Accounting Officer | February 20, 2026 |
| <u>/s/ Karen B. Fagg</u> Karen B. Fagg | Chair of the Board and Director | February 20, 2026 |
| <u>/s/ Patricia Chiodo</u> Patricia Chiodo | Director | February 20, 2026 |
| <u>/s/ Thomas W. Hill</u> Thomas W. Hill | Director | February 20, 2026 |
| <u>/s/ German Carmona Alvarez</u> German Carmona Alvarez | Director | February 20, 2026 |
| <u>/s/ Patricia L. Moss</u> Patricia L. Moss | Director | February 20, 2026 |
| <u>/s/ William Sandbrook</u> William Sandbrook | Director | February 20, 2026 |