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MITIE Group PLC
05 June 2025

5 June 2025

Mitie Group plc

Full year results for the year ended 31 March 2025

Strong progress in foundation year of FY25-FY27 Strategic Plan
Double digit revenue and operating profit growth; strong cash generation
Record contract awards, order book and pipeline of bidding opportunities
Recommended £366m cash and share offer for Marlowe plc

Highlights

- **Revenue**¹ up 13% to £5,091m (FY24: £4,511m), including 9% organic growth primarily driven by new contract wins and scope increases, pricing and projects upsell, alongside a 4% contribution from acquisitions
- **Record contract awards**² up 21% to £7.5bn TCV of wins and renewals/extensions (FY24: £6.2bn)
- **Record total order book**² up 35% to £15.4bn (FY24: £11.4bn), reflecting book-to-bill ratio of 1.47x; renewals rate fell to 59% (FY24: 79%) reflecting the loss of two public sector contracts
- **Record pipeline** up 27% to £23.7bn (FY24: £18.6bn), of which >70% is due to be awarded in next 18 months
- **Operating profit** before Other items^{3,4} up 11% to £234m (FY24: £210m)
- **Operating profit margin** before Other items^{3,4} of 4.6% (FY24: 4.7%), reflecting investments in our Three-Year Facilities Transformation Plan and a loss in our telecoms infrastructure business
- **Basic EPS** before Other items³ up 3% to 12.7p (FY24: 12.3p), with the benefits of higher operating profit and share buybacks offsetting a 4.8ppt increase in the effective tax rate to 23.7%, and higher finance costs
- **Operating profit** of £162m (FY24: £166m) and basic EPS of 8.2p (FY24: 9.8p); Other items³ include non-cash amortisation, acquisition earn-outs and costs of margin enhancement initiatives
- **Strong free cash flow generation** of £143m (FY24: £158m); operating cash flow of £249m (FY24: £228m)
- **Three infill acquisitions** completed for a total consideration of £48m, adding key projects capabilities
- **Closing net debt** of £199m (FY24: £81m), reflecting increased returns to shareholders, acquisitions and increased electric vehicle lease obligations, offset by strong free cash flow⁵ generation
- **Strong balance sheet** with post-IFRS 16 leverage of 0.8x average net debt/EBITDA⁵ (FY24: 0.6x), at the low end of our 0.75-1.5x target range; covenant leverage of zero
- **Recommended final dividend** of 3.0p per share; total dividend up 8% to 4.3p per share (FY24: 4.0p)
- **£100m share buyback** programme completed; continued commitment to return surplus capital to shareholders
- **Entering FY26 with good momentum** and growing confidence in delivering our ambitious Three-Year Plan targets to create further value for shareholders
- **Recommended acquisition of Marlowe plc** will deliver revenue growth and £30m of cost synergies, representing a strategically and financially compelling opportunity to create a leader in 'Facilities Compliance' and accelerating progress towards our Three-Year Plan targets. Refer to Rule 2.7 announcement published today

£m unless otherwise specified	Twelve months to 31 March 2025			Twelve months to 31 March 2024		
	Before Other		Total	Before Other		Total
	items ^{3,5}	Other items ³		items ^{3,5}	Other items ³	
Revenue (including share of JVs & associates)	5,091.2	-	5,091.2	4,510.7	-	4,510.7
Group revenue	5,082.6	-	5,082.6	4,445.2	-	4,445.2
Operating profit ⁴	234.1	(72.5)	161.6	210.2	(44.5)	165.7
Operating profit margin ⁴	4.6%	-	3.2%	4.7%	-	3.7%
Profit before tax	217.9	(72.5)	145.4	200.8	(44.5)	156.3
Profit for the period	166.3	(57.9)	108.4	162.9	(32.0)	130.9
Basic earnings per share	12.7p		8.2p	12.3p		9.8p
Dividend per share			4.3p			4.0p
Cash generated from operations			248.7			227.9
Free cash inflow ⁵			142.8			157.6
Post-IFRS 16 average daily net debt ⁵			264.0			160.7
Post-IFRS 16 closing net debt ⁵			199.0			80.8
Total order book ²			£15.4bn			£11.4bn
Return on invested capital (ROIC) ⁵			24.5%			26.4%

1. Including share of joint ventures (JVs) and associates.

2. Total Contract Value (TCV). Total order book includes secured fixed term contract work, and estimates for projects and variable works. Book-to-bill ratio is the relationship between orders received during the year and revenue recognised for the year.

3. Other items are described in Note 4 to the condensed consolidated financial statements.

4. Operating profit includes share of profit after tax from JVs and associates. Operating profit margin is operating profit as a percentage of revenue including share of JVs and associates.

5. Performance before Other items, net debt, free cash flow, EBITDA and ROIC are presented as Alternative Performance Measures. Explanations as to why these measures are presented, and reconciliations to the equivalent statutory measures, are set out in Appendix 1 to the condensed consolidated financial statements.

Commenting on the year and the outlook, Phil Bentley, Group Chief Executive, said:

"FY25 was a year of good financial and operational progress for Mitie, as we embarked on our new Three-Year Plan for Facilities Transformation. Our mission is clear - to transform our customers' estates and create smarter, safer, cleaner and greener places that are not only fit for today but are 'future-proofed' for the rapid changes that will come in the next few years. We are the future of high-performing places.

"The investments we made in the foundation year of our Plan contributed to the delivery of double-digit revenue and operating profit growth, alongside a return on invested capital that significantly exceeds our weighted average cost of capital. Our divisions all performed well, and I am pleased that following a series of proactive actions our telecoms infrastructure business in Technical Services, which had negatively impacted margins in the year, returned to breakeven in the fourth quarter.

"Our strong free cash flow generation and low leverage provides significant capacity to proactively deploy capital and deliver growing shareholder returns. We completed a £100m share buyback programme in the year, our largest to date, and launched a new £125m programme in April. Dividends per share grew by 8% year-on-year, and we invested in three acquisitions to add projects capability and to grow our security presence in Spain.

"As part of our new Three-Year Plan, we launched a new corporate narrative and branding alongside a bold social value pledge to uplift one million lives, reflecting our purpose-led commitment to creating 'Better Places; Thriving Communities'. Mitie colleagues, our growing presence in the Communities we serve, and our technology leadership, are integral to delivery of this commitment. As ever, I am hugely grateful and indebted to all our 76,000 Mitie colleagues who delivered outstanding service to our customers throughout FY25, as reflected in a record Net Promoter Score of +63pts.

"We continue to make good progress with our margin enhancement initiatives, delivering £25m of cost savings in the year. Looking ahead, our estimate of the cost increase from the rise in Employers' National Insurance Contributions in FY26 is c. £50m (down from an initial estimate of £60m). Contractual recoveries from customers are expected to be at least £35m, with the balance mitigated through new margin enhancement initiatives.

Our strategic focus on AI and intelligent process automation will contribute to the expected delivery of an operating margin above 5% by FY27, underpinned by higher margin M&A opportunities in our targeted sectors.

"We have entered FY26 with good sales momentum, and a record order book and pipeline of bidding opportunities. With this positive outlook, we have growing confidence in delivering our ambitious Facilities Transformation Three-Year Plan targets and creating increasing value for our stakeholders."

Analyst Presentation and Q&A

Phil Bentley (CEO) and Simon Kirkpatrick (CFO) will host a presentation and Q&A session today (5 June 2025) at 9.30am at The Shard and via a webcast: <https://webcasts.umcdn.com/mit037>.

For dial in details please contact kate.heseltine@mitie.com. A copy of the presentation will be available on the company website in advance of the live presentation, www.mitie.com/investors.

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About Mitie: *The Future of High Performing Places*

Founded in 1987, Mitie employs 76,000 colleagues and is the leading technology-led Facilities Transformation company in the UK. We are a trusted partner to a diverse range of blue chip customers across the public and private sectors, working with them to transform their built estates, and the lived experience for their colleagues and customers, as well as providing data-driven insights to inform better decision-making.

In each of our core services of engineering (hard services) and security and hygiene (soft services) we hold market leadership positions. We also deliver projects capabilities in the areas of power and grid connections, building fit-outs & modernisation, decarbonisation, fire & security, and telecoms infrastructure. Our sector expertise includes central government, critical national infrastructure, defence, financial services, healthcare & life sciences, local government & education, manufacturing, media, retail & logistics and transport & aviation.

We hold industry-leading ESG credentials, including a place on the CDP Climate change A List, and we have received multiple industry awards recently including B2B Marketing Team of the Year, Best Low Carbon Solution and Net Zero Carbon Strategy of the year. Targeting Net Zero by the end of 2025, our ambitious emissions reduction plans have been validated by the Science Based Targets initiative (SBTi). We have been recognised as a 'UK Top Employer' for the seventh consecutive year and 'Britain's Most Admired Company' in the Support Services sector. Find out more at www.mitie.com.

Chief Executive's review

Overview

In the foundation year of our Facilities Transformation Three-Year Plan (FY25-FY27), Mitie delivered a good financial performance and made further strategic and operational progress. Revenue (including share of JVs and associates) for the 12 months ended 31 March 2025 ("FY25") grew by 13% to £5,091m (FY24: £4,511m), including organic growth of 9% - significantly ahead of UK Facilities Management (FM) market growth of c.3% p.a.

Operating profit before Other items grew by 11% to £234m (FY24: £210m) and basic EPS before Other items grew by 3% to 12.7p (FY24: 12.3p) despite a 480bps increase in our effective tax rate to 23.7% (FY24: 18.9%) and a 72% increase in finance costs to £16.2m (FY24: £9.4m).

Operationally, we secured a record £7.5bn total contract value (TCV) of contract wins/renewals/extensions, up 21% on a strong prior year comparative (FY24: £6.2bn). This included a £1bn TCV new security contract award for seven years

(plus three-year extension option) from the Department for Work and Pensions (DWP), commencing in October 2025. We are entering FY26 with a record order book of £15.4bn and a £23.7bn pipeline of upcoming bidding opportunities.

This good sales performance reflects the benefits from £17m of strategic investments in the business to develop our 'Facilities Transformation' service offering and drive growth through better sales/bidding capabilities. Margin expansion is a key element of our strategy, and we delivered £25m of savings from our ongoing programmes of margin enhancement initiatives (MEIs).

The FY25 operating margin before Other items was 4.6% (FY24: 4.7%), primarily reflecting strategic investments, the impact of inflation, and a loss in the telecoms infrastructure business, which returned to breakeven in Q4 following a series of actions taken to address the underperformance. Looking ahead, we are confident in our ability to contractually recover or mitigate through new MEIs the increase in employer's National Insurance Contributions, and we have a clear path to our >5% operating margin target by FY27.

Based on the equivalent IFRS measures, Group revenue increased by 14% to £5,083m (FY24: £4,445m), operating profit decreased by 2% to £162m (FY24: £166m) and basic EPS reduced by 16% to 8.2p (FY24: 9.8p). The reduction in operating profit and basic EPS reflects a £26m increase in Other items after tax to £58m (FY24: £32m) due to a one-off credit to Other items relating to the Landmarc consolidation in FY24, as well as higher acquisition-related costs (predominantly from non-cash amortisation) and pension related costs in FY25. Further details are set out in the Finance review.

Facilities Transformation Three-Year Plan (FY25-FY27)

Our Three-Year Plan pivots the business from traditional Facilities Management to technology-driven Facilities Transformation. Mitie is the FM market leader in the UK, with deep capabilities to aggregate workflow and workforce data to be a trusted partner to thousands of blue-chip public and private sector organisations.

As such, we are well positioned to meet the evolving needs of our customers and unlock the value that exists in each of their environments. These needs are underpinned by attractive macro trends, including meeting evolving legislative and regulatory compliance requirements, alongside significant investments required in data centre capacity, decarbonisation technologies, and power & grid connections in the UK.

We have set ambitious financial targets (based on Alternative Performance Measures) to accelerate growth and enhance shareholder returns over the Three-Year Plan period, underpinned by proactive capital deployment, whilst maintaining leverage between 0.75-1.5x (post-IFRS 16 average net debt/EBITDA):

- High single digit revenue growth (inclusive of the contribution from M&A)
- >5% operating margin by FY27
- £150m annual free cash flow by FY27
- Return on Invested Capital (ROIC) >20%

Accelerating growth

Our technology-led Facilities Transformation Three-Year Plan is expected to deliver accelerated growth through the key pillars of: 1) key account growth and scope increases; 2) projects upsell; and 3) infill M&A. We are targeting high single digit revenue growth annually (inclusive of the contribution from M&A).

In FY25, organic growth through key accounts and scope increases alongside projects upsell contributed 9% to revenue growth, inclusive of contract pricing of 3%. Infill M&A completed since 1 April 2023 contributed a further 4% of inorganic growth, resulting in total revenue growth of 13% - well ahead of our target.

Pillar 1: Record contract wins and renewals/extensions delivered

New contract wins and extensions/renewals increased by 21% to a record £7.5bn TCV (FY24: £6.2bn), reflecting the investments we have made in our sales and marketing teams.

Notable new wins of £5.0bn TCV (FY24: £4.4bn) included a £1bn TCV seven year contract award from the DWP, with a three year extension option, to deliver security services from October 2025, alongside a £400m TCV 10-year contract from the Ministry of Justice to operate the UK's first all-electric 'zero carbon' prison (HMP Millsike), which opened in April 2025. Other notable awards included Aldi, Boots, The Coventry and Rugby Hospital, Community Health Partnerships, Driver and Vehicle Licensing Authority (DVLA), EY, Halfords, HM Revenue and Customs (HMRC), Lidl and the Metropolitan Police Service.

Notable contract extensions/renewals of £2.5bn TCV (FY24: £1.8bn) included integrated facilities management (IFM) services for Lloyds Banking Group (LBG) - our largest private sector customer, Heathrow Airport, Vodafone, Thales and EON. Our market leading position in the retail sector supported several extensions/renewals including the provision of security services for M&S, engineering services for Primark and engineering and hygiene services for an international e-commerce business.

We have a large, diversified portfolio of customers and contract renewals therefore arise on a rolling basis. During the year two notable public sector contracts were not renewed, including one Central Government engineering and hygiene contract that was lost on marginal scoring judgements and will end in September 2025. The other smaller public sector contract was lost on pricing and ended in March 2025.

Due to the above average size of these contracts and their tenure, Mitie's renewal rate was 59% (FY24: 79%), with the two lost contracts contributing a 29ppts impact. We expect our renewal rate to increase significantly in FY26 given the strong commercial momentum in the business, and a much-reduced number of contracts that are due to be renewed.

Our total order book increased by 35% to a record £15.4bn (FY24: £11.4bn), and our pipeline of new bidding opportunities increased by 27% to a record £23.7bn (FY24: £18.6bn) across a range of public and private sectors, the largest of which include immigration & justice, central government, defence, healthcare, critical national infrastructure, retail and transport & aviation.

Pillar 2: Projects work underpinned by attractive macro trends

We continue to see demand from our customers for transformational projects across their estates and have expanded our technical capabilities through targeted acquisitions. As a result, Group projects revenue (delivered across all three of our divisions) increased by 14% to £1.2bn (FY24: £1.1bn), and our projects pipeline of opportunities, included within the Group's total pipeline, expanded to £4.8bn (FY24: £3.3bn).

Transforming the built environment, including lifecycle upgrades, remains a key driver of growth, where we are integrating systems to create 'intelligent buildings', saving money for our customers and ensuring that buildings meet evolving legislative and regulatory compliance requirements. This includes new fire and security legislation, which places a greater responsibility on building owners and managers to protect occupants, and minimum energy efficiency standards for commercial buildings. Decarbonisation technologies, such as solar, electric vehicle (EV) charging and battery storage, alongside our expanded suite of power and grid connections capabilities, are also increasingly being sought by our customers, with £1.4trn of investment expected for the UK to achieve Net Zero by 2050.

The UK is one of the largest data centre markets in Europe, and we are expanding our delivery of mechanical & electrical, earthing, and fire & security systems fit-outs in these buildings. We saw a pause in some data centre projects during the year, as customers reassess the significant increase in scale, power and cooling requirements arising from Artificial Intelligence (AI). We are well placed to meet these changing demands, and expect c.£13bn of UK data centre investment over the medium term to be a key driver of our growth.

We also continue to deliver a range of projects work across wider critical environments, including heating and lighting systems upgrades in the healthcare sector and bespoke engineering projects in the defence sector, and benefit from investment in the resilience and security of critical national infrastructure across the UK.

Our telecoms infrastructure business has faced a challenging market, characterised by poor contracting terms with major network operators and delays in the completion of projects, resulting in a loss of £11m in FY25. Following a series of actions which included renegotiating or exiting from certain unprofitable frameworks and the appointment of a new management team, the business returned to breakeven during the final quarter of the year. Revenue reduced by 19% to £57m in FY25 (FY24: £70m) and is expected to reduce again by a similar percentage in FY26, as we hand back unprofitable work.

Pillar 3: Three strategic acquisitions completed

When we set out our Three-Year Plan in October 2023, we guided to c.£75m p.a. spend on infill M&A, to deepen our capabilities in the high-growth, high-margin areas of buildings infrastructure and compliance, decarbonisation, power & grid connections and fire & security. We continue to evaluate strategic M&A opportunities in the pipeline.

During FY25, we completed three strategic acquisitions for a combined consideration of £48m (excluding employment-linked earnouts). The largest of these was Argus Fire, one of the UK's leading fire systems businesses, for £36m in October 2024. This enhances our scale and self-delivered offering in the £3bn UK fire & security market where Mitie is a top three operator and complements the prior year acquisitions of GBE Converge and RHI Industrials.

We also acquired ESM Power, a leading high-voltage electrical engineering business, for £5m in July 2024. In combination with our Rock Power Connections and G2 Energy businesses, we have built a full suite of services in the growing power & grid connections market, which continues to benefit from significant capital investment in energy networks for the UK to achieve Net Zero.

In Spain, we acquired Grupo Visegurity, a leading national security business, for £7m in October 2025. This, alongside the acquisition of Biservicus in September 2023, supports the strategic expansion of our security services capabilities in the attractive c.£13bn Spanish FM market.

Operating margin progression

We have a clear path to an operating profit margin before Other items of at least 5% by FY27. This will be achieved through our ongoing programme of margin enhancement initiatives (MEIs) and improved operational leverage, alongside the contribution from M&A and projects works. We expect these management actions to more than offset the continued impact of inflation and contract pricing dynamics in a highly competitive environment, in addition to the increase in employers National Insurance Contributions in FY26.

In FY25, the operating profit margin before Other items was 4.6% (FY24: 4.7%), reflecting strategic investments to drive growth and margin expansion (£17m), headwinds from inflation (£7m), a loss in our telecoms infrastructure business (£11m) and the completion of higher margin contracts. Offsetting these factors, the operating margin benefited from a good trading performance and the delivery of £25m of savings through MEIs.

We expanded the scope of our MEIs from overhead efficiencies to operations and in-contract opportunities during the year. Workstreams included increasing self-delivery to customers in areas such as fire, water and asbestos compliance in Defence and reducing our reliance on third-party contractors; working with key accounts to define a best practice account model; using technology and AI to increase productivity and deploy resources more efficiently; the continued outsourcing of certain finance functions; and the continued consolidation of Mitie's core systems and processes.

Investments in the foundation year of our Plan are delivering tangible results, including record contract wins and renewals/extensions. We have invested in our sales and marketing teams to develop sector and customer-driven strategies, while enhancing our customer relationship management functionality and business development skillset. We have put more resource into contract re-bids, and improved training and incentive structures for 'in contract' teams to drive growth over the contract life. We are continuing to invest in technology by developing our 'intelligent' solutions and enabling AI in our core systems (see Technology leadership section).

Sustainable free cash flow generation

We are targeting sustainable free cash flow generation of c.£150m per annum by FY27. This, combined with our robust balance sheet and low leverage, underpins our proactive approach to deploying capital and delivering shareholder returns.

We expect increased profitability, working capital process improvements and disciplined capex to offset the increased working capital required to support our growing projects business, longer payment terms being demanded by some customers (particularly in retail), and a one-off impact to working capital expected in FY26 arising from the Procurement Act 2023. This Act came into effect in February 2025 and requires mandatory 30-day payment terms for all subcontractors and suppliers on Government Framework Contracts (of which over 70% of Mitie's are already aligned).

In FY25, the Group generated £249m of cash from operations (FY24: £228m), leading to a free cash inflow of £143m (FY24: £158m), well ahead of our guidance for 'at least £100m'. The reduction in free cash flow year-on-year reflects a one-off benefit to working capital of c.£25m in the prior year relating to working capital process improvements, including the consolidation of activities into the shared service centre and implementation of the

Coupa digital supplier platform. We continued to implement new process improvements in FY25, offsetting longer payment terms on several new or renewed contracts in the retail sector.

Proactive and growing capital deployment

Our capital deployments are determined by the best use of capital to deliver attractive returns to shareholders and drive growth in the business, while maintaining a strong financial position, and leverage within our 0.75-1.5x target range (post-IFRS 16 average net debt / EBITDA).

In this context, the Board's policy prioritises strategic M&A at returns materially above our weighted average cost of capital; a progressive dividend policy (30-40% payout ratio); and the purchase of all shares to fulfil employee incentive schemes (c.15m shares p.a.). Surplus funds are returned to shareholders via share buybacks to remain within our target leverage range.

The Board is recommending a final dividend of 3.0p per share, which, when added to the 1.3p interim dividend paid, takes the total dividend for FY25 to 4.3p per share. This is an 8% increase on the prior year (FY24: 4.0p) and represents a payout ratio of 34% (FY24: 33%). The final dividend will be paid on 4 August 2025, following approval at the 2025 AGM.

During FY25, we invested £48m in strategic acquisitions, purchased 13m shares at a cost of £15m to fulfil employee incentive schemes and completed our largest share buyback programme to date of £100m. Within this programme we purchased 89m shares, of which 79m were cancelled and 10m were held in treasury to fulfil Mitie's 2021 Save As You Earn (SAYE) scheme.

With a strong balance sheet, and leverage at the lower end of our targeted range, we launched a new £125m share buyback programme for FY26 on 16 April 2025, which will bring the cumulative total undertaken since FY23 to £325m.

Within the FY26 programme we will hold c.6m shares in treasury to fulfil the 2022 SAYE scheme (vesting in February 2026), and cancel all other shares purchased in excess of this within the programme. To date, we have purchased 2m shares at an average price of 140p. The Board will keep this share buyback programme under review, considering the timing of value-creating acquisitions, and in order to maintain leverage within our target range.

Strong balance sheet and low leverage

Post-IFRS 16 closing net debt at 31 March 2025 increased by £118m to £199m (FY24: £81m), reflecting proactive capital deployments across dividends, share buybacks, share purchases for incentive schemes and M&A totalling £237m, alongside a £24m increase in lease obligations as we continue to transition our fleet to electric vehicles (EVs), partially offset by good free cashflow generation of £143m.

Post-IFRS 16 average daily net debt in FY25 was £264m (FY24: £161m) and leverage was 0.8x average net debt / EBITDA (FY24: 0.6x) - at the lower end of our 0.75x to 1.5x target leverage range. Covenant leverage was zero.

Technology leadership

Our strength lies in a combination of exceptional colleagues and cutting-edge technology, empowering us to deliver transformative, data-driven 'intelligent' solutions that evolve with the needs of our customers.

This encompasses Intelligent Engineering Maintenance - ensuring round-the-clock remote monitoring and predictive maintenance for connected assets; Intelligent Security - optimising resource deployment to address dynamic risk and threat profiles across customer estates; Intelligent Hygiene - leveraging building usage data and sensor technology to deliver demand-led hygiene services; and Intelligent Projects - utilising our Emissions Intelligence platform to automate emissions data capture and reporting, and establish Net Zero pathways for customers.

During FY25, we deployed Intelligent Engineering Maintenance across 700 connected sites and Intelligent Hygiene across over 100 sites, whilst Intelligent Security has focused on assessing risk based on crime, deprivation

indices, demography, intelligence alerting and shrinkage data at more than 8,200 retail customer sites. Emissions Intelligence has been activated for 25 customers, and we have a strong pipeline to continue this rapid pace of adoption.

We integrated our 'intelligent' solutions into Mozaic360 - a unified platform that enables customers to monitor service, asset and environment performance, manage their contracts and conduct benchmarking analysis efficiently across all IFM services provided by Mitie. Our customer-facing mobile app, Aria, with its built-in AI chatbot, ESME, has been deployed across 38 of our largest strategic accounts and now handles c.30% of service requests, automatically processing work orders without human intervention.

Internally, Intelligent Process Automation (IPA) is a key pillar of our AI strategy to enable end-to-end AI automation of systems and processes. During the year, we implemented an autonomous AI email agent for the engineering helpdesk to automate the process of raising service requests or responding to status updates on a service request. The agent is live for eight customers, achieving a success rate of 90% and saving more than 900 hours of time within the helpdesk team. Roll-out to the remaining 50 engineering helpdesk customers will continue in FY26. We have also started to deploy IPA to enable operational digital twins for back-office business processes, delivering further efficiencies and cost savings.

We have upgraded our Government and Commercial Maximo systems to MAS 9.0, enabling us to embed AI features into core engineering processes to enhance work order management, monitor asset health, and predict failures, ensuring uninterrupted productivity for our customers. MAS 9.0 now includes workflow in security and hygiene, enabling a fully rounded picture of a customer's estate to be developed.

Additionally, we have equipped thousands of colleagues with Microsoft Copilot tools to streamline routine tasks and improve decision-making. We are collaborating with Corndel, Imperial College London, and Microsoft to introduce a pioneering AI apprenticeship programme, ensuring that our workforce is equipped with practical expertise to lead in the AI-driven future.

ESG and social value leadership

Mitie is recognised as a leader in Environmental, Social and Governance (ESG) matters and social value among global industry peers, with these initiatives forming a key part of how we do business. Our leading credentials also enable us to work with our customers to realise their own sustainability and Net Zero ambitions.

We recently launched our new corporate purpose: 'Better Places; Thriving Communities' - uniting everyone at Mitie, from the Board to frontline colleagues, around a shared commitment to help shape the communities where we live and work. To further support our purpose, we have set bold social value pledges through our new 'Plan Thrive' initiative, including to uplift one million lives across the UK.

Mitie has a strong track record of delivering impactful social initiatives, including through the Mitie Foundation, apprenticeship schemes, learning and development programmes and responsible supply chain management. For example, we are currently supporting over 1,500 colleagues through apprenticeships across 90 technical, professional and managerial courses. Last September, we welcomed our largest ever cohort of early career and new hires into our technical apprenticeship schemes and launched a graduate engineering programme. We expanded our investment in developing women in leadership. At 31 March 2025, 42% of our senior leadership team are now women, an increase of 10ppt during the year and exceeding our target of 40%.

Finally, we completed a 'double materiality' assessment, identifying the sustainability issues that are most material to our business and stakeholders by evaluating both their impacts on the environment and society and their potential financial impacts on Mitie. We also published our first Climate Transition Plan, building on the success of our 2020 Plan Zero initiative to become Net Zero for our direct operations by the end of 2025. Our largest carbon emissions relate to our vehicles, and we transitioned a further c.1,200 to EVs during the year. At 31 March

2025, we had c.6,250 EVs, one of the largest electric fleets in the UK, representing 85% of our total fleet where EV technology is available.

Operating review

As part of our Facilities Transformation Three-Year Plan (FY25 - FY27), we have simplified our organisational structure to align to our core service line capabilities of Engineering Maintenance, Security and Hygiene. As such, from the start of FY25, we absorbed the Central Government & Defence division into Business Services (Central Government) and into Technical Services (Defence). Police services, which was previously reported within Care & Custody in Communities, is now reported within Business Services.

Business Services

Business Services is the UK's largest provider of technology-led security and hygiene services across c.2,500 contracts, with sector expertise in retail, transport & aviation, central government and financial & professional services. It also provides landscaping and waste services, and Mitie's Spanish business is reported within the division.

Business Services, £m	FY25	Restated ¹ FY24	Change
Revenue (including share of JVs and associates)	2,244	1,977	14%
Security ¹	1,067	863	24%
Hygiene	461	407	13%
Central Government ¹	384	447	(14%)
Spain	167	114	46%
Waste	85	77	10%
Landscapes	80	69	16%
Operating profit before Other items	163.0	149.8	8.8%
Operating profit margin before Other items	7.3%	7.6%	(0.3)ppt
Total order book	£5.3bn	£3.3bn	61%

¹ Restated to reflect the change to divisional reporting to include Police services (within Security) and Central Government in Business Services.
FY24 restated Central Government revenue excludes £77m reclassified to Defence relating to the Landmarc step acquisition

Performance highlights

- Revenue +14% to £2,244m (FY24: £1,977m), reflects new wins, the provision of 'surge response' security services, growth in projects, pricing and acquisitions, offset by the completion of certain public sector contracts
- Operating profit before Other items +8.8% to £163.0m (FY24: £149.8m), reflects revenue growth and MEIs, offset by the higher margin public sector contracts that have ended and unfavourable weather conditions in Landscapes
- £3.9bn TCV of wins and extensions/renewals, primarily in Central Government and the retail sector, resulted in a 61% increase in the total order book to £5.3bn (FY24: £3.3bn)
- Mitie's position as a leading integrated fire & security systems provider enhanced via the acquisition of Argus Fire
- Spanish security capability expanded through the acquisition of Grupo Viseguridad

Operational performance

Business Services delivered a good performance in FY25, with revenue benefiting from new wins, the provision of short-term 'surge response' security services to the Home Office during the summer, projects work, pricing and the contribution from recent acquisitions (Argus Fire, Grupo Viseguridad and GBE). This growth was partially offset by the completion of higher-margin, short-term public sector works, such as the Afghan Relocations and Assistance and Inland Border Forces contracts, and one notable Central Government contract that ended in March 2024.

The division secured £3.9bn TCV of contract wins and extensions/renewals, primarily in Central Government and the retail sector. This included Mitie's largest contract award to date of £1bn TCV (£136m p.a.) over seven years plus a

three-year extension, to provide security services across the DWP's national estate (from October 2025). Other wins included security and hygiene services for Community Health Partnerships and contracts with DVLA, Home Office and HMRC.

Retail is one of the division's largest sectors, with revenue of c.£400m p.a. and a blue-chip customer base of national retailers and flagship shopping centres. Alongside the continued growth in existing accounts, the division won new contracts to deliver security services for Aldi and Lidl, as well as fire maintenance work for Halfords. The largest contract renewals and extensions in the year were for the provision of hygiene services to a large e-commerce business and security services for Marks & Spencer (M&S).

The demand for risk-based 'intelligent' security and remote monitoring services continues to grow in the retail sector. During the year, the division completed a large-scale extension of its M&S Security Operations Centre (SOC) in Northampton, a large furniture retailer approved a dedicated SOC following a successful trial, and the division has a strong pipeline of opportunities to add to this unique offer with other national retailers. This capability is complemented by the ongoing development of leading technologies such as Vision AI theft analytics in partnership with SeeChange, which will be rolled out in FY26 following successful trials.

The increased revenue and benefit from MEIs were offset by the completion of the higher margin public sector contracts, a £1m debt provision relating to the administration of ISG (net of c.£2m recovered in H2) and the impact of unfavourable weather conditions on our Landscapes business. MEIs primarily focused on operational excellence and productivity improvements, including the outsourcing of mobile security response services.

Mitie's fire & security projects business enhanced its position as a top three integrated systems provider through the acquisition of Argus Fire in October 2024. This significantly increases Mitie's scale and self-delivered offering in the higher-growth, higher-margin c.£3bn p.a. UK fire & security market, and complements the prior year acquisitions of GBE Converge and RHI Industrials.

Overall, projects revenue in Business Services increased by 29% to £281m (FY24: £217m). Key projects work included the upgrade of critical security infrastructure across central government offices, the design and delivery of an integrated physical security, fire and civil engineering solution across 10 sub-stations for Scottish Power, the fit-out of fire & security systems within two data centres for Google and asset upgrades for National Grid. The projects order book and pipeline remain strong for FY26.

Mitie Spain benefited from net wins and acquisitions, including Grupo Visegurity, a leading security business acquired in October 2024. The acquisition builds Mitie Spain's security capabilities following the acquisition of Biservicus in FY24, providing an increasingly differentiated offering in an FM market dominated by single service providers.

Recent awards include British Security Awards - Business of the Year; Fire & Security Matters - Security Guarding Company and Security Project of the Year; Retail Risk, Fraud Awards - Physical Risk Management Team of the Year; OSPAS - Security Team of the Year.

Technical Services

Technical Services is the UK's largest provider of engineering maintenance services, managing facilities and critical assets across c.350 contracts, including for the Ministry of Defence (MoD). The division also delivers projects in high-growth areas including buildings infrastructure, decarbonisation and power & grid connections to help customers transform their built estates.

Technical Services, £m	FY25	Restated ¹ FY24	Change
Revenue (including share of JVs and associates)	1,977	1,817	9%

<i>Engineering maintenance and projects</i>	<i>1,421</i>	<i>1,326</i>	<i>7%</i>
<i>Defence¹</i>	<i>556</i>	<i>491</i>	<i>13%</i>
Operating profit before Other items	79.0	74.9	5.5%
Operating profit margin before Other items	4.0%	4.1%	(0.1)ppt
Total order book	£5.0bn	£4.0bn	25%

¹ Restated to reflect the change to divisional reporting to include Defence within Technical Services. FY24 restated Defence revenue includes £77m reclassified from Central Government relating to the Landmarc step acquisition

Performance highlights

- Revenue +9% to £1,977m (FY24: £1,817m), primarily driven by new wins and scope increases, acquisitions and pricing, offsetting the loss of one notable contract at the end of the prior year
- Operating profit before Other items +5.5% to £79.0m (FY24: £74.9m), reflects MEIs and acquisitions, partially offset by net contract losses and a loss in the telecoms infrastructure business
- £1.8bn TCV of contract wins and extensions/renewals resulted in a 25% increase in the total order book to £5.0bn (FY24: £4.0bn)
- Expertise in the growing power & grid connections market enhanced through the acquisition of ESM Power

Operational performance

Technical Services revenue benefited from good growth in Defence, reflecting the new Germany and wider Europe Defence Infrastructure Organisation contract which commenced in Q1, pricing, and the consolidation of Landmarc in the prior year. In Engineering the contribution from contract wins, scope increases and acquisitions (JCA and ESM Power) was partially offset by contract losses. The latter primarily related to one private sector IFM contract that ended in March 2024, although the division continues to deliver engineering project works on the contract (alongside subcontracted security, waste and landscaping services via Business Services).

Notable new engineering and IFM contract awards during the year included Colt Technologies, Dublin City University, EY, Grosvenor Ltd, Halfords, Metropolitan Police Service and Port of Dover. The division was also awarded a further contract extension with Mitie's largest private sector customer, LBG, in addition to notable extensions for Government Estate Management, Heathrow Airport, Marsh & McLennan, Primark and Vodafone.

MEIs focused on streamlining account structures, driving efficiency gains through the introduction of generative AI (GenAI) assistants and AI-driven tools to predict asset failures and optimise predictive maintenance, as well as reducing divisional overheads. The increased self-delivery of certain works, such as fire, water and asbestos compliance in Defence, is also gaining momentum as part of a Group-wide initiative.

Overall, the Technical Services operating margin was 4.0% (FY24: 4.1%), after factoring in an £11m loss (60bps) in the telecoms infrastructure business, which we have taken steps to address and returned to breakeven in Q4. Other factors that impact the margin include the division absorbing the management cost of IFM contracts and exposure to non-recoverable cost inflation. The division is expected to achieve an operating margin >5% by FY27 through projects upsell and further MEIs, including help desk consolidation.

Projects revenue in Technical Services increased by 7% to £821m (FY24: £765m), reflecting underlying growth offset by the anticipated closure of Mitie's roofing business and the exit from certain unprofitable frameworks in the telecoms infrastructure business. Technical Services projects included the installation of solar photovoltaic (PV) panels for NATS, Nuclear Restoration Services and across multiple David Lloyd sports centre sites. For NATS, over 2,600 solar panels were installed on the roof of its Swanwick control centre as part of their commitment to Net Zero, supplying up to 10% of the centre's electricity needs - equivalent to the annual consumption of c.330 family homes. At Heathrow Terminal 3, a new cooling package was designed and installed to maintain resilience ahead of the busy summer period. The division also undertook the restoration of a prominent LBG branch and commenced the refurbishment of a 1960s scenery workshop to create editing suites and offices for the BBC.

Across MoD contracts the division continued to deliver a range of projects, including to refurbish 174 service family accommodation properties, commence work to resurface a critical airfield at RAF Mount Pleasant in the Falkland Islands, and undertake refurbishment programmes, power reconfigurations and demolition works for Future Defence Infrastructure Services (FDIS) in Scotland and Northern Ireland.

Further projects capability was added in the growing power & grid connections market during the year through the acquisition of ESM Power, such that Mitie now offers a full suite of services of any size and voltage.

Recent awards include PFM Awards - Partners in Workplace Re-development (Royal London) and Partners in Cleaning for Large Estates (Heathrow); RoSPA - 'Gold' Award (GSK contract); Global FM Awards - Silver Award for People & Development; INEOS - European Safe Contractor of the Year Award.

Communities

The Communities division delivers sustainable outcomes as a trusted partner to the public sector across Local Government & Education, Healthcare and Care & Custody. The division operates over 100 private finance initiative (PFI) and traditional commercial contracts.

Communities, £m	FY25	Restated ¹ FY24	Change
Revenue (including share of JVs and associates)	870	717	21%
<i>Local Government & Education</i>	300	265	13%
<i>Healthcare</i>	321	275	17%
<i>Care & Custody¹</i>	249	177	41%
Operating profit before Other items	47.5	36.1	31.6%
<i>Operating profit margin before Other items</i>	5.5%	5.0%	0.5ppt
Total order book	£5.1bn	£4.1bn	24%

¹ Restated to reflect the change to divisional reporting to report Police services (previously in Care & Custody) in Business Services.

Performance highlights

- Revenue +21% to £870m (FY24: £717m), reflecting contract scope increases in Care & Custody, new wins, projects and variable works, and pricing
- Operating profit before Other items up 31.6% to £47.5m (FY24: £36.1m), largely reflecting good trading momentum, MEIs, reduced losses on one PFI contract and a one-off legal settlement
- £1.8bn TCv of contract wins, extensions/renewals and scope increases, resulted in a 24% increase in the total order book to £5.1bn (FY24: £4.1bn)

Operational performance

Communities delivered strong revenue growth, reflecting sustained higher volumes on the Immigration Escorting Services contract in Care & Custody, projects and variable works, pricing, and the contribution from current and prior year contract wins.

During the year, the division secured £1.8bn TCV of contract wins, extensions/renewals and scope increases to existing contracts. Notable wins included a 10-year £400m TCV contract to operate HMP Millsike and a hard services contract for Coventry and Rugby Hospital, which commenced in Q1 FY25. Notable extensions/renewals included University Hospitals Dorset and Birmingham Community Healthcare NHS Foundation Trusts.

Operating profit benefited from good trading momentum across several Healthcare & Education accounts, MEIs, a further reduction in losses on one historically challenging PFI hospital contract to £0.6m (FY24: £3.9m loss) as a result of management actions to improve productivity and re-set pricing, as well as a one-off legal settlement. As part of the MEI programme, the division has driven cost savings through an enhanced procurement strategy to further consolidate its list of preferred suppliers, as well as adding additional commercial team capability to optimise long-term PFI contracts.

These improvements more than offset the costs associated with mobilising the HMP Millsike contract, including the recruitment and training of colleagues to facilitate the opening of the prison. Following handover to Mitie, the first prisoners were accepted in April 2025, and the prison has capacity for c.1,500 Category C inmates.

A standalone PFI hand-back team has been established to monitor and manage long-term PFI contracts as they approach maturity, and a playbook has been created to manage the contracts during the final five to seven years through standardised controls and processes. During FY25, one small PFI contract was successfully handed back, with a further two due in FY26.

Overall, projects revenue in Communities increased by 26% to £144m (FY24: £114m). Healthcare projects included starting work on a new urgent treatment centre at the Cumberland Infirmary in Carlisle and the construction of a new emergency department resuscitation building for Dudley Hospital, alongside wider lifecycle project works. Across the education sector, Mitie delivered lifecycle and upgrade projects to over 150 schools, including roof and asset replacements and energy efficiency works. The division also delivered several large refurbishment projects in the local government sector, while working towards securing over £5m in Public Sector Decarbonisation Scheme projects. For Essex County Council, decarbonisation and energy projects across the portfolio included the replacement of gas fired boilers with ground source heat pumps, LED lighting upgrades and the installation of ground mounted solar PV panels.

Communities has continued to develop its technology capabilities, including to use the Internet of Things (IoT) to track the location of wheelchairs and other mobile critical care appliances at a major acute care hospital in partnership with Vodafone. This has resulted in a reduction in response and porter task times and an increase in the number of daily hygiene tasks completed. Trials of Mitie's Merlin for Hygiene application have been successfully completed in a health and care partnership facility to enhance productivity.

Recent awards include PFI Partnerships Bulletin Awards - Best FM and Technology Provider (recognising the leading technology that we have deployed at Cumberland Royal Infirmary); IWFM Positive Impact Climate Action - Towards Net Zero (Essex County Council).

Corporate overheads

Corporate overheads represent the costs of running the Group and include costs for central functions such as commercial sales and business development, finance, marketing, legal and HR. Corporate overhead costs have increased by 9% to £55.4m (FY24: £50.6m), reflecting growth in the business, partially offset by overhead savings across functions and shared services.

Finance review

Alternative Performance Measures

In addition to presenting statutory measures, the Group presents its results before Other items. Management believes this is useful for users of the financial statements, providing both a balanced view of the financial statements, and relevant information on the Group's financial performance. Accordingly, the Group separately reports the cost of restructuring programmes, acquisition and disposal related costs (including the amortisation of acquisition-related intangible assets), gains or losses on business disposals, and other exceptional items as 'Other items'.

Financial performance

The reported Income Statement is set out below:

£m unless otherwise specified	FY25	FY24
Revenue including share of joint ventures and associates	5,091.2	4,510.7
Group revenue	5,082.6	4,445.2
Operating profit before Other items	234.1	210.2
Other items	(72.5)	(44.5)
Operating profit	161.6	165.7
Net finance costs	(16.2)	(9.4)
Profit before tax	145.4	156.3
Tax	(37.0)	(25.4)
Profit after tax	108.4	130.9
Profit attributable to non-controlling interest	(7.0)	(4.6)
Profit attributable to owners of the parent	101.4	126.3
Basic earnings per share before Other items	12.7p	12.3p
Basic earnings per share	8.2p	9.8p

Revenue

Revenue for FY25 of £5,091m, including share of revenue from joint ventures and associates, has improved by 12.9% compared to last year (FY24: £4,511m). Of this growth, 8.5% (£383m) was organic, driven by growth in Core FM (+5.6ppt), Projects (+0.2ppt) and pricing (+2.7ppt). The remaining 4.4% (£197m) of growth was inorganic.

Organic Core FM growth of £251m included revenue from new key accounts such as Aldi, Lidl and EY, higher volumes for the existing immigration services contract, and the provision of 'surge response' security services for the Home Office during the summer. This more than offset the completion of the Afghan Relocations & Assistance and Inland Border Force contracts, and the prior year losses of two notable contracts; one Central Government contract, and one private sector contract that transitioned to a global provider.

Organic Projects growth was £11m in the period, driven by good growth in Business Services and Communities, as a result of the upgrade of critical security infrastructure across Central Government offices, decarbonisation works, and asset lifecycle upgrades. This was largely offset by a reduction in organic projects revenue in Technical Services, where we took strategic decisions to exit certain unprofitable frameworks in the telecoms infrastructure business and close the legacy roofing business, combined with a number of delayed data centre builds, where customers have been reassessing the significant increase in scale, power and cooling requirements arising from AI.

The repricing of revenue for inflation has added £121m in FY25 (FY24: £177m), reflecting the lower CPI rates this year, which drive repricing in the majority of our contracts.

The £197m of inorganic growth related to the strategic acquisitions of ESM Power, Argus Fire and Grupo Visegurity this year, combined with the full-year impact of prior year M&A, related to the consolidation of Landmarc (explained below) and the acquisitions of JCA Engineering and GBE Converge.

Operating profit

Operating profit before Other items was £234.1m (FY24: £210.2m), an increase of £23.9m (+11.4%) in the year. The improvement was driven by Core FM and Projects growth (£12.2m), margin enhancement initiative savings (£25.2m), and inorganic growth (£12.7m), partially offset by investments being made to underpin our growth

strategy (-£17.3m), and unrecovered costs associated with inflation and the changes to employers' National Insurance Contributions (-£8.9m).

The Core FM and Projects growth was driven by the revenue growth outlined above, combined with contract margin improvements, in particular in Communities where the profitability on one notable loss-making contract acquired with Interserve has significantly improved as a result of the successful execution of a turnaround plan, and some commercial contract settlements. Core FM and Projects also includes a loss of £10.7m from the telecoms infrastructure business which has been undergoing a turnaround, resulting in it returning to breakeven in the last quarter.

Savings from margin enhancement initiatives (MEI) are largely driven by the Target Operating Model programme, which contributed £8.6m of savings through overhead efficiencies such as optimisation of the Group's organisational structure, and consolidating core systems and processes. As previously highlighted, this programme has been extended into contracts and operations, which contributed a further £5.4m of savings during the year, through focusing on the design and optimisation of our account structures, and increasing the levels of 'self-delivery' to customers by reducing our reliance on third-party contractors. In addition, we have continued to deliver incremental savings through the roll-out of Coupa (our digital supplier platform) across the Group which was completed this year, with an incremental £11.2m of savings.

Inorganic profit growth included profits from the FY25 acquisitions of ESM Power, Argus Fire and Grupo Visegurity, together with the full-year impact of prior year M&A, including £6.4m from the consolidation of Landmarc (explained below), and the acquisitions of JCA Engineering and GBE Converge.

The investments that we have made in FY25 (£17.3m) have largely focused on sales, marketing and technology, and will help to drive growth in the final two years of our Three-Year Plan. The investments include £7.0m of mobilisation costs for the Millsike prison contract, which commenced operations in April 2025.

Operating profit after Other items was £161.6m (FY24: £165.7m), with the increase in operating profit from the factors outlined above being more than offset by higher non-cash Other items, which are explained below.

Other items

£m	FY25	FY24
Target Operating Model	(14.4)	(20.4)
Digital supplier platform	(3.4)	(3.7)
Margin enhancement initiative cash costs	(17.8)	(24.1)
Target Operating Model non-cash costs	(2.2)	-
Margin enhancement initiative costs	(20.0)	(24.1)
Employment-linked earnout charges	(8.6)	(9.5)
Other acquisition-related costs	(4.9)	(4.0)
Acquisition-related cash costs	(13.5)	(13.5)
Landmarc step acquisition gain	-	17.9
Amortisation of acquisition-related intangible assets	(29.6)	(24.8)
Acquisition-related costs	(43.1)	(20.4)
Pension-related cash costs	(3.0)	-
Pension-related non-cash costs	(6.4)	-
Pension-related costs	(9.4)	-
Total Other items	(72.5)	(44.5)
<i>of which cash Other items</i>	<i>(34.3)</i>	<i>(37.6)</i>

The Group incurred £72.5m of Other items in FY25 (FY24: £44.5m), of which £34.3m were cash Other items, and £38.2m were non-cash.

Cash Other items of £34.3m in FY25 were £3.3m lower than in FY24 (FY24: £37.6m), and comprised the costs of delivering the Group's margin enhancement initiatives of £17.8m (FY24: £24.1m), acquisition-related costs of £13.5m (FY24: £13.5m) and pension-related costs of £3.0m (FY24: £nil).

The margin enhancement initiative costs of £17.8m (FY24: £24.1m) included the implementation teams, related redundancy costs, professional fees and dual running costs as part of decommissioning systems.

Acquisition-related costs include employment-linked earnout charges of £8.6m in FY25 (FY24: £9.5m), which will be payable to former owners of acquired businesses if post-acquisition performance targets are achieved, and employment conditions are satisfied.

Other acquisition-related costs of £4.9m (FY24: £4.0m) comprise transaction costs of £4.3m (FY24: £2.9m), primarily related to professional fees, and movements on opening balance sheet provisions recognised on acquisition of Interserve and GBE of £0.6m (FY24: £1.1m).

Pension-related cash costs of £3.0m (FY24: £nil) largely relate to the £2.8m settlement charge incurred in relation to Mitie's Section 75 pension liabilities under the Plumbers' Pension Scheme. This was part of a full and final settlement, which protects Mitie from any future liabilities from the scheme. Further details are set out in Note 19 to the condensed consolidated financial statements.

Non-cash Other items of £38.2m (FY24: £6.9m) comprised £29.6m (FY24: £24.8m) of amortisation of acquisition-related intangible assets, £6.4m (FY24: £nil) of pension-related costs (which are further explained in Note 4 to the condensed consolidated financial statements), and £2.2m (FY24: £nil) of Target Operating Model costs related to the disposal of software. The non-cash Other items number in FY24 included a £17.9m fair value gain (credit) from the Landmarc consolidation (which is explained below).

Net finance costs

Net finance costs increased to £16.2m in FY25 (FY24: £9.4m), as a result of the increased utilisation of our Revolving Credit Facility (RCF) and a decrease in surplus cash available to place on deposit, reflecting the higher levels of net debt explained below. The interest charge on leases increased by £3.1m, due to the higher lease liabilities explained below.

Tax

The tax charge for the year was £37.0m (FY24: £25.4m), comprising a tax charge on profit before Other items of £51.6m (FY24: £37.9m) and a tax credit on Other items of £14.6m (FY24: £12.5m).

The effective tax rate (ETR) on profit before Other items of 23.7% (FY24: 18.9%) is higher than in FY24, because FY24 benefited from the recognition of deferred tax assets related to the losses acquired with the Interserve business. Excluding the impact of this benefit, the ETR before Other items in FY24 would have been 23.3%.

After Other items, the tax charge for the year equated to an ETR of 25.4%, which is higher than the standard UK corporation tax rate of 25% due to certain Other items costs, primarily related to acquisitions, not being deductible for tax purposes.

Mitie is a significant contributor of revenues to the UK Exchequer, paying £1.1bn of taxes in the year (FY24: £963m). Of this total, £201m (FY24: £174m) relates to taxes borne by Mitie (principally UK corporation tax and employers' National Insurance Contributions) and £902m (FY24: £789m) relates to taxes collected by Mitie on behalf of the UK Exchequer (principally VAT, income tax under PAYE and employees' National Insurance Contributions).

The Group paid corporation tax of £11.0m (FY24: £16.9m) in the year, of which £6.4m (FY24: £12.7m) was paid in the UK, and £4.6m (FY24: £4.2m) overseas. The corporation tax paid in the UK is lower than the corporation tax charge for the year due to the utilisation of deferred tax assets related to losses.

Mitie has recently been awarded a Fair Tax Mark from the Fair Tax Foundation, demonstrating the Group's commitment to being a responsible taxpayer.

Consolidation of Landmarc

As previously reported, Landmarc has been consolidated as a subsidiary since November 2023, prior to which it was reported as a joint venture. As a result of this change (known as a 'step acquisition'), the Group has reported an increase in revenue (including share of JVs and associates) from Landmarc of £57.4m in FY25, comprising £53.3m from the step acquisition (i.e. inorganic growth) and £4.0m of organic growth.

Operating profit before Other items from Landmarc increased by £5.5m, comprising £6.4m from the step acquisition (i.e. inorganic growth), partially offset by an organic reduction of £0.9m. The organic reduction was driven by a change in mix, with reduced volumes on certain higher-margin services in the year.

The consolidation of Landmarc from November 2023 also gave rise to the recognition of a non-controlling interest deduction of £7.0m for FY25, which represents the non-controlling interest's (49%) share of Landmarc's profit after tax. As a result of this non-controlling interest deduction, the consolidation of Landmarc has no impact on earnings per share before Other items.

Earnings per share

Basic earnings per share before Other items increased by 3.3% to 12.7p (FY24: 12.3p). This improvement is due to the increase in operating profit in the year (+1.2p) and the reduction in the weighted average number of shares as a result of the ongoing share buyback programme (+0.4p), partially offset by the increase in the effective tax rate (-0.8p) and net finance charges (-0.4p).

Basic earnings per share reduced to 8.2p (FY24: 9.8p), with the factors outlined above being more than offset by the increase in non-cash Other items (explained above, but primarily related to the prior year fair value gain arising on the Landmarc step acquisition).

Return on invested capital (ROIC)

£m unless otherwise specified	FY25	FY24
Operating profit before Other items	234.1	210.2
Tax ¹	(55.5)	(39.7)
Operating profit before Other items after tax	178.6	170.5
Invested capital	730.2	645.0
ROIC %	24.5%	26.4%

¹ Tax charge has been calculated on operating profit before Other items using the ETR for the year of 23.7% (FY24: 18.9%)

ROIC for FY25 was 24.5% (FY24: 26.4%), with the reduction being driven by the increase in invested capital, related to the acquisitions completed in FY25 and the increased value of leased assets due to the continued transition of our fleet to EVs. ROIC is adversely impacted by in-year acquisitions, because invested capital is increased by the full balance sheet value, whereas operating profit only benefits by a part-year contribution.

Balance sheet

£m	FY25	FY24
Goodwill and intangible assets	664.5	645.1
Property, plant and equipment	246.9	204.7
Interests in joint ventures and associates	1.6	0.9
Working capital balances	(202.9)	(200.1)
Provisions	(84.1)	(113.2)
Net debt	(199.0)	(80.8)
Net retirement benefit assets / (liabilities)	13.9	(0.8)
Deferred tax	(17.9)	7.9
Other net assets	5.0	10.0
Net assets	428.0	473.7

At 31 March 2025, the Group's reported net assets stood at £428.0m, a decrease of £45.7m since 31 March 2024. This reduction is driven by the planned distributions of £179.2m, in the form of share buybacks, dividends and the purchase of own shares into trusts for share incentive schemes.

This reduction in net assets was partially offset by the profit generated for the period of £123.9m (excluding share-based payments charges of £15.5m which are held in equity, rather than as a liability on the balance sheet), and movements in pension balances of £9.1m after tax, which are recorded directly in equity rather than through the income statement.

Goodwill and intangible assets

Goodwill and intangible assets have increased by £19.4m, with acquisitions completed in FY25 adding goodwill of £36.1m and acquired intangible assets of £14.9m, which have been partially offset by the amortisation of intangible assets during the year.

Property, plant and equipment

Property, plant and equipment increased by £42.2m due to the continued transition of our leased fleet to EVs, including a higher proportion of more expensive vans compared to FY24, as well as the expansion of the fleet as result of acquisitions and new contracts.

Provisions

At 31 March 2025, provisions totalled £84.1m (FY24: £113.2m), which largely comprised contract-specific costs of £43.0m (FY24: £49.2m) and the insurance reserve of £27.3m (FY24: £27.2m). Provisions decreased during the period by £29.1m, primarily due to the reclassification of Section 75 pension liabilities of £21.7m to other payables following the agreement of a schedule of payments to settle the liability related to the Plumbers' Pension Scheme. The reduction in contract-specific provisions of £6.2m was a result of commercial settlements with customers that enabled the release of provisions, or the utilisation of provisions as operations on site progressed.

See Note 12 to the condensed consolidated financial statements for further details on provisions.

Retirement benefit schemes

At 31 March 2025, the Group's net retirement benefit assets across all schemes on an IAS 19 basis were £13.9m (FY24: £0.8m net liabilities). The net improvement (£14.7m) was due to favourable movements in financial assumptions that have resulted in the main Group scheme moving to a surplus of £14.4m (FY24: £1.4m deficit).

The latest triennial valuation for the main Group scheme, which concluded in March 2024, showed an actuarial deficit of £19.4m at 31 March 2023 (materially lower than the previous £72.7m triennial valuation deficit). As a result, deficit repair contributions reduced from c.£14m p.a. to £8.4m in FY25, with £6.4m planned for FY26.

As noted above, the Group reached a settlement agreement with the trustees on certain Section 75 liabilities (related to the multi-employer defined benefit Plumbing & Mechanical Services (UK) Industry Pension Scheme), which will extinguish any future liabilities relating to this scheme. This will result in equal monthly payments totalling £24.5m over a three-year period (which commenced in H2 FY25). This debt has been fully recognised in other payables at 31 March 2025, through the transfer of £21.7m from provisions and a £2.8m charge arising from the settlement agreement which was included in Other items in FY25.

Deferred tax

The net deferred tax balance in FY25 was a liability of £17.9m (FY24: asset of £7.9m). This change of £25.8m was primarily the result of a reduction in deferred tax assets due to the utilisation of tax losses, and an increase in deferred tax liabilities related to the higher pension scheme surpluses and new acquisition-related intangible assets.

Cash flow and net debt

£m	FY25	FY24
Operating profit before Other items	234.1	210.2
Add back: depreciation & amortisation	76.8	57.9
EBITDA	310.9	268.1
Other items	(34.3)	(37.6)
Other operating movements	9.0	3.9
Operating cash flows before movements in working capital	285.6	234.4
Working capital movements ¹	(37.0)	(4.3)
Capex, capital element of lease payments & other	(80.1)	(54.3)

Interest payments	(14.7)	(9.7)
Tax payments	(11.0)	(16.9)
Dividends from joint ventures	-	8.4
Free cash inflow	142.8	157.6
Share buybacks ²	(100.0)	(50.4)
Purchase of own shares into trusts	(14.6)	(19.6)
Acquisitions & employment-linked earnout payments	(57.3)	(34.7)
Dividends paid	(64.6)	(44.0)
Lease liabilities & other	(24.5)	(45.6)
Increase in net debt during the year	(118.2)	(36.7)
Closing net (debt)	(199.0)	(80.8)
Average daily net (debt)	(264.0)	(160.7)
Leverage ³ (average daily net debt/EBITDA)	0.8x	0.6x

¹ Adjusted to exclude movements in restricted cash and other adjustments which do not form part of net debt (as explained in the Alternative Performance Measures Appendix to the condensed consolidated financial statements)

² Share buybacks are presented net of the proceeds received from the exercise of SAYE schemes of £4.7m in FY25 (FY24: £8.0m)

³ Leverage uses post-IFRS 16 net debt

Operating cash flows before movements in working capital increased to £285.6m in FY25 (FY24: £234.4m), with the £51.2m improvement driven by the strong trading performance reflected in the increased EBITDA. Other operating movements were £9.0m for FY25, primarily related to the add back of non-cash share based payment charges of £15.5m, partially offset by pension deficit repair contributions of £8.4m.

The Group generated a free cash inflow of £142.8m for FY25, with the strong trading performance partially offset by anticipated cash outflows from increased working capital and capex, as well as higher lease and interest payments compared to FY24. Dividends received from joint ventures in FY24 (of £8.4m) mainly related to Landmarc when it was still reported as a joint venture.

In FY25 there was a cash outflow from working capital of £37.0m (FY24: £4.3m), reflecting the investments required to support growth in our projects business, as well as the longer payment terms agreed on several new or renewed contracts in the retail sector.

Capex, the capital element of lease payments & other increased by £25.8m compared to FY24. Capex increased by £11.3m in FY25, primarily related to the mobilisation of the Millsike prison contract and the replacement of fleet vehicles on the Landmarc contract. Capital lease repayments increased by £15.1m, due to the continued transition of our leased fleet to EVs, including a higher proportion of more expensive vans compared to FY24, as well as the expansion of the fleet through acquisitions and new contracts, both in the UK and overseas. Net interest payments increased by £5.0m due to the higher levels of net debt, including higher lease liabilities. Tax payments reduced by £5.9m, primarily due to tax refunds received during the year.

The planned £100m share buyback programme was completed in FY25 and resulted in the purchase of 89m shares, of which 79m shares were cancelled with the remainder held to settle the 2021 Save As You Earn (SAYE) share scheme. A further 12.8m shares have been purchased in relation to the settlement of other share incentive schemes.

Acquisitions increased net debt by £57.3m during the year, largely comprising net consideration paid of £47.6m relating to the FY25 acquisitions of ESM Power, Argus Fire and Grupo Visegurity (after offsetting net cash acquired of £9.7m). Acquisitions also include employment-linked earnout payments of £7.0m related to prior period acquisitions, and an increase to the consideration paid for GBE Converge resulting from the completion accounts process.

Dividend payments of £64.6m in FY25 comprised the FY24 final dividend of £38.5m, the FY25 interim dividend of £16.0m, together with dividends paid to the Landmarc minority shareholder of £10.1m. The recommended final FY25 dividend of 3.0p will result in an 8% increase in the total dividend per share to 4.3p for FY25 (FY24: 4.0p), representing a payout ratio of 34% (FY24: 33%).

Lease liabilities & other includes an increase in lease liabilities in FY25 (net of capital repayments) of £23.5m (FY24: £44.6m), as we continue to transition our fleet to EVs. By the end of FY25, 74% of our UK fleet was

electric, compared with 66% at the end of FY24.

Net debt

Average daily net debt for FY25 was £264.0m FY24 (£160.7m), resulting in an average leverage ratio (average daily net debt / EBITDA) of 0.8x for FY25, at the lower end of our target range of 0.75x - 1.5x (FY24: 0.6x).

Closing net debt at 31 March 2025 of £199.0m was £118.2m higher than in FY24 (£80.8m), contributing to Total Financial Obligations (TFO), including a net retirement benefit asset of £13.9m (FY24: £0.8m liability), of £185.1m (FY24: £81.6m).

The increases in net debt during FY25 were largely driven by capital returns to shareholders and acquisitions totalling £236.5m, combined with the net increase in lease liabilities of £23.5m, exceeding the free cash inflow of £142.8m. These planned capital returns to shareholders included share buybacks (£100.0m), share purchases for employee incentive schemes (£14.6m) and dividends paid (£64.6m).

Liquidity and covenants

At 31 March 2025, the Group had £430.0m of committed funding arrangements, comprising £180m of US Private Placement (USPP) notes with long-dated maturities between 2030 and 2034 at a blended average interest rate of 3.86%, alongside a £250m RCF maturing in October 2028. In December 2024, Mitie issued £60m of USPP notes with a seven-year maturity at an interest rate fixed at 5.71%, following the maturity of a £30m 12-year USPP note with a fixed interest rate of 4.04% in the same month.

On 25 July 2024, DBRS Morningstar confirmed Mitie's credit rating of BBB with a 'stable' outlook.

Mitie's two key covenant ratios are leverage (ratio of consolidated total net borrowings to adjusted consolidated EBITDA) and interest cover (ratio of consolidated EBITDA to consolidated net finance costs), with a maximum of 3.0x and minimum of 4.0x respectively. Covenant ratios are measured on a post-IFRS 16 basis with appropriate adjustments for leases, being primarily the exclusion of lease liabilities from net debt and the inclusion of a charge equivalent to lease payments against EBITDA.

At 31 March 2025, the Group was operating well within these ratios at 0.04x covenant leverage and 38.7x interest cover. A reconciliation of the calculations is set out in the table below:

£m	FY25	FY24
Operating profit before Other items	234.1	210.2
Add: depreciation & amortisation	76.8	57.9
Headline EBITDA	310.9	268.1
Add: covenant adjustments ¹	23.8	21.9
Leases adjustment ²	(64.1)	(43.3)
Consolidated EBITDA (a)	270.6	246.7
Full-year effect of acquisitions & disposals	3.5	11.1
Full-year effect of Landmarc step acquisition	-	5.7
Adjusted consolidated EBITDA (b)	274.1	263.5
Net finance costs	16.2	9.4
Less: covenant adjustments	(0.5)	(0.4)
Leases adjustment ³	(8.7)	(5.6)
Consolidated net finance costs (c)	7.0	3.4
Interest cover (ratio of (a) to (c))	38.7x	72.6x
Net debt	199.0	80.8
Covenant adjustment ⁴	5.7	0.0
Impact of hedge accounting & upfront fees	2.4	2.5
Leases adjustment ⁵	(197.5)	(174.0)
Consolidated total net debt/(cash) (d)	9.6	(90.7)
Covenant leverage (ratio of (d) to (b))	0.04x	< 0x

¹ Covenant adjustments for EBITDA relate to share-based payments charges, and pension administration expenses and past service costs

² Leases adjustment for EBITDA relates to depreciation charge for leased assets and interest charge for lease liabilities (i.e. application of a charge equivalent to lease payments)

³ Leases adjustment for net finance costs relates to interest charge for lease liabilities (i.e. removal of interest on lease liabilities)

⁴ Covenant adjustment for net debt relates to cash held in a bank in Cyprus

⁵ Leases adjustment for net cash relates to lease liabilities (i.e. removal of lease liabilities)

Condensed consolidated income statement

For the year ended 31 March 2025

		2025		2024			
	Notes	Before Other items £m	Other items ¹ £m	Total £m	Before Other items £m	Other items ¹ £m	Total £m
Revenue including share of joint ventures and associates	3	5,091.2	-	5,091.2	4,510.7	-	4,510.7
Less: share of revenue of joint ventures and associates ²		(8.6)	-	(8.6)	(65.5)	-	(65.5)
Group revenue	3	5,082.6	-	5,082.6	4,445.2	-	4,445.2
Cost of sales		(4,512.9)	-	(4,512.9)	(3,945.3)	-	(3,945.3)
Gross profit		569.7	-	569.7	499.9	-	499.9
Administrative expenses		(341.4)	(72.5)	(413.9)	(297.8)	(62.4)	(360.2)
Other income		5.9	-	5.9	1.7	17.9	19.6
Share of (loss)/profit of joint ventures and associates ²		(0.1)	-	(0.1)	6.4	-	6.4
Operating profit/(loss)³	3	234.1	(72.5)	161.6	210.2	(44.5)	165.7
Finance income		3.3	-	3.3	4.2	-	4.2
Finance costs		(19.5)	-	(19.5)	(13.6)	-	(13.6)
Net finance costs		(16.2)	-	(16.2)	(9.4)	-	(9.4)
Profit/(loss) before tax		217.9	(72.5)	145.4	200.8	(44.5)	156.3
Tax	5	(51.6)	14.6	(37.0)	(37.9)	12.5	(25.4)
Profit/(loss) after tax		166.3	(57.9)	108.4	162.9	(32.0)	130.9
Attributable to:							
Equity holders of the parent		157.6	(56.2)	101.4	157.8	(31.5)	126.3
Non-controlling interests		8.7	(1.7)	7.0	5.1	(0.5)	4.6
Profit/(loss) for the year		166.3	(57.9)	108.4	162.9	(32.0)	130.9
Earnings per share (EPS) attributable to owners of the parent							
Basic	7	12.7p		8.2p	12.3p		9.8p
Diluted	7	11.8p		7.6p	11.3p		9.1p

Notes:

- Other items are as described in Note 4.
- The Group obtained control of Landmarc Support Services Limited (Landmarc) on 16 November 2023, and since that date Landmarc's financial results have been consolidated as a subsidiary of the Group. Prior to 16 November 2023, Landmarc was accounted for as a joint venture of the Group.
- Including net impairment losses on trade receivables, accrued income and other receivables of £1.0m (2024: £2.6m).

Condensed consolidated statement of comprehensive income

For the year ended 31 March 2025

	Notes	2025 £m	2024 £m
Profit for the year		108.4	130.9
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurement of net retirement benefit pension assets/liabilities	19	13.7	(14.2)
Share of other comprehensive expense of joint ventures		-	(0.1)
Tax (charge)/credit relating to items that will not be reclassified to profit or loss in subsequent years	5	(4.6)	3.6
		9.1	(10.7)
Items that may be reclassified to profit or loss in subsequent years			
Exchange differences on translation of foreign operations		(0.7)	(0.8)
Tax credit relating to items that may be reclassified to profit or loss in subsequent years	5	-	0.1
		(0.7)	(0.7)

Other comprehensive income/(expense) for the year	8.4	(11.4)
Total comprehensive income for the year	116.8	119.5
Attributable to:		
Equity holders of the parent	109.6	114.8
Non-controlling interests	7.2	4.7
Total comprehensive income for the year	116.8	119.5

Condensed consolidated statement of financial position

As at 31 March 2025

	Notes	2025 £m	2024 £m
Non-current assets			
Goodwill	8	397.8	361.7
Other intangible assets	9	266.7	283.4
Property, plant and equipment		246.9	204.7
Interests in associates		1.6	0.9
Trade and other receivables	10	20.5	21.0
Contract assets		1.9	0.5
Retirement benefit assets	19	16.3	4.2
Deferred tax assets	13	-	7.9
Total non-current assets		951.7	884.3
Current assets			
Inventories		14.9	14.7
Trade and other receivables	10	967.9	775.1
Contract assets		0.7	1.0
Current tax receivable		4.1	7.8
Cash and cash equivalents	14	180.4	244.9
Total current assets		1,168.0	1,043.5
Total assets		2,119.7	1,927.8
Current liabilities			
Trade and other payables	11	(1,012.6)	(892.4)
Deferred income		(140.9)	(91.8)
Current tax payable		(3.4)	(2.0)
Financing liabilities	15	(52.2)	(73.8)
Provisions	12	(37.4)	(66.5)
Total current liabilities		(1,246.5)	(1,126.5)
Net current liabilities		(78.5)	(83.0)
Non-current liabilities			
Trade and other payables	11	(22.2)	(12.7)
Deferred income		(33.1)	(15.5)
Financing liabilities	15	(322.9)	(247.7)
Provisions	12	(46.7)	(46.7)
Retirement benefit liabilities	19	(2.4)	(5.0)
Deferred tax liabilities	13	(17.9)	-
Total non-current liabilities		(445.2)	(327.6)
Total liabilities		(1,691.7)	(1,454.1)
Net assets		428.0	473.7
Equity			
Share capital		31.3	33.3
Share premium		132.0	132.0
Merger reserve		157.0	157.0
Own shares reserve		(65.1)	(69.8)
Share-based payments reserve		40.4	42.1
Capital redemption reserve		5.3	3.3
Hedging and translation reserve		(2.8)	(2.1)

Retained profits	112.3	157.4
Equity attributable to owners of the parent	410.4	453.2
Non-controlling interests	17.6	20.5
Total equity	428.0	473.7

Condensed consolidated statement of changes in equity

For the year ended 31 March 2025

	Share capital £m	Share premium £m	Merger reserve £m	Own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Hedging and translation reserve £m	Retained profits/(losses) £m	Equity attributable to owners of parent £m	Non-controlling interests £m	Total equity £m
At 1 April 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	(1.4)	123.3	421.7	-	421.7
Profit for the year	-	-	-	-	-	-	-	126.3	126.3	4.6	130.9
Other comprehensive (expense)/income	-	-	-	-	-	-	(0.7)	(10.8)	(11.5)	0.1	(11.4)
Total comprehensive (expense)/income	-	-	-	-	-	-	(0.7)	115.5	114.8	4.7	119.5
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(41.5)	(41.5)	-	(41.5)
Purchase of own shares ¹	-	-	-	(19.6)	-	-	-	-	(19.6)	-	(19.6)
Share buybacks ²	(0.7)	-	-	(31.8)	-	0.7	-	(26.6)	(58.4)	-	(58.4)
Share-based payments	-	0.5	-	40.6	8.4	-	-	(24.0)	25.5	-	25.5
Tax on share-based payments	-	-	-	-	-	-	-	10.7	10.7	-	10.7
Non-controlling interest arising on acquisition ³	-	-	-	-	-	-	-	-	-	18.3	18.3
Non-controlling interest dividends	-	-	-	-	-	-	-	-	-	(2.5)	(2.5)
Total transactions with owners	(0.7)	0.5	-	(10.8)	8.4	0.7	-	(81.4)	(83.3)	15.8	(67.5)
At 31 March 2024	33.3	132.0	157.0	(69.8)	42.1	3.3	(2.1)	157.4	453.2	20.5	473.7
At 1 April 2024	33.3	132.0	157.0	(69.8)	42.1	3.3	(2.1)	157.4	453.2	20.5	473.7
Profit for the year	-	-	-	-	-	-	-	101.4	101.4	7.0	108.4
Other comprehensive (expense)/income	-	-	-	-	-	-	(0.7)	8.9	8.2	0.2	8.4
Total comprehensive (expense)/income	-	-	-	-	-	-	(0.7)	110.3	109.6	7.2	116.8
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(54.5)	(54.5)	-	(54.5)
Purchase of own shares ¹	-	-	-	(14.6)	-	-	-	-	(14.6)	-	(14.6)
Share buybacks ²	(2.0)	-	-	(12.2)	-	2.0	-	(92.5)	(104.7)	-	(104.7)
Share-based payments	-	-	-	31.5	(1.7)	-	-	(11.0)	18.8	-	18.8
Tax on share-based payments	-	-	-	-	-	-	-	2.6	2.6	-	2.6
Non-controlling interest dividends	-	-	-	-	-	-	-	-	-	(10.1)	(10.1)
Total transactions with owners	(2.0)	-	-	4.7	(1.7)	2.0	-	(155.4)	(152.4)	(10.1)	(162.5)
At 31 March 2025	31.3	132.0	157.0	(65.1)	40.4	5.3	(2.8)	112.3	410.4	17.6	428.0

Notes:

- The Employee Benefit Trust acquired 11.7m (2024: 19.1m) ordinary shares through market purchases for a consideration together with associated fees and stamp duty of £13.2m (2024: £18.9m) and the Share Incentive Plan Trust acquired 1.1m (2024: 0.6m) shares for a consideration of £1.4m (2024: £0.7m).
- The share buybacks resulted in the purchase of 89.0m ordinary shares (2024: 58.6m) for a consideration of £92.5m (2024: £26.6m), of which 78.9m ordinary shares (2024: 26.1m) have subsequently been cancelled. In addition, 10.1m ordinary shares (2024: 32.5m) were bought into treasury for a consideration of £12.2m (2024: £31.8m).
- During the year ended 31 March 2024, the Group obtained control of Landmarc (from 16 November 2023), resulting in recognition of non-controlling interest of £18.3m.

Condensed consolidated statement of cash flows

For the year ended 31 March 2025

	Notes	2025 £m	2024 £m
Operating profit before Other items	3	234.1	210.2
Other items	4	(72.5)	(44.5)
Operating profit		161.6	165.7
Adjustments for:			
Share-based payments expense		15.5	20.3

Defined benefit pension expense	19	9.4	3.1
Defined benefit pension contributions	19	(10.1)	(13.2)
Fair value gain on acquisition of Landmarc	4	-	(17.9)
Depreciation of property, plant and equipment		67.9	48.2
Amortisation of other intangible assets	9	38.1	33.0
Share of loss/(profit) of joint ventures and associates		0.1	(6.4)
Amortisation of contract assets		0.4	1.4
Impairment of non-current assets		-	0.1
Loss on disposal of other intangible assets		2.4	-
Loss on disposal of property, plant and equipment		0.3	0.1
Operating cash flows before movements in working capital		285.6	234.4
Increase in inventories		(0.2)	(0.6)
(Increase)/decrease in receivables		(168.9)	70.6
Increase in contract assets		(1.5)	(0.9)
Increase in deferred income		61.9	-
Increase/(decrease) in payables		82.5	(73.5)
Decrease in provisions		(10.7)	(2.1)
Cash generated from operations		248.7	227.9
Income taxes paid		(11.0)	(16.9)
Interest paid		(17.7)	(13.3)
Net cash generated from operating activities		220.0	197.7

Investing activities

Acquisition of businesses, net of cash acquired ¹	18	(49.1)	(34.0)
Investment in associates and joint ventures		(0.8)	-
Interest received		3.0	3.6
Purchase of property, plant and equipment		(24.0)	(11.5)
Dividends received from joint ventures and associates		-	8.4
Purchase of other intangible assets	9	(7.6)	(8.4)
Disposal of property, plant and equipment		0.6	0.2
Net cash used in investing activities		(77.9)	(41.7)

Note:

1. Acquisition of businesses is net of cash acquired of £9.7m (2024: £53.6m). See Note 18.

	Notes	2025 £m	2024 £m
Financing activities			
Purchase of own shares ¹		(14.6)	(19.6)
Shares bought back ²		(104.7)	(58.4)
Capital element of lease rentals	16	(56.1)	(41.0)
Lease incentives received		-	5.7
Proceeds from new private placement notes	15	60.0	-
Repayment of private placement notes	15	(30.0)	-
Repayment of bank loans		(0.4)	(8.4)
Payment of arrangement fees		(0.6)	(1.2)
Proceeds received on settlement of share-based payment transactions		4.7	8.0
Equity dividends paid	6	(54.5)	(41.5)
Dividends paid to non-controlling interest		(10.1)	(2.5)
Net cash used in financing activities		(206.3)	(158.9)
Net decrease in cash and cash equivalents		(64.2)	(2.9)
Net cash and cash equivalents at beginning of the year		244.9	248.3
Effect of foreign exchange rate changes		(0.3)	(0.5)
Net cash and cash equivalents at end of the year	14	180.4	244.9

Notes:

- The purchase of own shares includes shares acquired by the Employee Benefit Trust and the Share Incentive Plan Trust of £13.2m (2024: £18.8m) and £1.4m (2024: £0.8m) respectively.
- Shares bought back includes £92.5m (2024: £26.6m) of consideration for shares bought back and cancelled, and £12.2m (2024: £31.8m) of shares bought into treasury.

Notes to the condensed consolidated financial statements

For the year ended 31 March 2025

1. Basis of preparation and material accounting policies

(a) Basis of preparation

The financial information in this announcement has been extracted from the Group's Annual Report and Accounts for the year ended 31 March 2025 and is prepared in accordance with UK-adopted International Accounting Standards (IAS).

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS and the financial information set out does not constitute Mitie Group plc's (the Company) statutory accounts for the current or prior years.

Statutory accounts for the years ended 31 March 2025 and 31 March 2024 have been reported on by the independent auditor.

The independent auditor's reports for the years ended 31 March 2025 and 31 March 2024 were unqualified and did not draw attention to any matters by way of emphasis. The independent auditor's reports for the years ended 31 March 2025 and 31 March 2024 did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2024 have been filed with the Registrar and the statutory accounts for the year ended 31 March 2025 will be delivered following the Company's annual general meeting.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are required to be measured at fair value.

Going concern

The condensed consolidated financial statements for the year ended 31 March 2025 have been prepared on a going concern basis. In adopting the going concern basis, Directors have considered the Group's business activities and the principal risks and uncertainties.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the condensed consolidated financial statements (the Going Concern Assessment Period). This assessment was based on the latest medium-term cash forecasts from the Group's cash flow model (the Base Case Forecasts), which is based on the Board-approved budget. These Base Case Forecasts indicate that the debt facilities currently in place are adequate to support the Group over the Going Concern Assessment Period.

The Group's principal debt financing arrangements as at 31 March 2025 were a £250m revolving credit facility maturing in October 2028, which was undrawn as at 31 March 2025, and £180m of US private placement (USPP) notes. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

In September 2023, the revolving credit facility was amended from £150m to £250m and its maturity date was extended by one year to October 2027, on the same terms, with an option to extend for a further one-year period. This option was exercised in October 2024, such that the facility now matures in October 2028.

Of the USPP notes, £120m were issued in December 2022, were split equally between 8, 10 and 12-year maturities, and were issued with an average coupon of 2.94%. The remaining £30m of USPP notes, which matured in December 2024, were replaced with £60m of new USPP notes drawn from the new shelf facility at a coupon rate of 5.71% and mature in December 2031. The remaining undrawn capacity of this uncommitted USPP shelf facility was c.£270m at 31 March 2025, which can be drawn down until October 2027.

Mitie currently operates within the terms of its agreements with its lenders, with consolidated net debt (i.e. net debt adjusted for covenant purposes, primarily by the exclusion of lease liabilities) of £9.6m as at 31 March 2025. The Base Case Forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's debt facilities currently in place is adequate to support the Group over the Going Concern Assessment Period.

The Directors have also completed a reverse stress test using the Group cash flow model to assess the point at which the financial covenants, or facility headroom, would be breached. The sensitivities considered have been chosen after considering the Group's principal risks and uncertainties.

The primary financial risks related to adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered in the context of any further UK fiscal and monetary policy changes, the current economic climate including high inflation, as well as wider geopolitical uncertainties such as the Russian invasion of Ukraine and conflict in the Middle East:

- A downturn in revenues: this reflects the risks of not being able to deliver services to existing customers, or contracts being terminated or not renewed
- A deterioration of gross margin: this reflects the risks of contracts being renegotiated at lower margins, or planned cost savings not being delivered
- An increase in costs: this reflects the risks of a shortfall in planned overhead cost savings, including margin enhancement initiatives not being delivered, or other cost increases such as sustained higher cost inflation
- A downturn in cash generation: this reflects the risks of customers delaying payments due to liquidity constraints, the removal of ancillary debt facilities or any substantial one-off settlements related to commercial issues

As a result of completing this assessment, the Directors concluded that the likelihood of the reverse stress scenarios arising was remote. In reaching the conclusion of remote, the Directors considered the following:

- All stress test scenarios would require a very severe deterioration compared to the Base Case Forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 34% in the 12 months to 31 March 2026 compared to the Base Case Forecasts, which is considered to be very severe given the high proportion of the Group's revenue that is fixed in nature and the fact that even in the Covid-hit year ended 31 March 2021, Mitie's revenue excluding Interserve declined by only 1.6%
- In the event that results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions have been identified that would be implemented. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions and share buybacks

Based on these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these condensed consolidated financial statements. In addition, the Directors have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

Accounting standards that are newly effective in the current year

The following new standards and amendments became effective during the year ended 31 March 2025, none of which have had a material impact on the Group:

- Amendments to *IFRS 16 - Leases - Lease Liability in a Sale-and-Leaseback*
- Amendments to *IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*
- Amendments to *IAS 7 - Statement of Cash Flows and IFRS 7 Financial Instruments - Supplier Finance Arrangements*

Accounting standards that are not yet mandatory and have not been applied by the Group

At the date of authorisation of these condensed consolidated financial statements, the Group has not applied the following revised standards that have been issued but are not yet effective, none of which are expected to have a material effect on the Group other than presentational changes required under IFRS 18 - *Presentation and Disclosure in Financial Statements*, the impact of which is still being assessed:

- Amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*
- Amendments to IFRS 9 and IFRS 7 - *Amendments to the Classification and Measurement of Financial Instruments*
- Amendments to IFRS 9 and IFRS 7 - *Contracts Referencing Nature-dependent Electricity*
- IFRS 18 - *Presentation and Disclosure in Financial Statements*
- IFRS 19 - *Subsidiaries without Public Accountability: Disclosures*

2. Critical accounting judgements and sources of estimation uncertainty

The preparation of condensed consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, made by management in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's condensed consolidated financial statements.

Revenue recognition

The Group's revenue recognition policies are central to how the Group measures the work it has performed in each financial year.

Some of the Group's contracts, including PFI contracts, contain variable consideration where management assesses the extent to which revenue is recognised. For certain contracts, key judgements were made on whether it is considered highly probable that a significant reversal of revenue will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Profit before Other items

Other items are items of financial performance which management believes should be separately identified on the face of the consolidated income statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item should be classified within Other items requires judgement as to whether an item is or is not part of the underlying performance of the Group.

Other items after tax of £57.9m were charged (2024: £32.0m) to the condensed consolidated income statement for the year ended 31 March 2025. A complete analysis of the amounts included in Other items is detailed in Note 4.

Landmarc joint venture

The Group holds 51% of the equity shares in Landmarc Support Services Limited (Landmarc). The remaining 49% of the equity shares in Landmarc are held by a single third party. Until 16 November 2023, when the shareholders' agreement was amended, the Group did not control Landmarc and therefore did not recognise it as a subsidiary. Management's judgement is that the revisions made to the shareholders' agreement resulted in the Group obtaining control of Landmarc, and therefore Landmarc has been consolidated as a subsidiary of the Group from that date.

Significant sources of estimation uncertainty

The significant accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Contract-specific cost provisions

The Company and various of its subsidiaries are, from time to time, party to legal proceedings and claims. Judgements are required in order to assess whether these legal proceedings and claims are probable, and the liability can be reasonably estimated, resulting in a provision or, alternatively, whether the items meet the definition of contingent liabilities.

Provisions are liabilities of uncertain timing or amount and, therefore, in making a reliable estimate of the quantum and timing of liabilities, judgement is applied and re-evaluated at each reporting date. Those subject to estimation uncertainty relate to contract-specific costs, for which the Group recognised provisions at 31 March 2025 of £33.0m (2024: £40.4m).

Within this total, £10.8m (2024: £10.9m) has significant estimation uncertainty and relates to a certain contract where a liability has been estimated in relation to a commercial dispute. Management sought external assistance at the time of the acquisition of Interserve to value the potential risk exposure to the Group and has periodically updated this assessment, including a revised cost estimation for the current period. The actual exposure to the Group may differ from the amount provided at 31 March 2025 due to the compounding effect of multiple variables associated with the particular issues involved in the dispute. The value of the provision represents management's best estimate. Management considers that, to the extent that it is agreed or determined that the Group has a liability, the assessed range of possible future outcomes could potentially lead to a reduction in the provision of up to £6m or a further increase of up to £9m being recognised, and other possible outcomes could increase the liability further. Management will continue to assess the value of the provision recorded in arriving at its best estimate of any potential resolution at each subsequent reporting date.

Provisions in relation to certain contracts are also subject to negotiation with the customers.

Measurement of defined benefit pension obligations

At 31 March 2025, retirement benefit assets of £16.3m (2024: £4.2m) and retirement benefit liabilities of £2.4m (2024: £5.0m) were recognised. The measurement of defined benefit obligations requires judgement. It is dependent on material key assumptions, including discount rates, inflation and life expectancy rates. See Note 19 for further details and a sensitivity analysis for the key assumptions.

Other sources of estimation uncertainty

Onerous contract provisions

The recognition of onerous contract provisions is an area of focus for management which, while not considered to be a significant source of estimation uncertainty as per the requirements of IAS 1 - *Presentation of Financial Statements*, is based on assumptions that are subject to longer-term uncertainties.

Onerous contract provisions totalling £10.0m have been recognised at 31 March 2025 (2024: £8.8m). These primarily arose on the acquisition of Interserve.

Onerous contract assessments are performed by the Group at an individual contract level at each reporting date. Determining the carrying value of onerous contract provisions requires assumptions and judgements to be made about the future performance of the Group's contracts. The level of uncertainty in the estimates made, either in determining whether a provision is required, or in the measurement of a provision booked, is linked to the complexity of the underlying contracts.

The sources of judgement when measuring the level of provision to book are:

- The level of accuracy in forecasting future variable revenue and costs to complete the contract
- The ability of the Group to maintain or improve operational performance to ensure cost assumptions are in line with expected levels, including contract-specific key performance indicators (KPIs)

- Identifying cost-saving initiatives that are considered to be probable in terms of timing and scale
- Expectations around the resolution of contract-specific disputes and the likelihood of incurring future costs associated with remediation or reactive work

Management regularly compares actual contract performance against previous forecasts used to measure the onerous contract provisions and considers if revised judgements are required.

3. Business segment information

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance. The Group has determined the CODM to be its Board of Directors.

The Group manages its business on a service division basis. During the period, the Group re-organised its Central Government and Defence (CG&D) division, where the Central Government business was moved into the Business Services division, and the Defence business was moved into the Technical Services division. As a result of the re-organisation, CG&D is not considered to be an operating segment for the 12 months ended 31 March 2025, and the Group has three reportable segments (2024: four segments). Furthermore, the Police Services business has been re-organised from the Communities division to the Business Services division. The change in operating segments reflects how the CODM evaluates the divisions and their performance and decides on resource allocation.

The comparatives for the year ended 31 March 2024 have been restated for the change in the composition of reportable segments.

Revenue including share of joint ventures and associates, operating profit before Other items and operating profit margin before Other items are the primary measures of performance that are reported to and reviewed by the Board. Segment assets and liabilities have not been disclosed as they are not reviewed by the Board.

No single customer accounted for more than 10% of external revenue in the year ended 31 March 2025 or in the comparative year. The UK Government is not considered to be a single customer.

Consolidated income statement information

	2025			2024 (restated) ¹		
	Revenue ² £m	Operating profit/(loss) before Other items ³ £m	Operating margin before Other items ³ %	Revenue ² £m	Operating profit/(loss) before Other items ³ £m	Operating margin before Other items ³ %
Business Services	2,244.0	163.0	7.3	1,977.2	149.8	7.6
Technical Services	1,977.4	79.0	4.0	1,816.9	74.9	4.1
Communities	869.8	47.5	5.5	716.6	36.1	5.0
Corporate Centre	-	(55.4)	-	-	(50.6)	-
Total Group	5,091.2	234.1	4.6	4,510.7	210.2	4.7

Notes:

- The comparatives for the year ended 31 March 2024 have been restated for the change in the composition of reportable segments.
- Revenue includes share of associates of £8.6m (2024: £10.0m) within Communities. For Technical Services, revenue for the year ended 31 March 2024 includes the share of revenue from the Landmarc joint venture of £55.5m. From 16 November 2023, Landmarc has been consolidated as a subsidiary of the Group.
- Other items are as described in Note 4.

A reconciliation of segment operating profit before Other items to total profit before tax is provided below:

	2025 £m	2024 £m
Operating profit before Other items	234.1	210.2
Other items ¹	(72.5)	(44.5)
Net finance costs	(16.2)	(9.4)
Profit before tax	145.4	156.3

Note:

- Other items are as described in Note 4.

Geographical segments

Revenue, operating profit and operating margin from external customers by geographical segment are shown below:

	2025			2024		
	Revenue ¹ £m	Operating profit before Other items ² £m	Operating margin before Other items ² %	Revenue ¹ £m	Operating profit before Other items ² £m	Operating margin before Other items ² %
United Kingdom	4,860.7	221.1	4.5	4,336.9	200.1	4.6
Other countries	230.5	13.0	5.6	173.8	10.1	5.8
Total	5,091.2	234.1	4.6	4,510.7	210.2	4.7

Notes:

- Revenue for the year ended 31 March 2025 includes share of associates of £8.6m (2024: £10.0m). For the year ended 31 March 2024 revenue includes the share of revenue from the Landmarc joint venture of £55.5m. From 16 November 2023, Landmarc has been consolidated as a subsidiary of the Group.
- Other items are as described in Note 4.

The carrying amount of non-current assets, excluding financial instruments, retirement benefits, interest in associates and deferred tax assets, by geographical segment is shown below:

	2025 £m	2024 ¹ £m
United Kingdom	879.0	825.3
Other countries	34.3	25.0
Total	913.3	850.3

Note:

- The comparatives for the year ended 31 March 2024 have been restated to exclude £21.0m of non-current financial instruments.

Supplementary information

	2025			2024 (restated) ¹		
	Depreciation of property, plant and equipment £m	Amortisation of other intangible assets £m	Amortisation of contract assets £m	Depreciation of property, plant and equipment £m	Amortisation of other intangible assets £m	Amortisation of contract assets £m
Business Services	7.3	0.1	0.3	4.9	0.1	0.2
Technical Services	3.1	0.3	-	2.3	0.2	0.4
Communities	1.0	-	0.1	1.2	-	0.8
Corporate Centre	56.5	37.7	-	39.8	32.7	-
Total	67.9	38.1	0.4	48.2	33.0	1.4

Note:

1. The comparatives for the year ended 31 March 2024 have been restated for the change in the composition of reportable segments.

Disaggregated revenue

The Group disaggregates revenue from contracts with customers by sector (government and non-government). Management believes that this best depicts how the nature and amount of revenue and cash flows are affected by economic factors. The following table includes a reconciliation of disaggregated revenue with the Group's reportable segments.

	2025			2024 (restated) ¹		
	Sector ²			Sector ²		
	Government £m	Non-government £m	Total £m	Government £m	Non-government £m	Total £m
Business Services	935.5	1,308.5	2,244.0	905.6	1,071.6	1,977.2
Technical Services	846.2	1,131.2	1,977.4	765.1	1,051.8	1,816.9
Communities	867.9	1.9	869.8	714.7	1.9	716.6
Total Group including joint ventures and associates	2,649.6	2,441.6	5,091.2	2,385.4	2,125.3	4,510.7
Less: Joint ventures and associates³	(8.6)	-	(8.6)	(65.5)	-	(65.5)
Total Group excluding joint ventures and associates	2,641.0	2,441.6	5,082.6	2,319.9	2,125.3	4,445.2

Notes:

1. The comparatives for the year ended 31 March 2024 have been restated for the change in the composition of reportable segments.
2. Sector is defined by the end customer on any contract. For example, if the Group is a subcontractor to a company repairing a government building, then the contract would be classified as government.
3. Revenue includes share of associates of £8.6m (2024: £10.0m) within Communities. For Technical Services, revenue for the year ended 31 March 2024 includes the share of revenue from the Landmarc joint venture of £55.5m. From 16 November 2023, Landmarc has been consolidated as a subsidiary of the Group.

Transaction price allocation to the remaining performance obligations

The table below shows the secured forward order book for each segment at the reporting date with the time bands of when the Group expects to recognise secured revenue on its contracts with customers. Secured revenue corresponds to all fixed work contracted with customers and excludes the impact of anticipated variable works.

	2025			2024 (restated) ¹		
	Less than 1 year £m	More than 1 year £m	Total secured revenue £m	Less than 1 year £m	More than 1 year £m	Total secured revenue £m
Business Services	1,003.3	4,233.9	5,237.2	1,008.0	1,638.3	2,646.3
Technical Services ²	787.6	1,949.9	2,737.5	745.4	1,889.9	2,635.3
Communities ²	579.8	3,347.2	3,927.0	466.2	2,753.4	3,219.6
Total Group	2,370.7	9,531.0	11,901.7	2,219.6	6,281.6	8,501.2

Notes:

1. The comparatives for the year ended 31 March 2024 have been restated for the change in the composition of reportable segments.
2. Forward order book includes share of joint ventures and associates.

4. Other items

Other items are items of financial performance which management believes should be separately identified on the face of the consolidated income statement to assist in understanding the underlying financial performance achieved by the Group.

The Group separately reports acquisition- and disposal-related costs which includes amortisation of acquisition-related intangible assets and charges with respect to employment-linked earnouts, cost of restructuring programmes, impairment of goodwill and acquired intangible assets, gain or loss on business disposals, charges arising on exit of pension schemes and other exceptional items as Other items, together with their related tax effect.

	2025			
	Restructure costs £m	Acquisition- and disposal-related costs £m	Other exceptional items £m	Total £m
Other items before tax	(16.6)	(43.1)	(12.8)	(72.5)
Tax	4.1	7.6	2.9	14.6
Other items after tax	(12.5)	(35.5)	(9.9)	(57.9)

2024

	Fair value gain on acquisition of Landmarc £m	Restructure costs £m	Acquisition- and disposal- related costs £m	Other exceptional items £m	Total £m
Other items before tax	17.9	(20.4)	(38.3)	(3.7)	(44.5)
Tax	-	5.1	6.5	0.9	12.5
Other items after tax	17.9	(15.3)	(31.8)	(2.8)	(32.0)

Note:

- During the year ended 31 March 2024, the Group obtained control of Landmarc and fair valued its investment in the joint venture as at 16 November 2023. This resulted in a fair value gain of £17.9m as at the acquisition date.

Restructure costs

The Group has been undertaking a major transformation programme involving the restructuring of operations to reposition the business for its next phase of growth. Material transformation programmes are included as Other items where initiatives are not considered to be normal operating costs of the business. Restructure costs of £16.6m (2024: £20.4m) are in respect of the Target Operating Model (TOM) transformation programme, and includes the further outsourcing of back-office functions, consolidating systems and processes, and optimising the organisation structure. Since its launch in the year ended 31 March 2022, cumulative costs of £45.2m have been recognised within the consolidated income statement and classified as Other items, of which £43.0m were cash costs. The programme is expected to complete by 31 March 2026.

The costs associated with the Group transformation programme include fixed-term staff costs of £5.5m (2024: £7.1m) to manage and implement changes, redundancy costs of £4.7m (2024: £4.5m), £3.7m of external consultancy costs (2024: £5.7m), loss on disposal of software of £2.2m (2024: £nil) and dual-run licence costs in relation to decommissioned operating systems of £0.5m (2024: £2.6m). For the year ended 31 March 2024 certain property exit costs of £0.5m were also incurred. The associated tax credit for restructure costs recognised as Other items is £4.1m (2024: £5.1m).

Acquisition- and disposal-related costs

	2025 £m	2024 £m
Amortisation of acquisition-related intangible assets	(29.6)	(24.8)
Employment-linked earnout charges ¹	(8.6)	(9.5)
Transaction costs ²	(4.3)	(2.9)
Other acquisition-related costs	(0.6)	(1.1)
Acquisition and disposal costs	(43.1)	(38.3)
Tax	7.6	6.5
Acquisition and disposal costs net of tax	(35.5)	(31.8)

Notes:

- Comprises amounts payable to former owners of acquired businesses where a condition of receiving the payment is the continued employment by the Group of the individual receiving the payment. These payments are accrued over the period that the related employment services are received up until the point at which the consideration becomes payable.
- Comprises professional fees of £3.6m (2024: £3.1m) and integration costs of £0.7m (2024: £0.4m). In the year ended 31 March 2024, this was offset by professional fee accrual releases of £0.6m for completed acquisitions where no further costs were expected.

Other exceptional items

	2025 £m	2024 £m
Digital supplier platform ¹	(3.4)	(3.7)
Pension-related costs ²	(9.4)	-
Other exceptional items	(12.8)	(3.7)
Tax	2.9	0.9
Other exceptional items net of tax	(9.9)	(2.8)

Notes:

- Comprises costs in relation to the implementation of a new digital supplier platform, resulting in a step change in the Group's supply chain management capabilities. These comprise fixed-term staff costs of £2.3m (2024: £2.8m) and third-party implementation costs of £1.1m (2024: £0.9m). This implementation, which is transformational in nature, is expected to be completed during the year ending 31 March 2026. Cumulative cash costs of £14.9m have been recognised within the consolidated income statement and classified as Other items since its launch in 2022.
- Includes a £2.8m charge where the Group entered into a settlement agreement with the trustees of the Plumbing Scheme with respect to its Section 75 debt in relation to the previously disposed Social Housing business. In addition, a £5.3m contract settlement charge has been recognised to reverse the gross surplus on certain Local Government Pension Schemes (LGPS), however an asset ceiling had been applied and therefore no net surplus was recognised on the condensed consolidated statement of financial position. The reversal of the asset ceiling has been credited to other comprehensive income. There is also a £1.1m past service cost charge and a related £0.2m of administrative expense arising on changes to the Landmarc pension scheme rules that increase member benefits for pre-acquisition services. See Note 19.

5. Tax

Total Group	2025 £m	2024 £m
Current tax	20.4	22.1
Deferred tax (Note 13)	16.6	3.3
Tax charge for the year	37.0	25.4

Corporation tax is calculated at 25% (2024: 25%) of the estimated taxable profit for the year. A reconciliation of the tax charge to the elements of profit before tax per the consolidated income statement is as follows:

	2025			2024		
	Before Other items £m	Other items ¹ £m	Total £m	Before Other items £m	Other items ¹ £m	Total £m
Total Group						
Profit/(loss) before tax	217.9	(72.5)	145.4	200.8	(44.5)	156.3
Tax at UK rate of 25% (2024: 25%)	54.5	(18.1)	36.4	50.2	(11.1)	39.1

Reconciling tax charges for:

Non-deductible/(taxable) items	0.5	3.5	4.0	(1.0)	(1.1)	(2.1)
Impact of equity accounted investments	-	-	-	(1.6)	-	(1.6)
Credit for losses not previously recognised	-	-	-	(8.8)	-	(8.8)
Overseas tax rates	(1.0)	-	(1.0)	(1.3)	-	(1.3)
Adjustments in respect of prior years	(2.4)	-	(2.4)	0.4	(0.3)	0.1
Tax charge/(credit) for the year	51.6	(14.6)	37.0	37.9	(12.5)	25.4
Effective tax rate for the year	23.7%	20.1%	25.4%	18.9%	28.1%	16.3%

Note:

1. Other items are as described in Note 4.

The tax charge during the year ended 31 March 2025, consists of charges with respect to current tax and deferred tax of £20.4m and £16.6m respectively. The current tax element of the Group's total tax charge of 14.0% is lower than the UK headline rate of 25% primarily due to the utilisation of brought forward tax losses against current year profits. The utilisation of tax losses generates a deferred tax rather than a current tax charge.

Certain expenditure is not deductible for tax purposes as set out in tax legislation. The main categories of non-deductible expenditure are certain acquisition-related costs, such as employment-linked earnout charges and professional fees that are classified as capital in nature for tax purposes.

Profits from joint ventures and associates are included in the condensed consolidated financial statements on an after-tax basis.

Deferred tax is provided on items where the timing of tax relief differs from when the amounts are included in the financial statements such as tax depreciation, retirement benefit assets/liabilities, share options and short-term timing differences.

The Group does not have any material uncertain tax positions.

In addition to the amounts charged to the condensed consolidated income statement: (i) a £1.2m charge for current tax (2024: £3.6m credit) and a £3.4m charge for deferred tax (2024: £nil) relating to remeasurements of retirement benefit assets/liabilities has been recognised within the condensed consolidated statement of comprehensive income; (ii) no deferred tax relating to hedged items has been recognised within the condensed consolidated statement of comprehensive income (2024: £0.1m); and (iii) a £4.7m credit for current tax (2024: £7.3m) and a £2.1m charge for deferred tax (2024: £3.4m credit) relating to share options have been recognised directly within equity.

Impact of Pillar Two legislation

Pillar Two legislation has been enacted or substantively enacted in jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 1 April 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. A charge of £0.2m (2024: not applicable) as a result of the Pillar Two income taxes has been included in the overall tax charge for the year.

Tax strategy

The Group's tax strategy is published on its website and has been adhered to during the year (www.mitie.com).

6. Dividends

	2025 Pence per share	2025 £m	2024 Pence per share	2024 £m
Amounts recognised as distributions in the year:				
Final dividend for the prior year	3.0	38.5	2.2	28.6
Interim dividend for the current year	1.3	16.0	1.0	12.9
	4.3	54.5	3.2	41.5
Proposed final dividend for the year ended 31 March	3.0	36.7	3.0	38.6

Dividends are recognised as distributions in the year in which they are paid. Subject to approval at the Annual General Meeting on 22 July 2025, the final dividend for the year ended 31 March 2025 will be paid on 4 August 2025 to holders on the register on 20 June 2025. The ordinary shares will be quoted ex-dividend on 19 June 2025.

7. Earnings per share

The calculation of the basic and diluted earnings per share (EPS) is based on the following data:

	2025 £m	2024 £m
Net profit before Other items attributable to owners of the parent	157.6	157.8
Other items net of tax attributable to owners of the parent ¹	(56.2)	(31.5)
Net profit attributable to owners of the parent	101.4	126.3

Note:

1. Other items are as described in Note 4.

	2025 million	2024 million
Number of shares		
Weighted average number of ordinary shares for the purpose of basic EPS ¹	1,237.7	1,282.9
Effect of dilutive potential ordinary shares ²	101.5	108.9
Weighted average number of ordinary shares for the purpose of diluted EPS^{1,2}	1,339.2	1,391.8

Notes:

- The weighted average number of ordinary shares in issue during the year excludes those accounted for in the Own shares reserve.
- The dilutive potential ordinary shares relate to instruments that could potentially dilute basic earnings per share in the future, such as share-based payments. The diluted earnings per share uses the weighted average number of shares adjusted for potentially dilutive ordinary shares, unless it has the effect of increasing the earnings per share.

	2025 Pence per share	2024 Pence per share
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Basic earnings before Other items ¹	12.7	12.3
Basic earnings	8.2	9.8
Diluted earnings before Other items ¹	11.8	11.3
Diluted earnings	7.6	9.1

Note:

1. Other items are as described in Note 4.

8. Goodwill

	£m
Cost	
At 1 April 2023	344.8
Arising on business combinations	49.4
At 31 March 2024	394.2
Arising on business combinations ¹	36.1
At 31 March 2025	430.3

Accumulated impairment losses

At 1 April 2023, 31 March 2024 and 31 March 2025	32.5
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Net book value

At 31 March 2025	397.8
At 31 March 2024	361.7

Note:

1. See Note 18 for details of the current year acquisitions.

Goodwill impairment testing

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Group tests goodwill at least annually for impairment or more frequently if there are indicators that goodwill may be impaired.

The Group has reorganised its business in the year ended 31 March 2025, and the determination of CGUs has been updated accordingly to meet the criteria included in IAS 36 - *Impairment of Assets*. Business Services, Technical Services, Communities and Spain have been determined to be the relevant CGUs for the year ended 31 March 2025. The information presented for the year ended 31 March 2024 has been re-presented to reflect these changes, and, as a result, the £7.4m of goodwill previously allocated to the Central Government & Defence CGU has been reallocated on a relative value approach.

A summary of the goodwill balances and the discount rates used to assess the forecast cash flows from each CGU are as follows:

	2025	2024	
	Pre-tax discount rate %	Goodwill £m	Goodwill (restated) ¹ £m
Business Services	9.5	167.5	139.1
Technical Services	9.5	144.1	139.4
Communities	9.5	81.0	81.0
Spain	10.2	5.2	2.2
Total		397.8	361.7

Note:

1. The 2024 goodwill allocation by CGU has been restated to reflect the changes in the year to the way in which the Group monitors CGUs for goodwill impairment purposes.

At 31 March 2024 and under the previous organisational structure, the goodwill was allocated as follows:

	2024	
	Pre-tax discount rate %	Goodwill (as presented) £m
Business Services	10.6	138.1
Technical Services	10.6	133.0
Communities	10.7	81.0
Central Government & Defence	10.7	7.4
Spain	11.0	2.2
Total		361.7

Key assumptions

The recoverable amounts for each CGU are based on value-in-use, which is derived from discounted cash flow calculations. The key assumptions applied in value-in-use calculations are those regarding forecast operating profits, growth rates and discount rates.

Forecast operating profits

For all CGUs, the Group prepared cash flow projections derived from the most recent forecasts for the year ending 31 March 2026 and the Group's strategic plan to 31 March 2030. Forecast revenue and direct costs are based on past performance and expectations of future changes in the market, operating model and cost base including the impact of inflation.

Growth rates and terminal values

Medium-term revenue growth rates applied to the value-in-use calculations of each CGU reflect management's strategy for a period of five years. Terminal values were determined using a long-term growth assumption of 2.0% (2024: 2.0%).

Discount rates

The pre-tax discount rates used to assess the forecast cash flows from CGUs are derived from the Group's post-tax weighted average cost of capital, which was 7.1% at the time of the Group's annual impairment review (2024: 7.9%). These rates are reviewed annually by external advisors and adjusted for the risks specific to the

business being assessed and the market in which the CGU operates. All CGUs have the same access to the Group's treasury functions and borrowing lines to fund their operations.

Sensitivity analysis

A sensitivity analysis has been performed and management has concluded that no reasonably foreseeable change in the key assumptions would result in an impairment of the goodwill of any of the Group's CGUs.

9. Other intangible assets

	Acquisition-related		Total acquisition-related £m	Software and development expenditure £m	Total £m
	Customer contracts and relationships £m	Other £m			
Cost or valuation					
At 1 April 2023	338.2	10.9	349.1	90.8	439.9
Additions	-	-	-	8.4	8.4
Arising on business combinations	53.7	1.2	54.9	0.6	55.5
Disposals	(82.9)	(9.8)	(92.7)	(0.1)	(92.8)
At 31 March 2024	309.0	2.3	311.3	99.7	411.0
Additions ¹	-	-	-	8.9	8.9
Arising on business combinations	14.7	0.2	14.9	-	14.9
Disposals	-	(1.2)	(1.2)	(30.7)	(31.9)
At 31 March 2025	323.7	1.3	325.0	77.9	402.9
Amortisation and impairment					
At 1 April 2023	135.2	10.8	146.0	41.3	187.3
Charge for the year	24.6	0.2	24.8	8.2	33.0
Disposals	(82.9)	(9.8)	(92.7)	(0.1)	(92.8)
Impairments	-	-	-	0.1	0.1
At 31 March 2024	76.9	1.2	78.1	49.5	127.6
Charge for the year	29.2	0.4	29.6	8.5	38.1
Disposals	-	(1.0)	(1.0)	(28.5)	(29.5)
At 31 March 2025	106.1	0.6	106.7	29.5	136.2
Net book value					
At 31 March 2025	217.6	0.7	218.3	48.4	266.7
At 31 March 2024	232.1	1.1	233.2	50.2	283.4

Note:

1. Additions includes cash payments of £7.6m (2024: £8.4m) and related accruals of £1.3m (2024: £nil).

Customer contracts and relationships are amortised over their useful lives based on the period of time over which they are anticipated to generate benefits, with an average remaining useful life of eight years (2024: eight years). Other acquisition-related intangibles include brands and acquired software and technology which are amortised over their useful lives, with an average remaining useful life of three years.

Following a review of the carrying amount of intangible assets, no impairments have been recorded in the year ended 31 March 2025 (2024: £0.1m).

10. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	538.3	411.5
Accrued income	339.3	302.7
Prepayments	59.5	50.5
Other receivables	51.3	31.4
Total	988.4	796.1
Included in current assets	967.9	775.1
Included in non-current assets	20.5	21.0
Total	988.4	796.1

Trade receivables at 31 March 2025 represent 30 days credit on sales (2024: 25 days).

Management considers that the carrying amount of trade and other receivables approximates their fair value.

11. Trade and other payables

	2025 £m	2024 £m
Trade payables	205.0	171.6
Other taxes and social security	202.1	156.1
Other payables	70.5	42.9
Accruals	557.2	534.5
Total	1,034.8	905.1
Included in current liabilities	1,012.6	892.4
Included in non-current liabilities	22.2	12.7
Total	1,034.8	905.1

Trade payables at 31 March 2025 represent 25 days credit on trade purchases (2024: 22 days).

Management considers that the carrying amount of trade and other payables approximates their fair value.

12. Provisions

	Contract-specific costs £m	Insurance reserve £m	Pension £m	Dilapidations £m	Restructuring £m	Other £m	Total £m
At 1 April 2024	49.2	27.2	21.7	8.2	2.4	4.5	113.2
Additional provisions	11.6	11.3	-	3.2	0.5	0.6	27.2
Released to the consolidated income statement	(6.7)	(0.8)	-	(1.2)	-	(0.4)	(9.1)
Arising on business combinations	0.1	1.3	-	0.4	-	-	1.8
Transferred to other payables	-	-	(21.7)	-	-	-	(21.7)
Utilised	(11.2)	(11.7)	-	(0.2)	(2.6)	(1.6)	(27.3)
At 31 March 2025	43.0	27.3	-	10.4	0.3	3.1	84.1
Included in current liabilities	23.3	9.7	-	1.3	0.3	2.8	37.4
Included in non-current liabilities	19.7	17.6	-	9.1	-	0.3	46.7
Total	43.0	27.3	-	10.4	0.3	3.1	84.1

Contract-specific costs

Contract-specific costs provisions of £43.0m (2024: £49.2m) comprise onerous contract provisions of £10.0m (2024: £8.8m) and other contract-specific provisions of £33.0m (2024: £40.4m).

Onerous contracts are mainly in respect of certain long-term Private Finance Initiative contracts. Due to the long-term nature of these contracts, it is expected that these provisions will be utilised over a weighted average period of 11 years. The Group recognised additional provisions of £4.7m (of which £0.1m arose on business combinations), released £0.7m and utilised £2.8m in the year with respect to onerous contract provisions.

Contract-specific provisions have been recognised primarily to cover remedial and rectification costs required to meet clients' contract terms, and include a £10.8m (2024: £10.9m) provision relating to a liability risk on a certain contract which is subject to dispute (see Note 2), £5.3m (2024: £6.3m) for rectification works on a certain contract and a £4.7m (2024: £3.8m) provision relating to a commercial settlement dispute for a certain contract. The value of these provisions reflects the single most likely outcome and is expected to be utilised over a maximum period of eight years. The remaining provisions relate to other potential commercial claims and rectification work for other contracts. The Group recognised additional provisions of £7.0m, released £6.0m and utilised £8.4m in the year with respect to other contract-specific costs provisions.

Insurance reserve

The Group retains a portion of the exposure in relation to insurance policies for employer liabilities and motor and fleet liabilities. The provision includes claims incurred but not yet reported and is based on information available at the consolidated statement of financial position date using advice from third-party actuarial experts. The provision is expected to be utilised over five years.

The insurance reserve of £27.3m is presented gross of an insurer reimbursement asset of £4.2m (2024: £4.9m), which represents the amount the Group is virtually certain to recover for claims under its insurance policies. Of this other receivable, £2.7m (2024: £3.2m) is presented as non-current.

Pension

The pension provision balance at 31 March 2024 comprised £21.7m for Section 75 employer debt liabilities of Robert Prettie & Co Limited and Mitie FM Limited as a result of their participation in the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Plumbing Scheme), a funded multi-employer defined benefit scheme. During the period, a settlement agreement was reached with the trustees of the Plumbing Scheme. As a result of this, the amount of £21.7m has been transferred from provisions to other payables, and a further charge of £2.8m has been recognised as Other items in respect of Mitie Property Services (UK) Limited's participation in the Plumbing Scheme. These amounts are expected to be paid over a period of three years.

Dilapidations

The provision for dilapidations relates to the legal obligation for leased properties to be returned to the landlord in the contracted condition at the end of the lease period. This cost would include repairs of any damage and wear and tear and is expected to be utilised in the next 10 years.

Restructuring

The restructuring provision as at 31 March 2025 is related to redundancies as part of the Group's Target Operating Model programme. The amount is expected to be utilised within the next year.

13. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

Assets/(liabilities)	Losses £m	Accelerated capital allowances £m	Retirement benefit liabilities £m	Intangible assets acquired £m	Share options £m	Short-term timing differences £m	Total ¹ £m
At 1 April 2023	39.6	9.6	0.5	(50.7)	12.0	9.4	20.4
Arising on business combinations	1.1	-	-	(13.7)	-	-	(12.6)
(Charge)/credit to condensed consolidated income statement	(9.9)	(2.0)	0.7	6.2	1.2	0.5	(3.3)
Credit to equity and other comprehensive income	-	-	-	-	3.4	-	3.4
At 31 March 2024	30.8	7.6	1.2	(58.2)	16.6	9.9	7.9
Arising on business combinations	0.1	(0.1)	-	(3.7)	-	-	(3.7)
(Charge)/credit to condensed consolidated income statement	(16.8)	(4.6)	(1.3)	7.3	(0.4)	(0.8)	(16.6)
Charge to equity and other comprehensive income	-	-	(3.4)	-	(2.1)	-	(5.5)
At 31 March 2025	14.1	2.9	(3.5)	(54.6)	14.1	9.1	(17.9)

Note:

- Deferred tax liabilities of £58.1m are offset against deferred tax assets of £40.2m (2024: Deferred tax assets of £66.1m were offset against deferred tax liabilities of £58.2m) as they relate to income taxes levied by the same tax authority, and the Group has the right to and intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets have been recognised in respect of all temporary differences where it is probable that these assets will be recovered.

The majority of the Group's deferred tax assets and liabilities are expected to be recovered over more than one year.

The Group has unutilised income tax losses of £88.7m (2024: £151.4m) that are available for offset against future profits. A deferred tax asset has been recognised in respect of £56.5m (2024: £123.2m) of these losses to the extent that it is probable that taxable profits will be generated in the future and be available for utilisation. When considering the recoverability of deferred tax assets, the taxable profit forecasts are based on the same information used to support the going concern and goodwill assessments. See Note 1 for more information on these forecasts and the methodology applied.

No deferred tax asset has been recognised in respect of losses of £17.0m (2024: £13.0m), and disallowed interest under UK corporate interest restriction rules of £15.2m (2024: £15.2m) because recoverability is uncertain. All amounts may be carried forward indefinitely. Deferred tax has been calculated using tax rates that were substantively enacted at the consolidated statement of financial position date.

14. Cash and cash equivalents

	2025 £m	2024 £m
Cash and cash equivalents	180.4	244.9

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The Group operates cash-pooling arrangements with certain banks for cash management purposes.

As at 31 March 2025, included within cash and cash equivalents is £4.3m (2024: £4.2m) which is subject to constraints on the Group's ability to utilise these balances. These constraints relate to cash held through a joint operation, where cash is not available for use by the Group.

15. Financing liabilities

	2025 £m	2024 £m
Private placement notes	180.0	150.0
Lease liabilities (Note 16)	197.5	174.0
Loan arrangement fees	(2.4)	(2.5)
Total	375.1	321.5
Included in current liabilities	52.2	73.8
Included in non-current liabilities	322.9	247.7
Total	375.1	321.5

In September 2023, the Group increased its revolving credit facility (RCF) from £150m to £250m, and the maturity date was extended by one year from October 2026 to October 2027, with an option to extend for a further one-year period. This extension was exercised in October 2024 such that the facility now matures in October 2028. All other terms remain unchanged and the facility was undrawn at the time of the modification. During the year ended 31 March 2025, the RCF was utilised for short-term borrowings, with the average borrowing amounting to £22.6m over an average period of 10 days. Amounts drawn down during the year accumulated to £812m (2024: £8m) with equal amounts repaid (2024: £8m). There were no amounts outstanding at 31 March 2025 (2024: £nil).

In December 2022, the Group issued £120.0m of new US private placement (USPP) notes, under a delayed funding agreement to avoid any overlap with the £121.6m (being the repayment amount after taking account of the cross-currency interest rate swaps) of notes that matured in the same month. These notes are split equally between 8, 10 and 12-year maturities, and were issued with an average coupon of 2.94%.

In October 2024, the Group additionally entered into a three-year uncommitted shelf facility with total undrawn capacity of c.£270m at 31 March 2025. In December 2024, the Group issued £60m of new USPP notes, drawn from the new shelf facility, to replace the existing £30m note that matured in the same month. The new notes have a seven-year maturity and were issued with a coupon rate of 5.71%.

The RCF and the USPP notes are unsecured but have financial and non-financial covenants and obligations commonly associated with these arrangements. The two key covenant ratios are leverage (ratio of 'consolidated total net borrowings' to 'adjusted consolidated EBITDA') and interest cover (ratio of 'consolidated EBITDA' to 'consolidated net finance costs'), with a maximum of 3.0x and a minimum of 4.0x respectively. Covenant ratios are measured after adjustments for IFRS 16 primarily excluding lease liabilities from net debt and the inclusion of a charge equivalent to lease payments against EBITDA. The Group was compliant with these covenants as at 31 March 2025, with leverage of 0.04x (2024: <0x) and interest cover of 38.7x (2024: 72.6x) and hence all amounts are classified in line with repayment dates. The covenants are measured bi-annually on a rolling 12-month basis at 31 March and 30 September.

At 31 March 2025, the Group had £250.0m (2024: £250.0m) of undrawn committed borrowing facilities available, in respect of which all conditions precedent had been met.

The weighted average interest rates paid during the year were as follows:

	2025 %	2024 %
Bank loans	6.7	4.9
Private placement notes	3.4	3.2

Private placement notes

The USPP notes issued by the Group are unsecured and rank pari passu with other senior unsecured indebtedness of the Group. The amount, maturity and interest terms of these USPP notes as at 31 March 2025 are shown below.

Tranche	Maturity date	Amount	Interest terms
8 year	16 December 2030	£40.0m	£ fixed at 2.84%
7 year	22 December 2031	£60.0m	£ fixed at 5.71%
10 year	16 December 2032	£40.0m	£ fixed at 2.97%
12 year	16 December 2034	£40.0m	£ fixed at 3.00%

16. Leases

	Properties £m	Plant and vehicles £m	Total £m
Right-of-use assets			
At 1 April 2023	37.9	85.9	123.8
Additions	2.0	76.1	78.1
Arising on business combinations	2.6	2.6	5.2
Modifications to lease terms and disposals	0.1	(3.8)	(3.7)
Depreciation	(7.4)	(30.3)	(37.7)
Effect of movement in exchange rates	-	(0.2)	(0.2)
At 31 March 2024	35.2	130.3	165.5
Additions	5.7	72.0	77.7
Arising on business combinations	0.6	0.7	1.3
Modifications to lease terms and disposals	1.3	2.2	3.5
Depreciation	(8.1)	(47.3)	(55.4)
Effect of movement in exchange rates	-	(0.2)	(0.2)

At 31 March 2025	34.7	157.7	192.4
		2025	2024
		£m	£m
Lease liabilities			
At 1 April		174.0	129.4
Additions		77.1	80.2
Arising on business combinations		1.2	5.1
Modifications to lease terms and disposals		1.5	0.3
Interest expense related to lease liabilities		8.7	5.6
Repayment of lease liabilities (including interest)		(64.8)	(46.6)
Effect of movement in exchange rates		(0.2)	-
At 31 March		197.5	174.0
Included in current financing liabilities		52.8	44.4
Included in non-current financing liabilities		144.7	129.6
Total		197.5	174.0
		2025	2024
		£m	£m
Maturity analysis - contractual undiscounted cash flows			
Less than one year		62.4	50.8
One to five years		145.6	124.1
More than five years		13.4	16.6
Total undiscounted lease liabilities		221.4	191.5
		2025	2024
		£m	£m
Amounts recognised in the condensed consolidated income statement			
Depreciation of right-of-use assets		(55.4)	(37.7)
Short-term lease expense		(0.6)	(0.4)
Operating profit impact		(56.0)	(38.1)
Interest on lease liabilities		(8.7)	(5.6)
Profit before tax impact		(64.7)	(43.7)
		2025	2024
		£m	£m
Amounts recognised in the condensed consolidated statement of cash flows			
Capital element of lease rental payments (financing cash flow)		56.1	41.0
Interest payments (operating cash flow)		8.7	5.6
Total cash outflow for capitalised leases		64.8	46.6

As set out in the Task Force on Climate-related Financial Disclosures, the Group is in the process of transitioning to electric vehicles in response to climate change.

While the fleet utilising fossil fuels is expected to be phased out, existing vehicle leases are generally held for the full lease term. There is therefore no significant impact on the useful economic life of the current leased vehicles as a result of climate change commitments.

17. Analysis of net debt

	2025	2024
	£m	£m
Cash and cash equivalents (Note 14)	180.4	244.9
Adjusted for: restricted cash (Note 14)	(4.3)	(4.2)
Bank loans (Note 15)	-	-
Private placement notes (Note 15)	(180.0)	(150.0)
Loan arrangement fees (Note 15)	2.4	2.5
Net (debt)/cash before lease obligations	(1.5)	93.2
Lease liabilities (Note 16)	(197.5)	(174.0)
Net debt	(199.0)	(80.8)
	2025	2024
	£m	£m
Reconciliation of net cash flow to movements in net debt		
Net decrease in cash and cash equivalents	(64.2)	(2.9)
(Increase)/decrease in restricted cash	(0.1)	2.2
Net decrease in unrestricted cash and cash equivalents	(64.3)	(0.7)
Cash drivers		
Proceeds from new private placement notes	(60.0)	-
Private placement notes repaid	30.0	-
Repayment of bank loans	0.4	8.4
Payment of arrangement fees	0.6	1.2
Capital element of lease rentals	56.1	41.0
Non-cash drivers		
Non-cash movement associated with bank loans	(0.6)	(0.4)
Non-cash movement associated with private placement notes	(0.1)	(0.1)
Non-cash movement in lease liabilities	(79.6)	(85.6)
Effect of foreign exchange rate changes	(0.3)	(0.5)
Increase in net debt during the year	(117.8)	(36.7)

Opening net debt	(80.8)	(44.1)
Debt acquired as part of business combinations	(0.4)	-
Closing net debt	(199.0)	(80.8)

18. Acquisitions

Current year acquisitions

Argus Fire

On 24 October 2024, the Group completed the acquisition of the entire issued share capital of Slademain Limited and its subsidiary Argus Fire Protection Company Limited (together Argus Fire) for a consideration of £44.2m, which comprises an initial cash consideration of £44.0m and £0.2m contingent on the settlement of certain receivables and payables. Argus Fire is a UK engineering-led fire systems business with over 40 years of experience which will enhance the Group's scale and self-delivered offering in this market, and has been integrated into the Group's Business Services division. Goodwill on the acquisition of Argus Fire represents the premium associated with the operations of Argus Fire which are considered to strengthen the Group's UK fire & security market offering by complementing existing solutions and providing cross-selling opportunities.

Visegurity

On 7 October 2024, the Group completed the acquisition of the entire issued share capital of Visegurity Express S.L., JP Silcom Servicios S.L. and Silcom Auxiliares S.L. (together Visegurity) for a consideration of €8.9m (£7.5m), which comprises an initial cash consideration of £7.0m, and £0.5m contingent on no additional pre-acquisition liabilities being identified which will be paid across four years. Visegurity is based in Barcelona and has over 20 years of experience in security services, employing 600 individuals and with a strong reputation in both public and private sectors representing a strategic expansion of the Group's security capabilities in Spain, and has been integrated into the Group's Business Services division.

Amounts up to a maximum of €2.0m (£1.7m) payable to the former owners of the business have been accounted for as remuneration for post-acquisition employment services because a condition of receiving payment is the former owners' continued employment within the Mitie Group. These amounts are payable based on two performance periods for the years ending 31 October 2025 and 31 October 2026 up to a maximum of €2.0m in total. These payments are accrued, where relevant conditions are met, over the period that the related employment services are received up until the point at which the consideration becomes payable. Goodwill on the acquisition of Visegurity represents the premium associated with the operations and workforce of Visegurity which are considered to expand and complement the growing suite of services offered by the Group in Spain and enhance cross-selling opportunities to an enlarged blue-chip, customer base.

ESM Power

On 1 August 2024, the Group completed the acquisition of the entire issued share capital of Woodford Investments Limited and its subsidiary ESM Power Limited (together ESM Power) for a consideration of £6.4m, which comprises an initial cash consideration of £6.3m, and £0.1m contingent on the outcome of a completion accounts process. ESM Power is a leading electrical engineering business specialising in power & grid connections which will enhance the Group's high voltage connections expertise, and has been integrated into the Group's Technical Services division.

Amounts up to a maximum of £3.0m payable to the former owners of the business have been accounted for as remuneration for post-acquisition employment services because a condition of receiving payment is the former owners' continued employment within the Mitie Group. These amounts are payable based on two performance periods for the years ending 31 March 2025 and 31 March 2026 up to a maximum of £3.0m in total. These payments are accrued, where relevant conditions are met, over the period that the related employment services are received up until the point at which the consideration becomes payable. Goodwill on the acquisition of ESM Power represents the premium associated with taking over the operations which are considered to strengthen the Group's high voltage connections expertise.

Revenue and operating profit from acquisitions

The acquired entities contributed the following amounts of revenue and operating profit before Other items to the Group's results during the year ended 31 March 2025:

	Argus Fire £m	Visegurity £m	ESM Power £m	Total £m
Revenue	20.9	9.0	29.8	59.7
Operating profit before Other items	1.0	0.7	2.5	4.2

Based on estimates made of the full year impact if all acquisitions had been completed on 1 April 2024, Group revenue for the year would have increased by approximately £50.8m and operating profit before Other items would have increased by £3.2m, resulting in total Group revenue of £5,133.4m and total Group operating profit before Other items of £237.3m.

Fair value of assets and liabilities

The Group's assessments of the fair values of the assets and liabilities recognised as a result of the acquisition are provisional and will be finalised within 12 months of the acquisition date. The provisional purchase price allocation is as follows:

	Argus Fire £m	Visegurity £m	ESM Power £m	Total £m
Customer relationships and contracts	9.7	3.7	1.3	14.7
Brand	0.2	-	-	0.2
Property, plant and equipment	1.0	0.1	0.5	1.6
Right-of-use assets	0.7	0.5	0.1	1.3
Trade and other receivables	15.2	3.4	8.7	27.3
Current tax asset	0.1	-	-	0.1
Cash and cash equivalents	7.8	0.5	1.4	9.7
Trade and other payables	(11.8)	(1.9)	(5.0)	(18.7)
Bank loans	-	(0.4)	-	(0.4)
Deferred income	-	(0.1)	(4.7)	(4.8)
Provisions	(1.6)	-	(0.2)	(1.8)
Lease liabilities	(0.7)	(0.4)	(0.1)	(1.2)
Deferred tax liabilities	(2.5)	(0.9)	(0.3)	(3.7)
Net identifiable assets acquired	18.1	4.5	1.7	24.3
Goodwill	26.1	3.0	4.7	33.8
Total cash consideration	44.2	7.5	6.4	58.1
Initial cash consideration	44.0	7.0	6.3	57.3
Contingent consideration	0.2	0.5	0.1	0.8
Total consideration	44.2	7.5	6.4	58.1

Prior year acquisitions

On 1 November 2023 and 9 October 2023, the Group completed the acquisitions of GBE Converge Group Ltd (GBE) and Cliniwaste Holdings Limited (Cliniwaste) respectively. The accounting for these acquisitions was disclosed as provisional within the Group's results for the year ended 31 March 2024. The Group has used the 12-month measurement period from the date of acquisition, in accordance with IFRS 3 - *Business Combinations*, to finalise the fair value measurement relating to the completion accounts process.

During the year ended 31 March 2025, the fair value of consideration and corresponding goodwill for GBE was increased by £1.5m following the outcome of the completion accounts process and the fair value of the acquired net assets decreased by £0.5m due to a fair value adjustment. This led to a corresponding increase in goodwill of £2.0m. The increase in consideration was cash settled during the period.

In addition, the fair value of the acquired net assets for Cliniwaste decreased by £0.3m due to a fair value adjustment, which led to a corresponding increase in goodwill of £0.3m.

Cash flows on acquisitions

	2025 £m	2024 £m
Cash consideration ¹	58.8	87.6
Less: cash balance acquired	(9.7)	(53.6)
Net outflow of cash - investing activities	49.1	34.0

Note:

1. Cash consideration of £58.8m comprises £57.3m initial cash consideration for current year acquisitions in addition to £1.5m in relation to the prior year acquisition of GBE.

19. Retirement benefit schemes

The Group operates a number of pension arrangements for employees:

- Defined contribution schemes for the majority of its employees
- Defined benefit schemes which include the Mitie Group plc Pension Scheme, the Landmarc Pension Scheme and other smaller schemes

Defined contribution schemes

A defined contribution scheme is a pension scheme under which the Group pays contributions to an independently administered fund; such contributions are based upon a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once these contributions have been paid. Members' benefits are determined by the amount of contributions paid, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to take at retirement. As a result, actuarial risk (that pension will be lower than expected) and investment risk (that the assets invested in do not perform in line with expectations) are borne by the employee.

The Group's contributions are recognised as an employee benefit expense when they are due.

The Group operates four separate schemes: a stakeholder defined contribution plan, which is closed to new members; a self-invested personal pension plan, which is closed to new members; and two Group personal pension (GPP) plans. Employer contributions are payable to each on a matched basis requiring employee contributions to be paid. Employees have the option to pay their share via a salary sacrifice arrangement. The scheme used to satisfy auto-enrolment compliance is a master trust, The People's Pension.

During the year, the Group made a total contribution to the defined contribution schemes of £26.8m (2024: £18.1m) and contributions to the auto-enrolment scheme of £24.7m (2024: £22.1m), which are included in the consolidated income statement charge. The Group expects to make contributions of a similar amount in the year ending 31 March 2026.

Defined benefit schemes

Mitie Group plc Pension Scheme (the Group scheme)

The Group scheme comprises two segregated sections: Part A (the Group section) and Part B (the Interserve section). The assets and liabilities of the two sections are ring-fenced.

The Group section provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their final pensionable pay.

The Group section was closed to new members in 2006, with new employees able to join one of the defined contribution schemes.

The Interserve section was formed in the year ended 31 March 2023 when the assets and liabilities were transferred from the Interserve Scheme Part C, which in turn had been formed to take Interserve members out of the Interserve Group Pension Scheme as part of the arrangements for Mitie's acquisition of Interserve in 2020.

The Group scheme is operated under the UK regulatory framework. Benefits are paid to members from the trust-administered fund, where the Trustee is responsible for ensuring that the scheme is sufficiently funded to meet current and future benefit payments. Plan assets are held in trust and are governed by pension legislation. If investment experience is worse than expected or the actuarial assessment of the scheme's liabilities increases, the Group's financial obligations to the scheme rise.

The nature of the relationship between the Group and the Trustee is also governed by regulations and practice. The Trustee must agree a funding plan with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out, with the scheme's obligations measured using prudent assumptions (which are determined by the Trustee with advice from the scheme actuary). The most recent triennial valuation was carried out as at 31 March 2023, which indicated an actuarial deficit of £19.4m, an improvement of £72.7m since the last valuation. During the year, Mitie paid £8.4m of deficit repair contributions and the Group has agreed to pay further deficit repair contributions of £6.4m in FY26 and a smaller contribution, as required, in FY27 in order to eliminate the funding shortfall.

The Trustee's other duties include managing the investment of the scheme's assets, administration of plan benefits and exercising of discretionary powers. The Group works closely with the Trustee to manage the scheme.

The Group has an unconditional right to refund of surplus assuming the gradual settlement over time until all members have left the section. Accordingly, there is no restriction on the surplus.

The Landmarc Pension Scheme (the Landmarc scheme)

The Group obtained control of Landmarc Support Services Limited (Landmarc) on 16 November 2023. Landmarc is the employing company for the Landmarc scheme, which commenced on 1 July 2003, at which time approximately 1,000 employees became members of the scheme. From that date the majority of new employees were provided with defined contribution benefits under a separate arrangement, with membership of the Landmarc scheme for certain new employees only available at the discretion of the employing company. On 1 July 2021 the last remaining active members ceased accrual and the scheme closed to future accrual.

In December 2022 the Trustee of the scheme entered into a qualifying insurance buy-in to secure the remaining uninsured benefits of the scheme.

The membership data used for the formal actuarial valuation as at 31 December 2020 has been rolled forward and used to calculate results under IAS 19 - *Employee Benefits* by an independent qualified actuary. As required by IAS 19, the value of the defined benefit liabilities has been measured using the projected unit method.

The Group has an unconditional right to refund of surplus assuming the gradual settlement over time until all members have left the scheme. Accordingly, there is no restriction on the surplus on the Group's consolidated statement of financial position (or additional minimum liability to be recognised).

Other defined benefit schemes

Grouped together under Other schemes are a number of schemes to which the Group makes contributions under Admitted Body status to clients' (generally local government or government entities) defined benefit schemes in respect of certain employees who transferred to the Group under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), as well as three smaller schemes that the Group acquired on the acquisition of Interserve. The valuations of the Other schemes are updated by an actuary at each consolidated statement of financial position date.

For the Admitted Body schemes, which are largely sections of the Local Government Pension Scheme, the Group will only participate for a finite period up to the end of the relevant contract. The Group is required to pay regular contributions, as decided by the relevant scheme actuaries and detailed in each scheme's Contributions Certificate, which are calculated every three years as part of a triennial valuation. In a number of cases, contributions payable by the employer are capped and any excess is recovered from the entity that the employees transferred from. In addition, in certain cases, at the end of the contract the Group will be required to pay any deficit (as determined by the scheme actuary) that is assessed for its notional section of the scheme.

The Group made contributions to the Other schemes of £0.1m in the year (2024: £0.4m). The Group expects to make contributions of a similar amount in the year ending 31 March 2026.

Multi-employer schemes

As a result of acquisition activity and staff transfers following contract wins, the Group participates in three multi-employer pension schemes. The total contributions to these schemes for the financial year ending 31 March 2026 are anticipated to be £0.1m. The Group's share of the assets and liabilities in respect of these schemes is minimal.

The Group previously participated in the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Plumbing Scheme), a funded multi-employer defined benefit scheme. The Plumbing Scheme was founded in 1975 and to date has had over 4,000 employers. The Group has received a Section 75 employer debt notice in respect of the participation of Robert Prettie & Co Limited in the Plumbing Scheme. As a result of the Interserve acquisition, the Group increased its participation in the Plumbing Scheme and the Group has received a Section 75 employer debt notice in respect of the participation of Mitie FM Limited.

Provisions of £21.7m were held at 31 March 2024 for Section 75 employer debts in respect of the participation of Robert Prettie & Co Limited and Mitie FM Limited in the Plumbing Scheme. During the year, a settlement agreement was reached with the trustees of the Plumbing Scheme. As a result of this, the amount of £21.7m has been transferred from provisions to other payables, and a further charge of £2.8m has been recognised as Other items in respect of Mitie Property Services (UK) Limited's participation in the Plumbing Scheme. See Note 12.

Accounting assumptions

The assumptions used in calculating the accounting costs and obligations of the Group's defined benefit pension schemes, as detailed below, are set after consultation with independent, professionally qualified actuaries.

The discount rate used to determine the present value of the obligations is set by reference to market yields on high-quality corporate bonds. The assumptions for price inflation are set by reference to the difference between yields on longer-term conventional government bonds and index-linked bonds. The assumptions for increases in pensionable pay take into account expected salary inflation, the cap at CPI, and how often the cap is likely to be exceeded.

The assumptions for life expectancy have been set with reference to the actuarial tables used in the latest funding valuations.

The Group is aware of a case involving Virgin Media and NTL Pension Trustee II Limited (and others). On 16 June 2023 the High Court issued a ruling in respect of this case, which was subsequently upheld by the Court of Appeal in August 2024, and could potentially lead to additional liabilities for pension schemes in the UK which were contracted out on a salary-related basis, and made amendments between April 1997 and April 2016.

Reasonable preliminary due diligence has concluded that the defined benefit obligation values disclosed in the Annual Report and Accounts 2025 do not require adjustment for the impact of this case, however, further investigation is ongoing. A material impact is considered unlikely. No amendments for this matter have been included in the IAS 19 actuarial valuation as the impact, if any, cannot be reliably assessed.

Principal accounting assumptions at consolidated statement of financial position date

	Group section		Interserve section		Landmarc scheme		Other schemes	
	2025 %	2024 %	2025 %	2024 %	2025 %	2024 %	2025 %	2024 %
Key assumptions used for IAS 19 valuation:								
Discount rate	5.79	4.84	5.82	4.80	5.70	4.80	5.82	4.80
Expected rate of pensionable pay increases	2.57	2.63	2.70	2.80	2.60	3.30	3.39	2.80
Retail price inflation	3.18	3.26	3.15	3.20	3.20	3.30	3.15	3.20
Consumer price inflation	2.57	2.63	2.70	2.80	2.60	2.70	2.70	2.80
Future pension increases	2.57	2.63	2.70	2.80	3.10	3.30	2.82	3.20

	Group section		Interserve section		Landmarc scheme	
	2025 Years	2024 Years	2025 Years	2024 Years	2025 Years	2024 Years
Post-retirement life expectancy:						
Current pensioners at 65 - male	87.1	87.1	84.7	85.7	85.0	84.9
Current pensioners at 65 - female	88.7	88.6	87.0	88.3	88.6	88.6
Future pensioners at 65 - male	88.1	88.1	85.7	86.6	86.2	86.1
Future pensioners at 65 - female	89.9	89.1	88.2	89.4	89.7	89.7

Life expectancy for the Other schemes is that used by the relevant scheme actuary.

Sensitivity of defined benefit obligations to key assumptions

The sensitivity of defined benefit obligations to changes in principal actuarial assumptions is shown below.

Change in assumption	Impact on defined benefit obligations	
	Increase/ (decrease) in obligations %	Increase/ (decrease) in obligations £m
Increase in discount rate	0.25%	(3.1)
Increase in retail price inflation ¹	0.25%	2.2
Increase in consumer price inflation (excluding pay)	0.25%	1.0
Increase in life expectancy	1 year	3.2

Note:

1. Including other inflation-linked assumptions (consumer price inflation, pension increases and salary growth).

Some of the above changes in assumptions may have an impact on the value of the scheme's investment holdings. For example, the Group scheme holds a proportion of its assets in UK corporate bonds. A fall in the discount rate as a result of lower UK corporate bond yields would lead to an increase in the value of these assets, mitigating the increase in the defined benefit obligation to some extent. The duration, or average term to payment for the benefits due, weighted by liability, is around 14 years for the Group and Interserve sections, and 11 years for the Landmarc scheme.

Amounts recognised in condensed consolidated financial statements

Amounts recognised in the condensed consolidated income statement are as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
Current service cost	(0.1)	(0.3)	-	(0.7)	(1.1)	(0.1)	(0.5)	-	(0.9)	(1.5)
Past service cost (including curtailments/settlements) ^{1,2}	-	-	(1.1)	(5.3)	(6.4)	-	-	-	(0.3)	(0.3)
Total administrative expense ¹	(1.0)	(0.2)	(0.5)	(0.2)	(1.9)	(1.1)	-	(0.1)	(0.1)	(1.3)
Amounts recognised in operating profit	(1.1)	(0.5)	(1.6)	(6.2)	(9.4)	(1.2)	(0.5)	(0.1)	(1.3)	(3.1)
Net interest income/(cost)	0.2	0.1	0.1	(0.1)	0.3	0.3	0.2	0.1	(0.1)	0.5
Amounts recognised in profit before tax	(0.9)	(0.4)	(1.5)	(6.3)	(9.1)	(0.9)	(0.3)	-	(1.4)	(2.6)

Notes:

- During the year ended 31 March 2025, an agreement to amend the Landmarc scheme rules to increase certain cash benefits which members receive on retirement was completed. The Group incurred a £1.1m past service cost charge and administrative expenses of £0.2m in relation to the amendment of the Landmarc scheme rules, which have been recognised in the consolidated income statement as Other items. See Note 4.
- During the year ended 31 March 2025, the Group formally exited certain Local Government Pension Schemes (LGPS), resulting in a £5.3m contract settlement charge, which was recognised within Other items. See Note 4.

Amounts recognised in the consolidated statement of comprehensive income are as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
Actuarial gains/(losses) arising due to changes in financial assumptions	22.8	2.9	4.3	6.6	36.6	2.2	0.2	(3.0)	2.6	2.0
Actuarial gains/(losses) arising from liability experience	0.9	1.8	(0.1)	(0.2)	2.4	(8.0)	-	0.4	0.5	(7.1)
Actuarial (losses)/gains due to changes in demographic assumptions	(0.1)	0.1	-	0.5	0.5	(0.5)	0.3	0.6	-	0.4
Movement in asset ceiling, excluding interest ¹	-	-	-	(2.4)	(2.4)	-	-	-	(6.0)	(6.0)
Return on scheme assets, excluding interest income	(19.0)	(2.3)	(3.8)	1.7	(23.4)	(7.9)	(1.7)	2.2	4.0	(3.4)
Return on reimbursement asset ²	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Amounts recognised in other comprehensive income/(expense)	4.6	2.5	0.4	6.2	13.7	(14.2)	(1.2)	0.2	1.0	(14.2)

Notes:

- The £2.4m net charge for the year ended 31 March 2025 includes a £5.3m credit with respect to the reversal of gross surplus associated with the exit of certain LGPS schemes.
- The reimbursement asset of £0.9m at 31 March 2025 (2024: £0.9m) is recorded within other receivables.

The amounts included in the consolidated statement of financial position are as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
Fair value of scheme assets	165.3	22.7	36.7	69.1	293.8	174.8	24.4	41.1	80.0	320.3
Present value of defined benefit obligations	(154.7)	(18.9)	(34.8)	(43.8)	(252.2)	(177.4)	(23.2)	(38.1)	(58.1)	(296.8)
Surplus/(deficit) without restriction	10.6	3.8	1.9	25.3	41.6	(2.6)	1.2	3.0	21.9	23.5
Asset ceiling	-	-	-	(27.7)	(27.7)	-	-	-	(24.3)	(24.3)
Net pension asset/(liability)	10.6	3.8	1.9	(2.4)	13.9	(2.6)	1.2	3.0	(2.4)	(0.8)

All figures above are shown before deferred tax. The total of schemes in a surplus position is £16.3m (2024: £4.2m).

Movements in the present value of defined benefit obligations were as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
At 1 April	177.4	23.2	38.1	58.1	296.8	169.6	22.5	-	62.2	254.3
Arising on business combination	-	-	-	-	-	-	-	36.3	-	36.3
Current service cost	0.1	0.3	-	0.7	1.1	0.1	0.5	-	0.9	1.5
Interest cost	8.4	1.1	1.8	2.4	13.7	7.9	1.1	0.7	2.7	12.4
Contributions from scheme members	-	0.1	-	0.1	0.2	-	0.1	-	0.2	0.3
Actuarial (gains)/losses arising due to changes in financial assumptions	(22.8)	(2.9)	(4.3)	(6.6)	(36.6)	(2.2)	(0.2)	3.0	(2.6)	(2.0)
Actuarial (gains)/losses arising from experience	(0.9)	(1.8)	0.1	0.2	(2.4)	8.0	-	(0.4)	(0.5)	7.1

Actuarial losses/(gains) due to changes in demographic assumptions	0.1	(0.1)	-	(0.5)	(0.5)	0.5	(0.3)	(0.6)	-	(0.4)
Benefits paid	(7.6)	(1.0)	(2.0)	(1.4)	(12.0)	(6.5)	(0.5)	(0.9)	(1.4)	(9.3)
Past service cost	-	-	1.1	-	1.1	-	-	-	(1.4)	(1.4)
Contract transfer	-	-	-	-	-	-	-	-	(2.0)	(2.0)
Contract settlement	-	-	-	(9.2)	(9.2)	-	-	-	-	-
At 31 March	154.7	18.9	34.8	43.8	252.2	177.4	23.2	38.1	58.1	296.8

The defined benefit obligations analysed by participant status is as follows:

	2025			2024		
	Group section £m	Interserve section £m	Landmarc scheme £m	Group section £m	Interserve section £m	Landmarc scheme £m
Active	1.1	8.5	-	1.8	20.3	-
Deferred	72.3	2.9	6.9	102.9	1.7	12.2
Pensioners	81.3	7.5	27.9	72.7	1.2	25.9
At 31 March	154.7	18.9	34.8	177.4	23.2	38.1

Movements in the fair value of scheme assets were as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
At 1 April	174.8	24.4	41.1	80.0	320.3	170.3	24.2	-	77.2	271.7
Arising on acquisition	-	-	-	-	-	-	-	39.1	-	39.1
Interest income	8.6	1.2	1.9	3.3	15.0	8.2	1.3	0.8	3.4	13.7
Actuarial (losses)/gains on assets	(19.0)	(2.3)	(3.8)	1.7	(23.4)	(7.9)	(1.7)	2.2	4.0	(3.4)
Contributions from the sponsoring companies ¹	9.5	0.5	-	0.1	10.1	11.8	1.0	-	0.4	13.2
Contributions from scheme members	-	0.1	-	0.1	0.2	-	0.1	-	0.2	0.3
Expenses paid	(1.0)	(0.2)	(0.5)	(0.2)	(1.9)	(1.1)	-	(0.1)	(0.1)	(1.3)
Benefits paid	(7.6)	(1.0)	(2.0)	(1.4)	(12.0)	(6.5)	(0.5)	(0.9)	(1.4)	(9.3)
Past service cost	-	-	-	-	-	-	-	-	(1.7)	(1.7)
Contract transfer	-	-	-	-	-	-	-	-	(2.0)	(2.0)
Contract settlement	-	-	-	(14.5)	(14.5)	-	-	-	-	-
At 31 March	165.3	22.7	36.7	69.1	293.8	174.8	24.4	41.1	80.0	320.3

Note:

1. Group section contributions of £9.5m (2024: £11.8m) is inclusive of £8.4m deficit repair contributions (2024: £10.6m).

Movements in the asset ceiling were as follows:

	2025 £m	2024 £m
At 1 April	24.3	17.5
Interest cost on asset ceiling	1.0	0.8
Change in asset ceiling excluding interest	2.4	6.0
At 31 March	27.7	24.3

Fair values of the assets held by the schemes were as follows:

	2025					2024				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m
Equities	22.4	-	-	35.1	57.5	28.3	-	-	42.8	71.1
Government bonds	72.4	8.5	-	3.2	84.1	70.7	10.6	-	4.0	85.3
Corporate bonds	55.8	5.8	-	13.7	75.3	53.0	6.0	-	14.1	73.1
Property	2.3	-	-	11.2	13.5	2.3	-	-	11.8	14.1
Diversified growth fund	7.4	8.4	-	0.9	16.7	8.6	7.8	-	1.5	17.9
Cash	3.8	-	2.5	4.1	10.4	11.2	-	1.9	4.7	17.8
Insurance policies	-	-	34.2	0.9	35.1	-	-	39.2	1.1	40.3
Commodities	1.2	-	-	-	1.2	0.7	-	-	-	0.7
Total fair value of assets	165.3	22.7	36.7	69.1	293.8	174.8	24.4	41.1	80.0	320.3

The investment portfolios are diversified, investing in a wide range of assets, in order to provide reasonable assurance that no single asset or type of asset could have a materially adverse impact on the total portfolio. To reduce volatility, certain assets are held in a matching portfolio, which largely consists of government and corporate bonds, designed to mirror movements in corresponding liabilities.

The property assets represent quoted property investments.

Risks and risk management

The Group scheme, in common with the majority of UK plans, has a number of risks. These areas of risk and the ways in which the Group has sought to manage them, with respect to the Group scheme, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's condensed consolidated financial statements:

Risk	Description
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Asset volatility	The funding liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. The defined benefit obligation for accounting is calculated using a discount rate set with reference to corporate bond yields. The Group scheme holds 22% of its assets in equities and other return-seeking assets (principally diversified growth funds (DGFs) and property). The returns on such assets tend to be volatile and are not correlated to government bonds. This means that the funding level has the potential to be volatile in the short term, potentially resulting in short-term cash requirements, or alternative security offers, which are acceptable to the Trustee, and an increase in the net defined benefit liability recorded on the Group's consolidated statement of financial position. Equities and DGFs are considered to offer the best returns over the long term with an acceptable level of risk and hence the scheme holds a significant proportion of these types of assets. However, the scheme's assets are well-diversified by investing in a range of asset classes, including property, government bonds and corporate bonds. The Group scheme holds 8% of its assets in DGFs which seek to maintain high levels of return while achieving lower volatility than direct equity funds. The allocation to return-seeking assets is monitored to ensure it remains appropriate, given the scheme's long-term objectives. The investment in bonds is discussed further below.
Changes in bond yields	Falling bond yields tend to increase the funding and accounting obligations. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting obligations. In this way, the exposure to movements in bond yields is reduced.
Inflation risk	The majority of the Group scheme's benefit obligations are linked to inflation. Higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the Group scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Group scheme's obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the obligations.

Areas of risk management

Although investment decisions in the Group scheme are the responsibility of the Trustee, the Group takes an active interest to ensure that pension plan risks are managed effectively. The Group and Trustee have agreed a long-term strategy for reducing investment risk where appropriate.

Certain benefits payable on death before retirement are insured.

20. Events after the reporting period

There have been no material events since the condensed statement of financial position date that require adjustment or disclosure.

Appendix - Alternative Performance Measures

The Group presents various Alternative Performance Measures (APMs) as management believes that these are useful for users of the condensed consolidated financial statements in helping to provide a balanced view of, and relevant information on, the Group's financial performance.

In assessing its performance, the Group has adopted certain non-statutory measures which, unlike its statutory measures, cannot be derived directly from its condensed consolidated financial statements. During the year, the APM in relation to performance excluding Covid-related contracts has been removed as is not applicable for the year ended 31 March 2025 or the comparative year. The Group commonly uses the following measures to assess its performance:

Performance before Other items

The Group adjusts the statutory income statement for Other items which, in management's judgement, need to be disclosed separately by virtue of their nature, size and incidence in order for users of the condensed consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business.

These Other items include acquisition- and disposal-related costs such as amortisation of acquisition-related intangible assets and charges with respect to employment-linked earnouts, impairment of goodwill, gain or loss on business disposals, as well as cost of restructuring programmes, charges arising on exit of pension schemes and other exceptional items.

Further details of these Other items are provided in Note 4.

		2025 £m	2024 £m
Operating profit			
Operating profit from continuing operations	Statutory measures	161.6	165.7
Adjust for: restructure costs	Note 4	16.6	20.4
Adjust for: acquisition- and disposal-related costs	Note 4	43.1	38.3
Adjust for: other exceptional items	Note 4	12.8	3.7
Adjust for: fair value gain on Landmarc acquisition	Note 4	-	(17.9)
Operating profit before Other items	Performance measures	234.1	210.2

Reconciliations are provided below to show how the Group's segmental reported results are adjusted to exclude Other items.

	2025			2024 (restated ¹)		
	Reported results £m	Adjust for: Other items (Note 4) £m	Performance measures £m	Reported results £m	Adjust for: Other items (Note 4) £m	Performance measures £m
Operating profit/(loss)						
Segment						
Business Services	154.6	8.4	163.0	146.5	3.3	149.8
Technical Services	68.0	11.0	79.0	82.6	(7.7)	74.9
Communities	43.8	3.7	47.5	34.8	1.3	36.1
Corporate Centre	(104.8)	49.4	(55.4)	(98.2)	47.6	(50.6)
Total Group	161.6	72.5	234.1	165.7	44.5	210.2

Note:

1. The comparatives for the year ended 31 March 2024 have been restated for the change in composition of reportable segments (See Note 3).

In line with the Group's measurement of profit from operations before Other items, the Group also presents its basic earnings per share before Other items. The table below reconciles this to the statutory basic earnings per share.

		2025	2024
Earnings per share		pence	pence
Statutory basic earnings per share	Statutory measures	8.2	9.8

Adjust for: Other items per share		4.5	2.5
Basic earnings per share before Other items	Performance measures	12.7	12.3

Net debt

Net debt is defined as the difference between total borrowings and cash and cash equivalents. It is a measure that provides additional information on the Group's financial position. Restricted cash which is subject to constraints on the Group's ability to utilise these balances, has been excluded from the net debt measure.

Total financial obligations (TFO) are defined as the Group's net debt and the net retirement benefit assets/liabilities. TFO represents all debt-like financing items the Group has made use of at the year end.

A reconciliation from reported figures is presented below:

		2025 £m	2024 £m
Net debt			
Cash and cash equivalents	Statutory measures	180.4	244.9
Adjusted for: restricted cash	Note 14	(4.3)	(4.2)
Financing liabilities	Note 15	(375.1)	(321.5)
Net debt	Performance measures	(199.0)	(80.8)
Net retirement benefit assets/(liabilities)	Note 19	13.9	(0.8)
TFO	Performance measures	(185.1)	(81.6)

The Group uses an average net debt measure as this reflects its financing requirements throughout the period. The Group calculates its average net debt based on the daily closing figures. This measure showed average daily net debt of £264.0m for the year ended 31 March 2025, compared with £160.7m for the year ended 31 March 2024.

Free cash flow

Free cash flow is a measure representing the cash that the Group generates after accounting for cash flows to support operations and maintain its capital assets. It is a measure that provides additional information on the Group's financial performance as it highlights the cash that is available to the Group after operating and capital expenditure requirements are met. The table below reconciles net cash generated from operating activities to free cash inflow.

		2025 £m	2024 £m
Free cash flow			
Net cash generated from operating activities	Statutory measures	220.0	197.7
Add: net (increase)/decrease in restricted cash	Note 14	(0.1)	2.2
Interest received		3.0	3.6
Dividends received from joint ventures and associates		-	8.4
Employment-linked earnouts ¹		7.0	0.7
Purchase of property, plant and equipment		(24.0)	(11.5)
Purchase of other intangible assets	Note 9	(7.6)	(8.4)
Disposal of property, plant and equipment		0.6	0.2
Lease incentives received		-	5.7
Capital element of lease rentals paid	Note 16	(56.1)	(41.0)
Free cash inflow	Performance measures	142.8	157.6

Note:

- During the year ended 31 March 2025, payments totalling £7.0m (2024: £0.7m) have been made to the former owners of certain acquired businesses with respect to earnout payments, which are conditional on the owners remaining employed with the Group as well as the underlying performance of the acquired business. The costs related to performance-based employment-linked earnouts are charged to the consolidated income statement and classified as Other items (see Note 4).

Earnings before interest, tax, depreciation and amortisation

Earnings from continuing operations before interest, tax, depreciation and amortisation (EBITDA) is a measure of the Group's profitability. EBITDA is measured as profit/(loss) before tax from continuing operations excluding the impact of net finance costs, Other items, depreciation of property, plant and equipment, amortisation and impairment of non-current assets and amortisation of contract assets. Other companies may define EBITDA on a different basis.

		2025 £m	2024 £m
EBITDA			
Profit before tax	Statutory measures	145.4	156.3
Add: net finance costs		16.2	9.4
Operating profit		161.6	165.7
Add: Other items	Note 4	72.5	44.5
Operating profit before Other items		234.1	210.2
Add:			
Depreciation of property, plant and equipment		67.9	48.2
Amortisation of non-current assets ¹	Note 9	8.5	8.2
Amortisation of contract assets		0.4	1.4
Impairment of non-current assets		-	0.1
EBITDA	Performance measures	310.9	268.1

Note:

- Excludes amounts classified in the condensed consolidated income statement as Other items. See Note 4.

Return on invested capital

Return on invested capital (ROIC) is a measure of how efficiently the Group utilises its invested capital to generate profits. The table below reconciles the Group's net assets to invested capital and summarises how the ROIC is derived.

		2025 £m	2024 £m
Net assets	Statutory measures	428.0	473.7
Add:			
Non-current liabilities		445.2	327.6

Current provisions	Note 12	37.4	66.5
Current private placement notes	Note 15	-	30.0
Deduct:			
Non-current deferred tax assets	Note 13	-	(7.9)
Cash and cash equivalents	Note 14	(180.4)	(244.9)
Invested capital	Performance measures	730.2	645.0
Operating profit before Other items		234.1	210.2
Tax ¹		(55.5)	(39.7)
Operating profit before Other items after tax		178.6	170.5
ROIC %	Performance measures	24.5%	26.4%

Notes:

1. Tax charge has been calculated at the effective tax rate for the year on pre-tax profits before Other items for continuing operations of 23.7% (2024: 18.9%).

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