

# **MARLOWE PLC**

## **FULL YEAR RESULTS FY25**

# MARLOWE FY25 RESULTS

## FY25 Results – continuing operations

### Revenue

FY24: £292m

**£305m**

### Divisional adjusted EBITDA<sup>1</sup>

FY24: £35m

**£37m**

### Divisional adjusted EBITDA<sup>1</sup> margin

FY24: 12.0%

**12.1%**

### Organic revenue growth

TIC revenues grew 4% organically in the period

**4%**

## Group Overview

**1,700**

### Compliance fee-earners

Providing a range of compliance services across Fire, Safety & Security and Water & Air Hygiene

**10+  
years**

### Long customer relationships

We have long customer relationships with over 27,000 customers with our largest customer c.3% of revenues

**~75%**

### High recurring revenues

Both of our TIC businesses display highly recurring revenue profiles that are underpinned by non-discretionary spend

**£7.8bn**

### Addressable market

There remains a significant opportunity in the highly fragmented TIC markets we occupy

1) See appendix slide 12 for reconciliation of the statutory and adjusted results

# MARLOWE'S CONTINUING OPERATIONS

Marlowe's continuing operations comprise the Fire Safety & Security and Water & Air Hygiene businesses

## Fire Safety & Security



Our Fire Safety & Security Services provide our clients with a comprehensive range of safety and compliance services to ensure premises are maintained in accordance with building safety regulations.



~700 fee  
earners



~13k  
customers

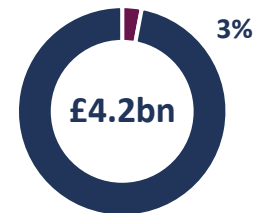


28  
acquisitions

#3

position in  
market

FY24



## Water & Air Hygiene



Our Water & Air hygiene services delivers regulatory driven water treatment, air testing & quality and environmental services to commercial and industrial premises across the UK.



~1,000 fee  
earners



~14k  
customers

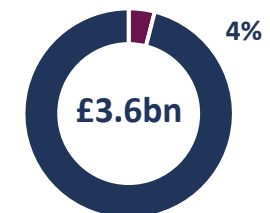


25  
acquisitions

#1

position in  
market

FY24



# FY25 FINANCIAL SUMMARY

Continuing Operations	FY25	FY24	Movement
Revenue £m	£304.5m	£292.3m	+4%
Adjusted EBITDA <sup>2</sup> £m	£32.8m	£31.6m	+4%
Adjusted EBITDA <sup>2</sup> margin %	10.8%	10.8%	-
Adjusted operating profit <sup>2</sup> £m	£20.3m	£19.2m	+6%
Net finance costs £m	£(2.1)m	£(5.9)m	
Adjusted profit before tax <sup>2</sup> £m	£18.2m	£13.3m	+37%
Adjusted EPS <sup>2</sup> (p)	15.3p	10.4p	+47%
Statutory profit before tax £m	£2.8m	£(9.2)m	
Statutory EPS (p)	5.0p	(6.0)p	

Group	FY25	FY24
Revenue £m	£373.0m	£503.2m
Statutory profit before tax £m	£144.9m	£(10.9)m
Statutory EPS (pence)	159.7p	(10.6)p

## Continuing operations:

- **Revenue growth 4%** reflecting organic growth<sup>1</sup> of 4% and the contribution from acquisitions
- **Adjusted EBITDA £32.8m** as a result of:
  - High single digit growth in our Fire Safety & Security division
  - Offset by a reduction in EBITDA in our Water & Air Hygiene division
  - Increase in head office costs of £0.5m
- **Net finance costs decreased to £2.1m** reflecting IFRS 16 interest and utilisation of the old debt facility at the start of the year
- **Statutory PBT** increased to £2.8m reflecting the reduction in adjusting items including restructuring costs

## Group:

- Revenue of £373.0m reflects continuing operations and the contribution from the Divestment and demerger
- Statutory profit before tax reflect the £141.4 million profit on Divestment

1) Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. This includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period. 2) See appendix slide 12 for reconciliation of the statutory and adjusted results

# CASH FLOW AND NET DEBT

£m	FY25
<b>Cash generated from Group operations before adjusting items</b>	<b>£48.7m</b>
<i>Cash conversion (%)<sup>1</sup></i>	<i>105%</i>
Acquisition and disposal costs	£(4.1)m
Restructuring investment (cash element)	£(3.4)m
<b>Cash generated from Group operations</b>	<b>£41.2m</b>
Lease repayments	£(11.3)m
Net finance costs paid	£(3.4)m
Income tax paid	£(4.8)m
Net capex	£(8.4)m
Net Divestment proceeds (net of cash)	£402.6m
Other	£(0.4)m
Dividend	£(150.3)m
Share repurchases (inc. costs associated with repurchases)	£(66.4)m
<b>Movement in net debt</b>	<b>£198.8m</b>
Opening net debt excluding leases	£176.6m
Closing net cash excluding leases	£22.2m

- **Strong cash generated before adjusting items of £48.7m** reflecting continued and discontinued operations in the year
- **105% cash conversion** reflecting excellent working capital management in year with a £6.5m inflow
- **Acquisition and disposal costs of £4.1m** reflecting the Demerger of the Occupational Health division completed in the year
- **Cash generated from Group operations of £41.2m**
- **Lease repayments of £11.3m** of which £10.7m relates to continuing operations
- **Net finance costs paid of £3.4m** largely reflecting the utilisation of the old debt facility and IFRS 16 interest
- **Net capex of £8.4m** of which **£5.2m** relates to continuing operations
- **Divestment proceeds of £402.6m** reflects the divestment of certain GRC assets in the period net of costs relating to the transaction
- **Dividend of £150.3m** which equated to £1.55 per ordinary share
- **Closing net cash position of £22.2m** which excludes £23.2m of lease liabilities

1) Based on a Group EBITDA of £46.5m reflecting both continuing and discontinuing operations



# TIC PERFORMANCE FY25

## Robust revenue performance

Adjusted results	FY25	FY24	Movement
Revenue £m	304.5	292.3	+4%
Adj. EBITDA <sup>1,2</sup> £m	36.9	35.2	+5%
Adj. Operating profit <sup>2</sup> £m	24.6	23.2	+6%
Adj. EBITDA margin %	12.1%	12.0%	+10bps



- **Organic revenue growth of 4%:**
  - Good growth in our primary fire & installation business and kitchen fire suppression business within **Fire Safety & Security**
  - Strong revenue growth in our Environmental Engineering business and training business in **Water & Air Hygiene**
  - Upselling and cross-selling new capabilities to existing customers
  - Offset by our core Water business in **Water & Air Hygiene** which was down in the year
- **Adjusted EBITDA margins increased to 12.1%:**
  - Strong growth in our Fire Safety & security business
  - Offset by performance in our Water business which was constrained in the first half by a weaknesses in the existing operating system, which impacted productivity in certain regions

# OUR MARKETS

Our markets have long-term mandatory and non-discretionary structural demand drivers

## Long-term mandatory structural growth drivers



### Ever Increasing regulations

Increasing health & safety and environmental regulations, with greater enforcement actions and high costs of failure (financial, litigation, operational, insurance, reputational)



### Growing insurance requirements

Compliance required to support obtaining or claiming on an insurance policy, or to reduce annual premiums



### Professionalisation of procurement

Smaller sites being consolidated into multi sites with procurement teams, and property management firms who are increasingly focused on compliance with regulations, insurance and reputation



### Consumer awareness of convictions and fines

High profile financial penalties and criminal convictions increasing demand for compliance products and services (e.g. crime, large fines)

## Attractive M&A opportunity

We have a clear and focussed M&A strategy centred around four key aims:

1

Acquire businesses that strategically fit with TIC which either broaden its service offering or expand capabilities

2

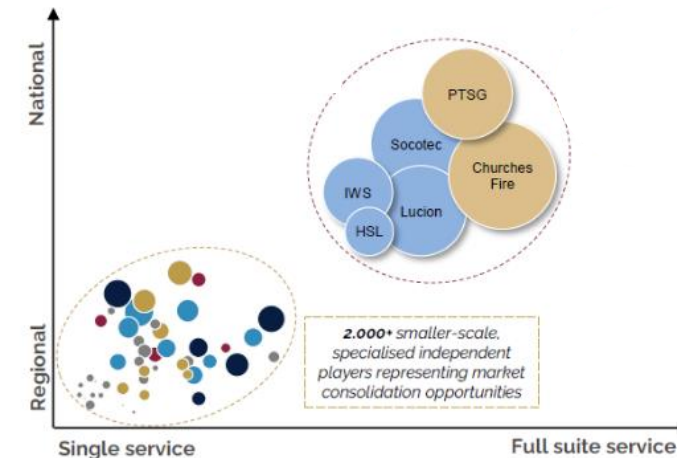
To increase scale in attractive regional markets to drive profitability though further route density

3

To deliver operational optimisation through review of infrastructure to retain footprint and generate cost efficiencies

4

To acquire relevant skills and upskill the current workforce to deliver best-in-class solutions



# MARLOWE STRATEGIC REVIEW

**November 2023**

## Strategic review announced

- Marlowe's Board announced that it was undertaking and evaluating the optimal organisational and capital structure for the business to continue both the successful delivery of the Group's strategy and to maximise shareholder value
- This Board announced that this review could lead to the Board deciding to undertake a managed separation of certain Group businesses with a view to optimising the Group's organisational and capital structure

**February 2024**

## Divestment of certain GRC software and service assets announced

- The Group announces the divestment of a select number of its GRC software and service assets for an enterprise value of £430 million
- The enterprise value of the Divestment, which accounts for approximately 20% of Group revenues and 40% of Group adjusted EBITDA, represented 121% of Marlowe's market capitalisation prior to the announcement
- Marlowe's continuing operations comprised of the ("TIC") and Occupational Health businesses.

**June 2024**

## Commencement of £225 million return to shareholders

- Proceeds from the Divestment were used to retire the previous debt facility in full<sup>1</sup>
- The Group confirmed the timetable for a £150m special dividend, paid on 5 July 2024
- The Group announced share buyback programme to return up to £75 million to Marlowe shareholders
- Lord Ashcroft KCMG PC assumed the role of Non-Executive Chairman on an interim basis

**September 2024**

## Demerger of the Occupational Health division

- The Group announced the Demerger of its Occupational Health division
- Each shareholder of Marlowe received 1 Optima Health Ordinary Share for every 1 existing Marlowe ordinary share
- Marlowe's continuing TIC operations following the Demerger, comprise the Fire Safety & Security and Water & Air Hygiene businesses

**June 2025**

## Recommended offer from Mitie

- The Boards of Marlowe and Mitie are pleased to announce that they have reached agreement on the terms of an unanimously recommended cash and share offer by Mitie for the entire issued and to be issued ordinary share capital of Marlowe.
- The Acquisition implies a total enterprise value of approximately £366 million, representing an implied value of 466 pence per Marlowe share.





# STRATEGIC RATIONALE

Generating significant shareholder value for Marlowe shareholders

Total implied  
value

£366m

Total implied value  
pence per Marlowe Share

466p

Share price premium  
(3 June)

27%

Share price premium  
(3 month weighted)

39%

*"The Acquisition represents excellent value for Marlowe shareholders and provides an opportunity to participate in potential further value accretion through the new Mitie shares which will be issued to Marlowe shareholders. Together, the Acquisition, the dividend of shares in Optima Health on demerger at a value of 210p per share in September 2024, and the 155p special dividend paid in July 2024, represent a total value of 466p per Marlowe share based on Mitie's share price on 4 June 2025. I have enjoyed my journey with Marlowe and continue to enjoy my journey with Optima Health, where I currently have a shareholding of 24.6%, and I hope shareholders will continue to support me in other ventures."* **Lord Ashcroft, Interim Non-Executive Chairman**

## STRATEGIC AND FINANCIAL BENEFITS

- Delivers significant shareholder value to Marlowe's shareholders, representing a premium of approximately 39% to the volume weighted average share price during the three-month period to 3 June 2025
- Presents a compelling opportunity to cross-sell and upsell services across complementary customer bases
- Establishes a UK leader in each of the core sub-sectors of Testing, Inspection & Certification (TIC) through the combination of highly complementary capabilities
- Mitie expects to realise £30 million in pre-tax recurring cost synergies in the second full financial year post-completion (being FY28)

# APPENDIX

# MARLOWE GROUP IN ACTION

## Fire Safety & Security

**MARLOWE**  
FIRE & SECURITY



~700 fee  
earners



~13k  
customers

**#3**

position in  
market

Our Fire Safety & Security Services provide our clients with a comprehensive range of safety and compliance services to ensure premises are maintained in accordance with building safety regulations.



### Fire safety

- Fire detection and alarm systems
- Aspirating systems
- Emergency lighting
- Fire extinguishers
- Gaseous extinguisher Systems
- Kitchen fire suppression systems
- Sauna fire suppression systems
- Dry/wet risers

- Passive fire protection
- Fire doors
- Room integratory testing
- Fire risk assessments
- Fire safety training

### Security systems

- Intruder alarms
- Access control
- CCTV systems

## Water & Air Hygiene

**MARLOWE**  
Environmental Services



~1,000 fee  
earners



~14k  
customers

**#1**

position in  
market

Our Water & Air Hygiene services delivers regulatory driven water treatment, air testing & quality and environmental services to commercial and industrial premises across the UK.



### Water treatment & hygiene

- Surveys and laboratory analysis
- Equipment supply installation and servicing
- Cleaning inc. pre commissioning
- Chemical treatments
- Temperature and flow monitoring
- Electronic logbook and asset management

- Consumable and spare parts
- Training
- Ventilation hygiene
- Ductwork cleaning
- Kitchen extract cleaning
- Ventilation management
- Fire & smoke damper inspections
- Decontamination of hazardous material

### Waste water treatment

- Hire & trial equipment
- Customised waste-water treatment technologies
- Site survey
- Laboratory analysis
- Chemical regimes
- Asbestos consultancy**
- Asbestos surveys and inspection

- Air monitoring and four stage clearance
- Expert advice and consultancy
- HSE licensed asbestos removal
- CDM services and training
- Asbestos training
- Hazardous materials consultancy
- Mobile laboratory services

# NOTES

<sup>1</sup> Earnings before interest, taxes, depreciation and amortisation ("EBITDA")

<sup>2</sup> Explanation of non-IFRS measures below

<sup>3</sup> Organic revenue growth % on a like-for-like basis is defined as the year-on-year growth of our entire business. The includes the growth or decline of acquisitions from the day of completion, by including their performance from the corresponding prior period

## Non-IFRS measures

The financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the Group. The Annual Report and financial statements also include measures which are not defined by generally accepted accounting principles such as IFRS. We believe this information, along with comparable IFRS measures, is useful as it provides investors with a basis for measuring the performance of the Group on a comparable basis. The Board and our managers use these financial measures to evaluate our operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Similarly, non-IFRS measures as reported by us may not be comparable with similar measures reported by other companies.

Due to the nature of acquisition and other costs in relation to each acquisition and the non-cash element of certain charges, the Directors believe that adjusted EBITDA and adjusted measures of operating profit, profit before tax and earnings per share provide shareholders with a useful representation of the underlying earnings derived from the Group's business and a more comparable view of the year-on-year underlying financial performance of the Group.

The reconciliation between statutory profit and adjusted profit measures is shown below:

Continuing operations – 31 March 2025	Profit before tax £'m	Operating profit £'m	EBITDA £'m
<b>Statutory reported</b>	<b>2.8</b>	<b>5.0</b>	<b>23.6</b>
Restructuring costs	5.2	5.2	5.2
Amortisation of acquisition intangibles	6.1	6.1	-
Share-based payments (excluding SAYE schemes)	2.0	2.0	2.0
Fair value (gains)/losses in contingent consideration and acquisition related incentive schemes	2.0	2.0	2.0
Exceptional finance costs	0.1	-	-
<b>Adjusted results</b>	<b>18.2</b>	<b>20.3</b>	<b>32.8</b>