

Strategic report

Argus Fire Protection Company Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group". The Company and its parent, Slademain Limited, were acquired by the Group in October 2024.

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the design, supply, installation and servicing of fixed fire protection and detection systems. There have not been any significant changes in the Company's principal activities in the year under review.

The Company serves a range of industry sectors including commercial properties, manufacturing sites, warehouses, healthcare, education, energy from waste plants and residential property (retrofit and new build). It works for, and with, building and installation owners, developers, occupiers and construction contractors.

Management has an ethos of working in partnership with clients. The majority of work is repeat business which is a testament to clients' satisfaction and the trust they place in the Company.

Fixed fire protection is a growing market, as the importance of fire safety in construction and management of buildings has increased and there is now a growing understanding of safety as a vital concern. The Company helps to reduce or eliminate the potentially catastrophic outcome of fires by safeguarding occupiers, protecting premises and minimising the environmental effects of toxic smoke and emissions. It seeks to be price-competitive without sacrificing quality or safety.

As in previous years, demand for design services has been strong. The Company uses the latest technologies relating to Building Information Modelling and continues to heavily invest time and resource into its apprenticeship scheme to develop and train the next generation of designers.

The Company has continued to grow its servicing department, an area of the business which was considered could be further developed. The Company secured new customers and maintained existing relationships.

As shown in the income statement on page 15, the Company's revenue was £47,333,000 (2024: £44,331,000) and the profit for the year was £1,849,000 (2024: £1,365,000, as restated). Revenue increased by 6.8% year on year which was driven by increases in servicing revenue, and also design services revenue as a result of new project wins. Gross margin was 33.1% (2024: 32.8%, as restated) which reflects an underlying increase in servicing revenue which has a higher profit margin, slightly offset by lower gross margin on design services. The increase in margin was mainly due to the portfolio mix during the year ended 31 March 2025.

Administrative costs increased year on year, mainly due to investment in headcount in the prior year, for which the full year cost impacted the year ended 31 March 2025. Additionally, investment in IT security, a more environmentally friendly vehicle fleet, and increased insurance costs all contributed to the elevated administrative costs in the year.

As shown on page 17, the Company had increased net assets of £8,929,000 (2024: £7,080,000, as restated), reflecting the impact of the profit during the financial year. The statement of financial position shows that cash decreased by £4,116,000. However, this was due to the acquisition, with cash now managed centrally by the Group and an additional £4,950,000 (2024: £nil) reported within amounts owed by Group undertakings in trade and other receivables instead of directly in cash.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which does not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

The Company derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. The Company continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, are implemented when required.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Customer concentration risk

The Company aims to build strong and long-lasting customer relationships. However, the volume and size of projects can lead to a concentration of revenue by customer. Operational or financial difficulties of a major customer could disrupt operations and lead to working capital pressure. To alleviate this risk, work in progress, invoiced revenue and pipeline work is regularly reviewed to identify such risks. The company's tender adjudication process also includes an assessment of current "work in hand" with the customer. If this risk is considered too high, the invitation to tender may be declined.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- local senior management team with a focus on developing pipeline across numerous sectors;
- focus on customer satisfaction;
- ongoing "lessons learned" debrief sessions to transfer learnings to future bids; and
- ongoing review of the service offerings.

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the previous year, the Company had taken additional steps to ensure its ability to respond to disruptive events was not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist business function teams;
- maintained and updated crisis and business continuity plans for key activities across operations;
- disaster recovery framework embedded and managed;
- close monitoring of supply chain to ensure continuity of critical supplies;
- compliance audits;
- insurance cover in place to cover business interruption;
- themes and root causes monitored to aid continuous improvement; and
- regular communications to employees to highlight IT risks and expected behaviours.

Climate change and social impact

The Company's transition to a lower carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government, as well as the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Environment, Social & Governance ("ESG") Committee;
- environmentally friendly car fleet policy;
- environmental Management System ISO 14001;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts;
- insurance cover in place to cover property damage and business interruption; and
- active and well-established apprenticeship scheme, training colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

The Company has always strived to be at the forefront of emerging technologies e.g. 3D design and Building Information Management. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Company monitors trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- learning and development programme; and
- ongoing monitoring of emerging technology in the industry, particularly in design.

Reputational damage

The Company's participation in sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- regular management team meetings;
- proactive monitoring of social media platforms;
- designated media liaison; and
- proactive engagement with key external stakeholders.

Financial risks

Reliance on material counterparties

In accordance with Company policy, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit, which is reviewed regularly. The Company does not enter into any hedging instruments or any financial instruments for speculative purposes. Appropriate trade terms are negotiated with customers and suppliers. Management review these terms and the relationships with suppliers and customers, and manages exposure on normal trade terms.

Regulatory risks

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no significant changes in the risk exposure owing to legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- specialist legal and Health, Safety and Environment ("HSE") expertise aligned to business units;
- independent whistleblowing system available to all employees to report any concerns;
- regular training and updates for relevant staff and managers;
- financial governance and controls in place;
- commercial governance and controls in place; and
- regular and thorough internal and external regulatory audits.

Strategic report (continued)

Post-acquisition, additional measures are in place including:

- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses; and
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and Human Resources.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company has met all HSE KPIs for the financial year with successful audits carried out for ISO 9001 and ISO 45001. The Company has also successfully gained the ISO 14001 accreditation with zero Non-Conformance Reports raised against the integrated business management system. The Company's accident statistics have remained low with one Report of Injuries, Diseases and Dangerous Occurrence recorded during the financial year and one Lost Time Injury was recorded. The Company imposing robust plans to prevent a recurrence of both the reportable Dangerous Occurrence and the non-reportable Lost Time Injury. The Company will continue to strive for zero accidents as it moves forward into the next financial year.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, with clear rules, engagement and training for staff;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- regular HSE reviews;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- themes and root causes monitored from the results of audits to target specific actions, including training; and
- regular training and communication.

People risks

Employees

The success of the Company depends on attracting, retaining and motivating our employees. The Directors ensure that the Company is a responsible employer, from pay and benefits to health and safety. They have always believed in a clear cascade of information from the Directors to the senior management team and then to all staff. The Company has an open and honest no-blame culture.

Recruiting talent has been a challenge within the fire sprinkler industry for several years. There has been a successful (award-winning) apprenticeship scheme in place for many years, which continues to enable the Company to recruit and train people, which in turn helps in filling a skill gap in the industry.

The Company has continued to invest in significant training during the year, including interactive mental health training for all of the management team, to ensure that our people managers are equipped to identify and deal with mental health distress amongst their colleagues, which is crucial given its prevalence in the construction industry.

During the financial year, there was no significant change in risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Company to mitigate risks associated with a skills shortage, such as adverse impacts on core operational activities. These include, but are not limited to:

- consistent HR resourcing process and system;
- regular staff training;
- training and development programmes for senior leadership;
- long-standing apprenticeship scheme, training colleagues to enhance operational delivery and address skills gaps;
- performance management policies;
- HR specialists;
- induction programme, mandatory for new starters;
- regular communications from leadership team; and
- competitive remuneration, terms and conditions.

Post-acquisition, online learning and training access is available to all.

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders relevant to the Company's operations, which align with those of the Group. The Company is still in the process of being integrated into the Group and the Directors are actively engaging with stakeholders to align their interests with the evolving strategic direction of the business.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - Participation in community initiatives 	<ul style="list-style-type: none"> - Social impact - Engagement with local communities
Employees	<ul style="list-style-type: none"> - Employee meetings - Internal communications updates 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with suppliers 	<ul style="list-style-type: none"> - Responsible procurement

Acquisition by the Group

On 24 October 2024, the Group completed the acquisition of the entire issued share capital of the Company's parent, Slademain Limited. Following this acquisition, the Company has aligned its strategic goals and objectives with those of the Group. The Directors have been actively involved in integrating elements of the Company's operation into the Group structure.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

In this post-acquisition period, the Directors have concentrated on understanding and aligning with the Group's wider strategic initiatives, including the Facilities Transformation Three-Year Plan. Whilst integration is not yet complete, early efforts are centred on exploring margin enhancement opportunities, aligning governance, controls and systems, as well as establishing key performance metrics.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Employee engagement has been of key concern during this transitional period. Feedback gathered by the Company during this period is critical in shaping the integration process and has been shared freely with the Group to ensure that concerns are addressed promptly and also to assist and drive ongoing improvement in future integration activities.

Fostering business relationships with suppliers, customers and others

Customers

Engagement with customers has been crucial in maintaining service quality during this initial period of rapid change. The Directors are committed to ensuring that customers continue to receive the high standard of service expected, and addressing and highlighting immediate concerns to Group where necessary.

Impact of operations on the community and the environment

The Company is committed to supporting the Group's environmental and social initiatives as well as upholding the Group's strong ethical standards. As integration progresses, additional training resources and policies are adding to those already in place.

Maintaining a high standard of business conduct

Ethical business practice

The Company operates with the governance and ethical frameworks established by the Group, ensuring that decision-making processes are consistent with Group policies.

A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, a wide range of policies and training modules are available, including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 19 December 2025 and signed on its behalf by:

Signed by:

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P M Phillips
Director

Strategic report

Converge Technology Ltd (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006

Review of the business

The principal activities of the Company are to provide expert, independent and bespoke fire, security and IT system design, installation, commissioning and support. The Company works across all major market sectors specialising in Fire, Security and Networks ("FSN") major projects, FSN after sales maintenance and service provision, and the delivery of technology-based solutions including IT infrastructure, IT support services and ICT systems installation within new build and refurbishment construction projects. The Company, with support of the Group, delivers a genuine end-to-end service designed for the entire life cycle of a facility, with a philosophy that always places our customers at the core of our business. The aim is to ensure our customers are more efficient, effective and resilient through the services we provide which we deliver with the highest levels of service and cutting-edge technology.

The results for the comparative period ended 31 March 2024 and the statement of financial position at that date constitute a lengthened accounting period of 15 months.

As shown in the income statement on page 15, the Company's revenue was £11,662,000 (15 month period ended 31 March 2024 £16,988,000) and the loss for the year was £38,000 (15 month period ended 31 March 2024 £491,000). A pro-rata revenue reduction of 14% was driven by lower project volumes and a more focused delivery model centred on IT infrastructure and support services. However, the Company's operating loss has reduced significantly to £13,000 (15 month period ended 31 March 2024 £584,000), reflecting greater control over administrative expenses. Excluding a £25,000 loss on disposal of certain property, plant and equipment, the Company generated an operating profit for the year ended 31 March 2025.

The Company's net assets decreased to £1,128,000 (2024 £1,166,000). Whilst the Company's financial position remains stable there has been a significant increase in activity with other Group companies and consequently amounts owed by and to Group undertakings have also increased significantly.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

Strategic report (continued)

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a large number of high-profile contract wins including those with the Department for Work and Pensions.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids,
- robust risk assessment of bids ~ Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Strategic report (continued)

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship,
- deliverables agreed in advance by the Group's board and Mitie Group Executive,
- centralised Project Management Office function,
- subject-matter experts appointed early on with agreed roles and responsibilities,
- standardised programme governance framework, including risk management,
- contract management controls embedded for third-party support, and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR, financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Employees

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented employees and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ A portion of the Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year. This outlook is supported by the continuation of core operating activities and a stable demand for IT infrastructure and support services.

Approved by the Board on

28th October 2025

and signed on its behalf by

Signed by

Paul Phillips
D25D406A28E44CC

P M Phillips
Director

Strategic report

Custom Solar Ltd (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The Company is a leading UK specialist in the development, design, installation, and maintenance of bespoke Solar PV systems for commercial, industrial, public, and private sector clients. The Company delivers projects ranging from small-scale installations to large rooftop and ground-mounted solar farms, supporting clients in decarbonising estates, reducing operational costs, and enhancing energy security. As part of Mitie Power & Grid, the Company leverages national resources and expertise to execute complex renewable energy projects and advance sustainable energy solutions across the UK. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 14, the Company's revenue was £24,925,000 (2024 £26,519,000) and the profit for the year was £375,000 (2024 £2,252,000). Revenue and profit decreases were driven by changes in sales volume levels, investment in additional staff and a move to larger projects with a lower profit margin in the financial year.

Net assets increased to £4,487,000 (2024 £4,099,000), reflecting the profit for the year. Changes in working capital were related to the timing of invoicing and payments at the end of the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to a number of high profile project wins and partnerships with power purchase providers.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance (“ESG”) Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group’s social value framework pillars,
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company’s long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence (“AI”) developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Strategic report (continued)

Reputational damage

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have remained strong, demonstrating consistent improvement.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ The Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors anticipate that overall activity will remain stable in the coming financial year, supported by the existing pipeline and order book, as well as by growth within the market underpinned by Government-backed programs. The Company is well positioned to leverage advancements in technology, alongside its technical expertise and strategic focus, to capitalise on these opportunities and reinforce its long-term growth trajectory.

Approved by the Board on 2nd October 2025 and signed on its behalf by

Signed by
Jeremy Williams
F3B02A30E883488

J M Williams
Director

Strategic report

ESM Power Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group". The Company was acquired by the Group on 1 August 2024.

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

The Company changed its accounting reference date from 30 April to 31 March. Consequently, the results for the period ended 31 March 2025 and the statement of financial position at that date constitute a shortened accounting period of 11 months. The previous accounting period was for the year ended 30 April 2024. The financial statements have also been presented to the nearest thousand pounds. As the prior year financial statements were presented to the nearest pound, this change may have resulted in some immaterial rounding differences to the balances previously presented.

Review of the business

The principal activity of the Company is the provision of high voltage electrical engineering. There have not been any significant changes in the Company's principal activities in the period under review.

As shown in the income statement on page 15, the Company's revenue was £28,336,000 (year ended 30 April 2024 £23,546,000) and the loss for the period was £3,283,000 (year ended 30 April 2024 £815,000 profit). The integration of the Company after its acquisition by the Group has helped to drive further revenue growth, however during the period, one-off provisions were recognised with respect to certain projects which negatively impacted margins.

As a result of the above, as at 31 March 2025 the Company had net liabilities of £1,682,000 (30 April 2024 £1,601,000 net assets).

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial period, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

Strategic report (continued)

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The period has witnessed many achievements for the Company, including but not limited to, building and executing on a strong pipeline of new projects with both new and existing customers, which will help the objective of strong, profitable growth in the coming years.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the period, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the period, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial period, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into the business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Strategic report (continued)

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Executive sponsorship,
- deliverables agreed in advance by the Group's board and Mitie Group Executive,
- centralised Project Management Office function,
- subject-matter experts appointed early on with agreed roles and responsibilities,
- standardised programme governance framework, including risk management,
- contract management controls embedded for third-party support, and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial period, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable and recognised as in line with the HSE strategies already in place across the rest of the Group.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Employees

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented employees and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial period, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

After its acquisition by the Group, the Company aligned itself to the Group's Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial period, progress has been made with contract wins and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial period, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the period and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the period, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial period, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial period, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

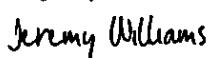
The Directors expect the general level of revenue to remain consistent in the forthcoming year, with moderate growth expected in a competitive market as a result of the ongoing integration into the Group. Investment will be required in new technologies, processes and people to continue the growth of the Company in an expanding but very competitive industry sector.

Approved by the Board on

4th December 2025

and signed on its behalf by

Signed by


Jeremy Williams

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J M Williams

Director

Strategic report

G B Electronics Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide expert, independent and bespoke fire, security, IT system design, installation, commissioning and support, as well as Fire, Security and Networks major projects. The Company works across all major market sectors on commercial new build and refurbishment construction projects across both the UK and Europe. A significant and strategic growth area is the design, installation and commissioning of Fire, Security and IT systems within new build data centres for major technology companies across the UK and Europe. The Company delivers a genuine end-to-end service designed for the entire life-cycle of a facility, with a philosophy that always places our customers at the core of our business. The aim is to ensure our customers are more efficient, effective and resilient through the services we provide which we deliver with the highest levels of service and leading cutting-edge technology. There have not been any significant changes in the Company's principal activities in the year under review.

The results for the comparative period ended 31 March 2024 and the statement of financial position at that date constitute a lengthened accounting period of 15 months.

As shown in the income statement on page 14, the Company's revenue was £49,457,000 (15 month period ended 31 March 2024 £41,414,000) and the profit for the year was £3,050,000 (15 month period ended 31 March 2024 £280,000). Pro-rata revenue growth of 49% has been primarily driven by ongoing success in securing and delivering new Fire, Security and IT installation projects in new build data centres in both the United Kingdom and Europe. Pro-rata cost of sales increases of 56% was due to the revenue growth allied with additional project engineer and project management costs, offset by a provision release of £1,040,000. Reductions in pro-rata administrative expenses of 23% resulted in part from synergy savings from being part of the Group.

Net assets showed an increase of £3,050,000 as a result of the profit for the year, with various categories in the statement of financial position reflecting the increased level of trading operations referred to above.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a large number of high-profile contract wins including Fire, Security and ICT installation at VLB Data Centre in Skien, Norway.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ('TCFD') are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks, and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into the business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Strategic report (continued)

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Executive sponsorship,
- deliverables agreed in advance by the Group's board and Mitie Group Executive,
- centralised Project Management Office function,
- subject-matter experts appointed early on with agreed roles and responsibilities,
- standardised programme governance framework, including risk management,
- contract management controls embedded for third-party support, and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with continued improvement noted in accident reduction. Ongoing initiatives demonstrate effective management of health, safety and environmental risks.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles—LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

People risks

Employees

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented employees and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ A portion of the Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial period, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of the continued growth in the key market in which the Company specialises in, Data Centres. This market is continuing to predict significant growth and in particular the Company's clients have a large volume of new projects to deliver in the coming years. In support of this the Company is also establishing beachhead operations in key countries to support this increased activity.

Approved by the Board on 28th October 2025 and signed on its behalf by

Signed by:

Paul Phillips
D25D408A28E44CC

P M Phillips
Director

Strategic report

GBE Converge Group Ltd (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors") in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to act as an intermediate holding company. There have not been any significant changes in the Company's principal activity in the year under review.

The results for the comparative period ended 31 March 2024 and the statement of financial position at that date constitute a lengthened accounting period of 15 months.

As shown in the income statement on page 7, the Company's loss for the year was £21,000 (15 month period ended 31 March 2024 £199,000 profit). This reduction in profitability was principally due to no dividends being received from subsidiaries during the year (15 month period ended 31 March 2024 £200,000).

Net assets have reduced due to the loss incurred during the financial year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company did not trade during the year and there are no significant risks or uncertainties.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Shareholders	- Regular senior leadership meetings	- Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	- The Mitie Foundation programmes	- Social value - ESG performance

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed

Strategic report (continued)

Subsequent events

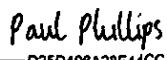
There have been no material events since the statement of financial position date that require adjustment or disclosure

Future developments

The Directors expect activity related to its investment in subsidiaries to continue to be stable in the forthcoming year

Approved by the Board on 29th September 2025 and signed on its behalf by

Signed by:


Paul Phillips

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P M Phillips
Director

Strategic report

J C A Engineering Ltd (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is mechanical, electrical and building engineering services. There have not been any significant changes in the Company's principal activities in the year under review.

J C A Engineering Ltd is a multifaceted engineering services and construction business. Its core expertise is in buildings and facilities with operational reliance on business-critical engineering systems. Delivering a comprehensive range of services, from design, engineering and construction to fitout and maintenance, to meet the needs of customers operating in several industry sectors, including Data Centres, Healthcare, Science and Technology and corporate and commercial property. The Company provides a bespoke solution to every customer requirement. The Company's mission is to be recognised as leading its industry in service and innovation through engineering and business excellence.

A significant amount of the Company's revenue is generated through repeat business year on year, which the Company maintains through strong working relationships with its customers, offering innovative solutions with its highly skilled engineering teams and effective responses to the everchanging environments in which they work. Regardless of business sector, J C A Engineering Ltd's customers share a similar set of core values and demand high quality standards from their service partners.

The Company has seen an uptake in delivery of services across all of the operating divisions with the securing of new customers and maintaining of existing customer frameworks through renewal processes.

The Company has continued to deliver high quality engineering led services, through the projects divisions, with a particular focus in the data centre and critical infrastructure industry sectors. Demand for data centre construction has remained strong and continues to be influenced by strong demand from established investment strategies across a broad range of data centre operators, end users and corporate entities. The impact of enabling AI technology within the data centre industry is well documented and has impacted live projects across the sector due to a review of engineering and technical requirements. This has in turn caused delays in pipeline opportunities converting and also affected projects under construction, with significant changes to data centre design requirements being considered retrospectively in light of changing end use requirements. The impact of design reviews in relation to live projects has meant that revenue streams have been re-forecast, taking into account revised design and construction programmes, resulting in previously forecasted revenues moving into forecasts for the next financial year.

Fixed term hard services maintenance contracts have been secured or retained resulting in increased long-term revenues from which further additional works have been secured. Contracts secured have been of increased values compared to previous years and with longer fixed terms.

The demand for design related services has been strong, both in supporting the Technical Services division of the Group with design and build projects, and with the delivery of fee-based services directly to end users in the private and public sectors. Design services continue to utilise the latest technologies relating to Building Information Modelling and with an emphasis on collaborative working practices.

The results for the comparative period ended 31 March 2024 and the statement of financial position at that date constitute a lengthened accounting period of 15 months.

As shown in the income statement on page 19, the Company's revenue was £104,022,000 (15 month period ended 31 March 2024: £136,650,000) and the profit before tax for the year was £6,215,000 (15 month period ended 31 March 2024: £9,709,000). The performance in the year is a result of new contract wins and contract variations for projects and maintenance services, offset by a decrease in revenue of a major project as it progresses to practical completion. Gross profit margin was 13.3% (15 month period ended 31 March 2024: 17.5%) with the reduction due to the current portfolio mix and increase in operational headcount and staff costs. This was partially offset by a reduction in administration expenses due to decreases in administration headcount.

The financial position of the Company is strong with net current assets of £27,950,000 (2024: £21,973,000) and net assets of £26,719,000 (2024: £22,141,000). The movement in cash increased from £144,000 to £1,617,000 due to the timing of cash receipts, as cash is held centrally by the Group, shown on the statement of financial position within amounts owed by Group undertakings. The combined balance of cash held at bank and the intercompany loan balance with another Group company was £31,287,000 (2024: £25,144,000). Working capital management is a key focus of the Company, and through the control of trade receivables and being cash positive over the life of a contract, the statement of financial position and cash liquidity remain strong as at 31 March 2025.

Strategic report (continued)

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work or descopng of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a customer base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- portfolio mix of short and long-term contracts blended with fixed-term projects;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- utilising contract mechanisms to recharge cost increases; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Strategic report (continued)

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, securing multiple high profile engineering projects and maintenance services with new and existing customers.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- bid approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- local senior management team and divisional contract directors with a focus on developing pipeline across all major sectors;
- improved customer relationship management capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- review of all contracts to ensure learnings are identified and applied to future bids;
- sales and pipeline management information to track and measure growth, wins and losses;
- win/loss debriefing process to take learnings for future bidding activities;
- focus on high-margin opportunities with growth potential; and
- development of new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist business function teams;
- maintained and updated crisis and business continuity plans for key activities across operations;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- regular testing of crisis management and business continuity scenarios;
- insurance cover in place to cover business interruption;
- themes and root causes monitored from the results of audits to target specific actions;
- continued alignment with Cyber Essentials Plus requirements, and ISO 27001 certified Information Security Management System in place;
- dedicated information security team and data privacy officers in place;
- crisis management and business continuity testing focused on cyber-attacks, a series of exercises aimed at ensuring that downtime is minimised and customer trust is maintained;
- regular communications to employees to highlight IT risks and expected behaviours; and
- cyber security training.

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts;
- insurance cover in place to cover property damage and business interruption;
- employee volunteering programme; and
- active apprenticeship scheme, training colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- Objectives, Goals, Strategies and Plans on customer facing technology in the course of finalisation;
- Mitie Responsible and Ethical Use of Artificial Intelligence Policy; and
- Learning and development programme.

Reputational damage

The Group's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Group's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, customer relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- weekly local director meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders; and
- designated Corporate Affairs and Legal support.

Strategic report (continued)

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including supplier performance management;
- dedicated procurement and commercial teams;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into business;
- defined service key performance indicators;
- dedicated risk management and assurance procedures to ensure internal controls are operating effectively;
- supplier surveillance and risk checks (including insolvency risk) as well as invoice processing; and
- procurement and supply chain insights.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing procedure available to all employees to report any concerns;
- policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Company's and the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Company and Group functions, including Company Secretariat, Legal, and HSE;
- financial governance and controls in place; and
- commercial governance and controls in place.

Strategic report (continued)

Health, Safety and Environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to people, the natural and built environments, the public realm, or consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been excellent with one instance of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) events in the year and a Lost-Time Incident Frequency Rate (LTIFR) of 0.41. The Company has also been awarded the RoSPA Gold Award for the eighth year in a row.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, with engagement and training for staff;
- regular training and communication delivered throughout the Company, in accordance with the HSE principles;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted and reviewed at local senior management and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- engagement and communication with employees, customers and other stakeholders focusing on industry insights, trends and changes to legislation; and
- continuous review of all operations, policy, safe systems of work, and ensuring that all employees have access to training and are vetted, accessed and certified to be competent in relation to their roles and responsibilities in relation to managing safety.

Strategic report (continued)

People risks

Employees

The Company's performance could be impacted by an inability to recruit, retain and reward suitably talented employees, as well as failure to implement appropriate development plans and simple consistent processes throughout the Company. This could result in employees being disengaged and negatively impact the Company's operational and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group from which the Company utilises to mitigate such risks. These include but are not limited to:

- consistent HR resourcing systems and processes;
- online training and development, with access to online learning for all colleagues;
- management and administration of temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management policies;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from Group and Company leadership team;
- specific plans developed to address results of employee survey;
- employee feedback surveys; and
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance - Engagement with local communities
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Workforce stability, reward, and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement and risk management

Note:

1. A portion of the Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

On 3 September 2023, the Group completed the acquisition of the entire issued share capital of JCA Head Co Limited, the previous parent of the Company.

Post-acquisition integration activities were undertaken during the course of this financial year, with particular focus on migration of core functional systems, such as the HR system, risk management system and intercompany reporting requirements. The Directors have focused on ensuring that detailed and appropriate business impact analysis was conducted diligently and with the objective of ensuring the mitigation measures could be implemented to reduce or eradicate any impact to functional or operational business operations, employees and other key stakeholders. Integration activities were also completed with the objective of aligning governance and controls and establishing key performance metrics.

Having regard to the interests of employees

The Company has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic priorities. To ensure effective communication, multiple mechanisms were utilised, including employee surveys. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The post-acquisition integration activities have ensured that Group policies were integrated into management of the Company's supplier base, whilst ensuring no adverse impact to operations in relation to supplier management and performance. The senior management team remain focused on ensuring responsible procurement and building relationships that support both operational needs and the Group's broader sustainability goals.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important. The senior management team are committed to ensuring that customers continue to receive the high standard of service expected, with a focus on addressing immediate concerns and adapting service models where necessary.

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. One of the Company's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Strategic report (continued)

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, customers, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework in accordance with the policies set out by Group. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed. The Directors ensure that decisions are made with the Group's best interests in mind, while also considering the potential impact on all stakeholders involved.

Subsequent events

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

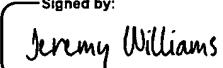
Future developments

Pipeline continues to be strong with weighted opportunities supporting the growth forecast in the next financial year. Total opportunities of which there is visibility of is in excess of £420m, from which a weighted opportunity forecast based on confidence is assigned for each opportunity.

With continued investment in key account business development initiatives and continuation of customer service focus the Company is confident of maintaining and building quality pipeline for the medium to long term future of the business.

Approved by the Board on 21 July 2025 and signed on its behalf by:

Signed by:


Jeremy Williams

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J M Williams
Director

Strategic report

Mitie Aviation Security Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of aviation and transport security services. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 17, the Company's revenue was £53,367,000 (2024: £38,672,000) and the profit for the year was £2,041,000 (2024: £1,193,000).

The Company had a strong performance during the year, with revenue growth of 38% reflecting a key win with a new airline client along with growth within the Company's airport portfolio and strong pricing pass through for inflation and change of law. Profit for the year growth of over 71% reflects revenue growth and the Company's continued margin enhancement initiatives.

As shown in the statement of financial position on page 19, the Company's net assets decreased from £11,045,000 to £10,704,000 as at 31 March 2025. This was primarily due to £2,500,000 of dividend payments to shareholders (2024: £nil) offset by the £2,041,000 profit for the financial year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a high-profile contract win.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 – FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group's purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

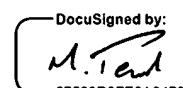
Subsequent events

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

Future developments

The Directors expect the general level of activity to remain stable in the forthcoming year. This is a result of a reduction in the Company's airport portfolio offset by pricing and contract growth.

Approved by the Board on 24 July 2025 and signed on its behalf by:

DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie Care and Custody Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide outsourced custody services to HM Government, including immigration services for the Home Office and managing HMP Millslike prison for the Ministry of Justice. Services are also provided to police forces, including custody detention services and forensic medical services. There have not been any significant changes in the Company's principal activities in the year under review.

On 1 April 2024, the Company acquired the trade and net assets of Care & Custody (Health) Limited, a fellow Group company (Note 16).

As shown in the income statement on page 19, the Company's revenue was £300,111,000 (2024: £224,747,000) and the profit for the year was £9,614,000 (2024: £9,783,000). The increase in revenue was driven by new contract wins in the Justice and Health sectors, as well as changes to or extensions of existing contracts within the Immigration sector. The reduction in operating profit for the year was driven by mobilisation costs incurred for HMP Millslike, which more than offset underlying profit growth driven by the increase in revenue.

As shown in the statement of financial position on page 21, the Company's net assets decreased by £6,037,000 during the financial year, primarily due to £16,000,000 of dividend payments to shareholders (2024: £nil), offset by the profit for the year of £9,614,000. Deferred income increased by £17,727,000, primarily driven by the timing of amounts invoiced and received for the mobilisation of HMP Millslike and the recognition of revenue for the current financial year, as the deferred income will be recognised over the life of the contract. Other changes mainly associated with the HMP Millslike contract related to increases in trade and other receivables, property, plant and equipment, and trade and other payables.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, several high-profile contract wins and renewals, such as the HMP Millslike, the first green prison in the UK, as well as custodial contract wins for West Midlands Police and West Mercia Police.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

The Company's participation in politically sensitive activities, such as the provision of immigration removal services, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee ("MGX") meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Prison management

A failure to effectively manage the risks associated with the provision of prison management services could compromise the safety and wellbeing of the Company's colleagues and the individuals under the Company's care, as well as adversely impacting future opportunities to expand in this sector. This could negatively impact the Company's financial, operational and legal positions, putting the Company's growth, stability and reputation at risk.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly MGX meetings;
- stringent governance controls, including the Independent Prison and Immigration Review Board and oversight from the Risk Committee, with regular reporting to the Group's Audit Committee and the Group's board;
- designated subject matter experts and industry leaders appointed;
- a comprehensive HSE strategy in place and under continual review for effectiveness;
- fully integrated incident management recording, monitoring and reporting system;
- insurance cover in place. Regular testing of crisis management and business continuity, including MGX-led simulations;
- risk-based audit programme embedded;
- designated Corporate Affairs and Legal support;
- proactive engagement with key external stakeholders; and
- daily media alerts.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Employees

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented employees and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. A portion of the Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

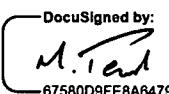
Subsequent events

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

Future developments

The Directors anticipate an increase in the overall level of activity in the next financial year. The Company secured its first prison contract during the current financial year and there is a strong pipeline within the Justice sector. The Government's commitment to an outsourcing agenda supports the current pipeline as well as additional central government initiatives.

Approved by the Board on 21 July 2025 and signed on its behalf by:

DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie Cleaning & Environmental Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company continued to be one of the largest cleaning providers in the country, offering the widest capability of self-delivered cleaning services in the United Kingdom. The Company's broad range of customers and vast geographic footprint ensures that it is able to deliver a quality-driven, customer-centric cleaning solution, whether for single sites or national portfolios. The Company has relationships with the top equipment manufacturers and material providers, ensuring that it employs the very latest innovations and delivers the best possible value to its customers. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £418,168,000 (2024: £405,000,000) and the profit for the year was £12,925,000 (2024: £18,129,000).

Despite three key contract losses and a transfer of one contract to another Group company, the Company still delivered modest revenue growth of 3% driven by a material new win in the healthcare sector which started mid-year and a key upsell in the retail sector. However, despite this revenue growth, net profit has reduced due to the higher margin Covid services completing in the previous financial year, and was reflected in the statement of financial position principally by a reduction in amounts owed by Group undertakings.

As shown in the statement of financial position, the Company's net assets decreased from £42,564,000 to £33,276,000 as at 31 March 2025. This was primarily due to £23,500,000 of dividend payments to shareholders offset by the £12,925,000 profit for the financial year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to high-profile contract wins.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company’s transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company’s business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company’s reputation. The Group’s Task Force on Climate-related Financial Disclosures (“TCFD”) are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with a number of high-profile contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

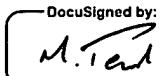
Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is a result of anticipated growth in the key sectors of Retail, Central Government, Financial and Professional services and Transport and Logistics, all of which have a strong new business pipeline and a robust retention strategy. Looking ahead, the Company is confident in its ability to contractually recover or mitigate through new margin enhancement initiatives the increase in employer's national insurance contributions.

Approved by the Board on 25 July 2025 and signed on its behalf by:

DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie (Defence) Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of a broad range of integrated support services that build on the Company's experience in the lifecycle management and maintenance of operationally critical defence infrastructure. As a trusted partner, the Company delivers services in both United Kingdom and overseas infrastructure directly to the Ministry of Defence and provides the support that enables the military to focus their resources on delivering core services. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 20, the Company's revenue was £257,386,000 (2024: £230,371,000), generating profit for the year of £35,391,000 (2024: £24,662,000). The increase in gross margin reflects a full year's trading for a contract which commenced in the prior year incurring the associated mobilisation costs in that year, together with the agreement of some other contractual revenue and cost discussions in the year. Administrative expenses have also decreased to £8,770,000 (2024: £12,581,000) reflecting restructuring and cost saving initiatives.

The Company's net asset position has decreased by £3,997,000 to £182,306,000 (2024: £186,303,000). This reflected £40,000,000 of dividend payments to shareholders (2024: £nil), offset by the profit for the financial year of £35,391,000.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's Technical Services' division is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to contract wins in other European countries and the delivery of cost saving initiatives which has led to improved performance.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Growth through acquisitions

An important part of the Group's growth is generated through acquisitions. Market conditions might mean the ability to secure such opportunities for future growth which are favourable to the Company and the Group, in respect of price and terms and conditions, may not always be available.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- central acquisition function reporting into Group Legal;
- standardised governance framework, including risk management;
- ongoing review of market conditions and value for stakeholders;
- rigorous due diligence and risk management processes; and
- financial governance and controls.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit, which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been trending in a positive manner over the last 12 months, seeing particular progress in the leading indicators which is testament to the Company's HSE culture.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

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The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

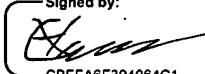
Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of potential opportunities arising given the current geo-political environment and the recent government commitment to increase defence spending.

Approved by the Board on 25 July 2025 and signed on its behalf by:

Signed by:

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E E Xavier
Director

Strategic report

Mitie FM Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of facilities management services to a range of clients in the public and private sector. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18 the Company's revenue was £1,104,632,000 (2024: £1,036,339,000) and the profit for the year was £47,866,000 (2024: £39,715,000). The Company had a good performance during the financial year, with revenue growth of 6.6% reflecting new key wins in the Healthcare and Education sectors, as well as an increase in the demand for project works across our Healthcare and Education sites. In addition, the service delivery for a certain contract has transitioned from a fellow subsidiary company to the Company for the year ended 31 March 2025. The Company's revenue performance has flowed into gross profit with a 6.6% improvement year on year.

As shown in the statement of financial position, the Company's net assets increased from £105,842,000 to £122,749,000 as at 31 March 2025. This was mainly due to the £47,866,000 profit for the financial year offset by £36,000,000 of dividend payments to shareholders.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a number of high profile wins in our key sectors.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures (“TCFD”) are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Strategic report (continued)

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

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Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

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Strategic report (continued)

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

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The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

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The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 25 July 2025 and signed on its behalf by:

DocuSigned by:

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J M Towse
Director

Strategic report

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The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of facilities management services to a range of clients in the public and private sector. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £82,422,000 (2024: £71,183,000) and the profit for the year was £14,882,000 (2024: £4,120,000). The Company had a strong performance during the financial year, with revenue growth of 16% reflecting the key retender and upsell in the shopping centre sector. The Company's revenue performance has flowed into gross profit with a 13% improvement year on year.

As shown in the statement of financial position, the Company's net assets have remained broadly stable from the previous year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a high profile win in the key shopping centre sector.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company’s transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company’s business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company’s reputation. The Group’s Task Force on Climate-related Financial Disclosures (“TCFD”) are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 24 July 2025 and signed on its behalf by:

DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie Landscapes Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide exterior landscapes, interior tropical plant installation and winter maintenance services. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £76,491,000 (2024: £64,118,000) and the profit for the year was £5,747,000 (2024: £5,971,000). The Company had a strong performance in the year, with revenue growth of 19% reflecting new key wins, favourable weather conditions and strong pricing pass-through for inflation and change of law. Profit before tax increased by 2.9% which has been impacted by margin dilution due to mobilisation costs and the complex operational delivery on recent new wins.

As shown in the statement of financial position, the Company's net assets decreased from £52,078,000 to £42,515,000 as at 31 March 2025. This was primarily due to £15,500,000 of dividend payments to shareholders (2024: £nil) offset by the £5,747,000 profit for the financial year, and was reflected in the statement of financial position principally by a reduction in amounts owed by Group undertakings.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a number of material contract wins and two Green Apple Awards for services provided to both a Government and pharmaceutical client.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

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- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Strategic report (continued)

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year with a strong pipeline being managed. The Company has expectations for continued organic growth within the market across exterior landscapes, interior tropical plant installation and winter maintenance services along with extending its ecology offering to existing and standalone customers.

Approved by the Board on 24 July 2025 and signed on its behalf by:

DocuSigned by:

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T W Howell
Director

Strategic report

Mitie Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company continued to be the management and provision of business support services. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 19, the Company's revenue was £774,530,000 (2024: £840,572,000) and the profit for the year was £136,730,000 (2024: £121,992,000). Revenue has decreased due to the loss of two large, low margin contracts together with a reduction in project work; overall, margin has been improved on the continuing contract base. A reduction in administrative expenses together with a 7% increase in dividends from subsidiaries has also helped improve the overall profit for the year.

The Company's net asset position has increased by £10,760,000 to £470,624,000 (2024: £459,864,000, as restated). This is mainly reflective of the increased investment in subsidiaries following two acquisitions in the year to £384,252,000 (2024: £329,104,000), offset by lower trade receivables driven by the lower revenue and the timing of cash receipts around the year end which has further reduced trade receivables and increased deferred income where advanced cash receipts have been received for work yet to be performed in the current financial year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to securing contract extensions with main clients and delivering cost savings through various initiatives.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company’s transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company’s business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company’s reputation. The Group’s Task Force on Climate-related Financial Disclosures (“TCFD”) are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Growth through acquisitions

An important part of the Group's growth is generated through acquisitions. Market conditions might mean the ability to secure such opportunities for future growth which are favourable to the Company and the Group, in respect of price and terms and conditions, may not always be available.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- central acquisition function reporting into Group Legal;
- standardised governance framework, including risk management;
- ongoing review of market conditions and value for stakeholders;
- rigorous due diligence and risk management processes; and
- financial governance and controls.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage; poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been trending in a positive manner over the last 12 months, seeing particular progress in the leading indicators which is testament to the Company's HSE culture.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Employees

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented employees and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. During the year, the Company also completed two strategic acquisitions aligned with the Three-Year Plan's focus on high-growth, high-margin sectors. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 25 July 2025 and signed on its behalf by:

Signed by:

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E E Xavier
Director

Strategic report

Mitie PFI Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide facilities management services to public and private sector outsourced projects under Private Finance Initiatives ("PFI") pertaining to 32 individual contracts servicing 96 schools, 6 health centres and 2 leisure centres. The majority of contracts range in term from 25 years to 34 years in duration, currently in varying stages of maturity between year 14 and year 26.

These contracts relate to the delivery of services including cleaning, catering, janitorial, pest, waste, grounds, building fabric, mechanical and electrical services and utilities management. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 17, the Company's revenue was £132,636,000 (2024: £128,120,000) and the profit for the year was £14,499,000 (2024: £18,483,000). Revenue increased year on year due to contractual inflationary uplifts. Costs increased at a higher rate than revenue driving a small reduction to the margin year on year. Net assets reduced by £19,775,000 as a result of dividends paid to shareholders offset by the profit for the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company’s long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence (“AI”) developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

The Company works in sensitive areas where there are children and vulnerable people. This can potentially draw media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A, of which project upsell is relevant to the Company. During the current financial year, progress has been made, with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose, which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 21 July 2025 and signed on its behalf by:

Signed by:

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E E Xavier
Director

Strategic report

Mitie Property Services (UK) Limited (the "Company") is a subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is property maintenance and refurbishment, painting, fire protection, and decorating and new-house-fit-out services to domestic, commercial, industrial and public sectors throughout the United Kingdom. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 17, the Company's revenue was £44,731,000 (2024: £51,001,000) and the loss for the year was £1,478,000 (2024: £3,496,000 profit).

The year-on-year revenue decline was driven by challenging market conditions, including delays in certain projects coupled with the Company's loss of a key contract further affected the pipeline of new projects. Increased costs associated with upgrading the existing fleet contributed to lower gross profit margins and higher administrative expenses. However, these cost pressures were partially mitigated through team restructuring and the realignment of regional reporting lines.

The underlying core business continues to remain profitable. The reported loss during the financial year was primarily attributable to liabilities associated with legacy pension servicing costs and intercompany loan interest.

The Company's net liabilities increased by £1,262,000 mainly due to the loss in the financial year and was reflected in the statement of financial position mainly through increases in amounts owed to Group undertakings offset by a reduction in provisions, due to the crystallisation of the timing of legacy pension servicing costs previously provided for and financed through intercompany loans.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to a new framework agreement with A2Dominion Group.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

Any inaccuracies in the external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company which could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with multiple contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

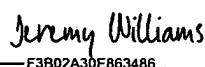
There have been no material events since the statement of financial position date that require adjustment or disclosure.

Future developments

The Directors anticipate an increase in overall business activity in the forthcoming year as a result of continued investment in the workforce and technology aimed at driving efficiency and growth. While external risks remain, such as geopolitical instability influencing fuel and material costs, evolving economic conditions, and the potential impact of new legislation, the Directors are confident that the Company is well-positioned to navigate these challenges. The Company's robust operational foundation, proactive investment strategy, and adaptable business model provide a solid platform for continued performance and resilience in the face of external uncertainties.

Approved by the Board on 25 July 2025 and signed on its behalf by:

Signed by:


Jeremy Williams
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J M Williams
Director

Strategic report

Mitie Security Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is security and intelligence led services, offering integrated, risk-based security solutions to fit clients' needs, such as guarding, fire and security systems, front of house, vetting and intelligence services. The Company's focus on intelligence, technology and people ensures effective and efficient use of resources. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £842,247,000 (2024: £713,368,000) and the profit for the year was £23,199,000 (2024: £18,906,000).

The Company has delivered strong performance during the year, with revenue growth of 18% reflecting new wins, the provision of 'surge response' security services and strong pricing pass through to customers of increased costs due to inflation and change of law. Net profit growth of over 22% reflects revenue growth and the Company's continued margin enhancement initiatives. The service delivery for a certain contract has transitioned to a fellow subsidiary company for the year ended 31 March 2025.

As shown in the statement of financial position, the Company's net assets decreased from £87,384,000 to £66,355,000 as at 31 March 2025. This was primarily due to £47,500,000 of dividend payments to shareholders offset by the £23,199,000 profit for the financial year.

On 1 April 2024 the Company acquired the businesses of Mitie Security (First) Limited, Mitie Security (Knightsbridge) Limited, Source Eight Limited and Global Aware International Ltd by a transfer of their trade and net assets (Note 20).

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, a large number of high-profile contract wins.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Growth through acquisitions

An important part of the Group's growth is generated through acquisitions. Market conditions might mean the ability to secure such opportunities for future growth which are favourable to the Company and the Group, in respect of price and terms and conditions, may not always be available.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- central acquisition function reporting into Group Legal;
- standardised governance framework, including risk management;
- ongoing review of market conditions and value for stakeholders;
- rigorous due diligence and risk management processes; and
- financial governance and controls.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Strategic report (continued)

Regulatory risks (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 – FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions. - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Strategic report (continued)

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is a result of anticipated growth in the key sectors of Retail, Central Government, Financial and Professional services and Transport and Logistics, all of which have a strong new business pipeline and a robust retention strategy. Looking ahead, the Company is confident in its ability to contractually recover or mitigate through new margin enhancement initiatives the increase in employer's national insurance contributions.

Approved by the Board on 24 July 2025 and signed on its behalf by:

DocuSigned by:

Jason Towse
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J M Towse
Director

Strategic report

Mitie Shared Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide back-office support services to companies within the Group, including managing and recharging property overheads and fleet costs, and providing services such as accounts payable, employee services and information systems. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £107,948,000 (2024: £105,627,000) and the loss for the year was £19,760,000 (2024: £21,665,000). The Company has seen a slight increase in the volume of transactional support services it has provided during the year, resulting in a marginal increase in revenues. The loss for the year was reduced slightly, predominately due to a reduction in staff costs and restructuring costs, offset by an increase in finance costs as well as a reduction in tax credits received from HMRC.

The net liabilities of the Company were £146,539,000 (2024: £127,246,000). This increase was due to the loss in the financial year and was reflected in the statement of financial position mainly by increased net amounts owed to Group undertakings.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and page 46, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Company to mitigate such risks. These include but are not limited to:

- continual development of new and innovative solutions;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain;
- using technology and artificial intelligence to increase productivity and deploy resources more efficiently;
- the continued outsourcing of certain finance functions;
- the continued consolidation of the Group's core systems and processes; and
- leveraging buying power to help mitigate the increase in the cost of goods and services.

As the Company's financial performance is dependent on the trading operations of certain of its fellow subsidiary companies, controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme; and
- utilising contract mechanisms to recharge cost increases.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Group's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Strategic report (continued)

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance. During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Shareholders	- Regular senior leadership meetings	- Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	- The Mitie Foundation programmes - Local community events - Employee ¹ volunteering	- Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	- All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director Jennifer Duvalier	- Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	- Global supplier portal	- Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with enhanced business development capabilities driven by continual development of new and innovative solutions leveraging technology and artificial intelligence. The Group's board continues to monitor delivery closely, receiving regular updates on various matters.

Strategic report (continued)

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Strategic report (continued)

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

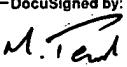
Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is due to further expected increases in the volume of transactional support services required by other Group companies.

Approved by the Board on 28 July 2025 and signed on its behalf by:

— DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie Technical Facilities Management Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the delivery of a range of technical and energy services: energy management; mechanical and electrical engineering maintenance; national mobile services; specialist technical services; lighting projects; lighting maintenance; building management and control systems. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 19, the Company's revenue was £851,228,000 (2024: £821,392,000) and the loss for the year was £9,925,000 (2024: £423,000 profit). The loss for the financial year was predominantly due to costs of £7,702,000 (2024: £5,278,000), which have been classified as Other items in the income statement. Included within Other items are charges of £5,367,000 (2024: £1,547,000) with respect to investment impairments in certain subsidiaries in the Telecoms business (Note 12). In addition, losses on a certain contract also contributed to the losses for the financial year, where an onerous contract provision of £1,687,000 (2024: £nil) was held on the statement of financial position as at 31 March 2025 (Note 18). These losses also contributed to the reduction in net assets from £33,509,000 to £26,400,000 as at 31 March 2025.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to securing contract extensions with main clients and delivering cost savings through various initiatives.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Strategic report (continued)

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit, which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Business transformation

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been trending in a positive manner over the last 12 months, seeing particular progress in the leading indicators which is testament to the Company's HSE culture.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year, with an improvement in the general level of profitability.

Approved by the Board on 25 July 2025 and signed on its behalf by:

Signed by:

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Director

Strategic report

Mitie Telecoms Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of acquisition, design, build and rental services to major telecoms network operators. The provision of services is both by direct delivery and management of sub-contractor base. There have not been any significant changes in the Company's principal activity in the year under review.

As shown in the income statement on page 17, the Company's revenue was £34,879,000 (2024: £36,458,000) and the loss for the year was £8,005,000 (2024: £10,705,000). During the year the Company exited certain loss-making contracts with commercially adverse terms, contributing to both the reduction in revenue and the reduction in losses incurred during the financial year. Restructuring of the business helped to achieve a leaner, more effective organisation and this also contributed towards the reduced loss.

Net liabilities of the Company have increased by £7,939,000 from the previous year, reflecting the loss for the financial year. This was represented in the statement of the financial position primarily by the reduction in trade and other receivables of £6,674,000, which was due to a lower level of customer invoicing and improved cash collections of trade receivables and other receivables, in addition to the settlement of amounts owed by Group undertakings.

On 1 April 2024 the Company acquired the businesses of Mitie Telecoms Ventures Limited and Mitie Telecoms Assets Limited, by a transfer of their trade and net assets (Note 15).

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation. This is a particular concern in the Telecoms infrastructure market that is dominated by a limited number of Mobile Network Operators.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids—Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance either stable or improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to decrease in the forthcoming year due to the more competitive market environment also linked to market uncertainty following the completion of the Vodafone Three merger. This is expected to be temporary with a resurgence in activity in following financial year. There is a longer term commitment by certain Mobile Network Operators to invest in the UK Telecoms infrastructure and improve 5G coverage, which the Company hopes to take advantage of. Continued overhead reduction and operational efficiencies will also improve profitability.

Approved by the Board on 12 December 2025 and signed on its behalf by:

Signed by:


Jeremy Williams

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J M Williams

Director

Strategic report

Mitie Treasury Management Limited (the "Company") is a direct subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is to raise external debt finance for Mitie Group plc and act as a holding company for the Group's subsidiaries. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 12, the Company's profit for the year was £208,021,000 (2024: £36,902,000). The year on year increase was predominantly due to higher dividends received from its subsidiaries (£96,778,000) and no capital contribution charges (2024: £84,160,000), offset by impairment charges (£4,128,000) and higher net finance costs (£7,724,000).

In December 2024, the Company issued £60m of US Private Placement notes to replace the £30m of notes that matured in the same month. The new notes were issued at a coupon rate of 5.71% and mature in December 2031. During the financial year, the Company also exercised its one-year extension option on the £250m revolving credit facility, such that the facility now matures in October 2028.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31, 46 to 47 and 49, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Group's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of suppliers' trust, financial setbacks and long-term challenges to the Company's stability, delivery, growth and ability to raise financing at the most economic interest rates.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

The Company depends on significant counterparties, including banks, insurers and private placement note providers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

Strategic report (continued)

Funding

The Group's ability to maintain profitable business performance may be impacted by an inability of the Company to maintain access to and renew suitable sources of funding, due to a perceived risk in the Group's business and/or the sector. Furthermore, an over-extension of the Group's leverage could result in diminished cash flow, restricted growth opportunities, and compromised financial stability.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- maintenance of strong banking, debt and equity relationships;
- regular forecasting of cash flow and net debt;
- thorough focus on working capital cycles with a clear set of KPIs;
- clear policy on provisions;
- strong focus on, and monitoring of, cash collection;
- regular reviews of payment terms with customers and supply chain;
- focus on working capital processes to reduce cycle times and average daily net debt;
- resources allocated to drive cash performance and predictability; and
- regular review of capital allocation policy to ensure plans are affordable and the Group remains within the required covenant and rating agency parameters.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and Health, Safety and Environment ("HSE") expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Financial risk management

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

The Directors have reviewed the financial risk management objectives and policies of the Company. The Group's Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Group policies and reviewed regularly. Group policy is not to trade in financial instruments. The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Banks and noteholders	<ul style="list-style-type: none"> - Regular and ad-hoc meetings and calls - Results presentations, roadshows and stock exchange announcements 	<ul style="list-style-type: none"> - Financial performance - Governance and transparency
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events 	<ul style="list-style-type: none"> - Social value - ESG performance

Consequences of any decision in the long-term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A, of which targeted infill M&A is relevant to the Company. During the year, the Group completed three strategic acquisitions aligned with the Three-Year Plan's focus on high-growth, high-margin sectors. The Group's board continues to monitor delivery closely, receiving regular updates on various matters including new business development and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

The Group's board have overseen its development to ensure alignment with the Group's strategic objectives and stakeholder priorities. This initiative reinforced the Group's long-standing commitment to social value.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

Subsequent events have been disclosed in Note 17 to the financial statements.

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This is as a result of the pending acquisition of Marlowe Plc announced in June 2025, as disclosed in Note 17.

Approved by the Board on 28 July 2025 and signed on its behalf by:

DocuSigned by:

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M R Peacock
Director

Strategic report

Mitie Waste & Environmental Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is innovative commercial waste and resource management working with a vast number of clients in every industry, delivering the broadest range of waste and resource service that can be found in one place, from multi-site waste management to hazardous waste, food waste rollout, recycling implementation and corporate sustainability projects. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £83,926,000 (2024: £76,794,000) and the profit for the year was £5,764,000 (2024: £7,344,000).

The Company saw continued revenue growth this financial year with an increase of 9% (2024: 2%), driven by inflationary increases, new client wins and some increased activity at client sites. Gross profits decreased by 5% in the year however, as a result of inflationary pressures on costs in excess of what was passed through to customers and a mix of slightly lower margin contracts. This reduction in gross profit has resulted in profit for the year decreasing by 21.5%, as administrative expenses and finance income have remained broadly stable.

Net assets have reduced by £6,944,000 during the financial year, reflected principally in the reduction of amounts owed by Group undertakings.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, the extension of key long standing customer relationships, along with recognition of the Company's strong health and safety performance which attracted national award recognition.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Climate change and social impact

The Company’s transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company’s business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company’s reputation. The Group’s Task Force on Climate-related Financial Disclosures (“TCFD”) are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Strategic report (continued)

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' trading approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the digital supplier platform;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- digital supplier platform facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance - ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering - Actively engaged in internationally recognised environmental and sustainability award programmes 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates, as well as a monthly company-wide team talk call - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal - Dedicated Waste procurement team 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1.The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. There is already a significant pipeline of new work and positive bid activity, as well as new opportunities in the market to promote more sustainable waste and water management practices.

Approved by the Board on 24 July 2025 and signed on its behalf by:

DocuSigned by:


Michael Taylor
SAADCFB9F10147C...

M Taylor
Director

Strategic report

Mitie Catering Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of catering services to both public and private sector clients through its key 'Autograph' brand. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 18, the Company's revenue was £4,236,000 (2024: £5,270,000 as restated) and the loss for the year was £458,000 (2024: £93,000 as restated). During the financial year, one of the contracts naturally concluded and was not renewed, leading to a reduction in revenue. However, cost control measures resulted in improved gross profit margin before Other items for the year. The Company formally exited certain Local Government Pension Schemes, resulting in a £521,000 contract settlement charge to reverse the gross pension surplus, which was recognised within Other items. An asset ceiling had been applied and therefore no net surplus was recognised on the statement of financial position. The reversal of the asset ceiling has been credited to other comprehensive income.

The Company's net assets have remained stable. Changes in working capital were related to the timing of invoicing and payments at the end of the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Bid Committee approval for complex bids;
- robust risk assessment of bids – Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- sales development programme;
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Strategic report (continued)

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 16th December 2025 and signed on its behalf by:

Signed by:

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E E Xavier
Director

Strategic report

Mitie Integrated Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of support services to industrial, commercial and public sectors. The provision of services is both by direct delivery and management of sub-contractor base. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 17, the Company's revenue was £27,771,000 (2024: £25,364,000) and the profit for the year was £3,893,000 (2024: £3,367,000). Revenue and profit increased year on year due to higher project works volumes in the current financial year.

The Company's net assets have fallen to £33,482,000 (2024: £37,060,000), which principally reflected the profit for the year offset by a £7,500,000 dividend. Changes in working capital were related to the timing of invoicing and payments at the end of the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment;
- utilising contract mechanisms to recharge cost increases;
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

Strategic report (continued)

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- procedural documentation in place;
- Centre of Excellence Bid Team established; and
- ongoing review of the new and innovative service offerings.

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place;
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub;
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers;
- disaster recovery framework embedded and managed;
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board;
- close monitoring of supply chain to ensure continuity of critical supplies;
- internal and external compliance audits;
- certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation;
- regular Mitie Group Executive testing of crisis management and business continuity scenarios;
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts;
- insurance cover in place to cover business interruption;
- agile working framework embedded;
- themes and root causes monitored from the results of audits to target specific actions; and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay).

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025;
- Environment, Social & Governance ("ESG") Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group's social value framework pillars;
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps.

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board;
- dedicated AI risk register;
- AI directory;
- AI Use Case Board;
- Suppliers Infosec mandate; and
- Learning and development programme.

Reputational damage

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- weekly Executive Committee meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into the business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and supply chain insights.

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- specialist legal and HSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR;
- financial governance and controls in place;
- commercial governance and controls in place;
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements; and
- AI governance and controls.

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance improving.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note:

1. The Company's workforce is employed through another Group company.

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made with improved customer engagement and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to: 'Better Places; Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

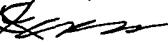
Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 16th December 2025 and signed on its behalf by:

Signed by:

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Director

Strategic report

Mitie Specialist Services (Holdings) Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors") in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is that of a holding company. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 6, the Company's profit for the year was £1,642,000 (2024 £1,377,000 loss). This was attributed to a net £1,642,000 of dividends from subsidiaries during the year.

As shown in the statement of financial position on page 8, the net assets of the Company increased to £5,112,000 (2024 £3,470,000), reflecting the profit for the year, and was represented by an increase in trade and other receivables partially offset by a reduction in the Company's investment in subsidiaries.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and page 46, which does not form part of this report.

Principal risks and uncertainties

The Company did not trade during the year and there are no significant risks or uncertainties.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006.

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Shareholders	- Regular senior leadership meetings	- Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	- The Mitie Foundation programmes	- Social value - ESG performance

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect activity related to its investment in subsidiaries to continue in the forthcoming year.

Approved by the Board on 6th October 2025 and signed on its behalf by

Signed by
kate Heseltine
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K Heseltine Brown
Director

Strategic report

Mitiefm Services Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors") in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of back-office support services to companies within the Group and the holding of investments in a number of Group companies that provide facilities management services to a range of customers. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 13, the Company's revenue was £37,680,000 (2024 £36,094,000) and the profit for the year was £87,502,000 (2024 £9,098,000). The £78,404,000 increase in profit was predominantly driven by the £91,000,000 dividends from subsidiaries in the current financial year.

As shown in the statement of financial position on page 15, the net assets decreased by £3,606,000 to £39,024,000 (2024 £42,630,000), principally reflecting the impact of the profit during the financial year offset by dividends paid to its shareholder. Changes in working capital were related to the timing of invoicing and payments at the end of the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and page 46 which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Reputational damage

Media scrutiny amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. Inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into the business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage

The Company's HSE key performance indicators have been broadly positive with performance stable

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

1 The Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made with improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

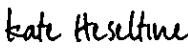
There have been no material events since the statement of financial position date that require adjustment or disclosure.

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 21st October 2025 and signed on its behalf by

Signed by

kate Heseltine

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K Heseltine Brown

Director

Strategic report

RHI Industrials Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors") in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the design, installation, manufacture and servicing of high security, fully integrated perimeter security systems as well as providing earthing and fabrication services. The business is also involved in the hostile vehicle mitigation sector. There have not been any significant changes in the Company's principal activities in the year under review.

The results for the comparative period ended 31 March 2024 and the statement of financial position at that date constitute a lengthened accounting period of 13 months.

As shown in the income statement on page 14, the Company's revenue was £22,605,000 (13 month period ended 31 March 2024 £19,920,000) and the profit for the year was £1,214,000 (13 month period ended 31 March 2024 £518,000). The increase in revenue is reflective of the contractual wins achieved by the Company through the Group's wider network of customers and organic growth through the Company's current and long-standing customers. Administrative expenses were managed and thus remained flat, this is notably through synergies and cost efficiencies which have been achievable through acquisition into the Group, with several functions now being performed centrally. The gross profit margin has fallen as a result of end-of-life margins being lower than anticipated.

Net assets have increased to £5,239,000 (2024 £4,025,000) due to the profit for the year. Noteworthy movements in the financial position of the Company related to corporation tax recoverable and an increase in accrued expenses due to the commencement of a large new project in March 2025, offset by the settlement of certain amounts owed to Group undertakings.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but not limited to

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to a large number of high-profile contract wins and additional work scoped into ongoing contracts.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Strategic report (continued)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Strategic report (continued)

Reputational damage

The Company's participation in politically sensitive activities draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Strategic report (continued)

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage

The Company's HSE key performance indicators have been broadly positive with performance either improving or stable

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

Strategic report (continued)

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ The Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors expect the general level of activity to increase in the forthcoming year. This will be achieved through continued leverage of the customer base served by the wider Group, combined with high-profile contracts wins which are expected to add to the Company's annual revenues. Further synergies are also expected to be realised in the forthcoming year following integration into the Group's Enterprise Resource Planning and Job Scheduling systems and processes.

Approved by the Board on

13th October 2025

and signed on its behalf by

Signed by
Paul Phillips
0250406A28E44CC...
P M Phillips
Director

Strategic report

Rock Power Connections Ltd (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors") in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The Company specialises in the design, installation, and maintenance of high and low voltage electrical infrastructure up to 132kV. Services include Building Network Operator solutions for residential and mixed-use developments, Electronic Vehicle charging infrastructure for ultra-rapid charging hubs, engineering support for Distribution Network Operators ("DNOs") and independent DNOs, as well as utility and topographical surveys in complex, high-risk environments. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the income statement on page 15, the Company's revenue was £40,124,000 (2024 £34,405,000) and the profit for the year was £687,000 (2024 £1,496,000). The year-on-year revenue growth is primarily driven by the Company's entry into the design and build Major Projects sector. Notably, the current financial year included the successful delivery of a £3,000,000 project at the University of Strathclyde, alongside the commencement of further major projects for customers such as Octopus and Roadchef. Cost of sales increased broadly in line with revenue, with gross margin slightly reduced due to investment in enhanced operational management. Administrative expenses rose in line with the expansion of the operational workforce and further investment in Business Development and Tendering functions, supporting the Company's long-term growth strategy.

Net assets for the Company increased by £731,000 to £1,812,000, principally due to the profit for the year. Significant changes in the Company's working capital from the prior year reflected the timing of invoicing and payments at the end of the year and the increased level of trading operations given the commencement of certain major projects.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

This year has marked several significant achievements for the Company, including the successful delivery of the Company's first major project, a 132kV installation at the University of Strathclyde to support the development of its new innovation hub and the award of the electrical infrastructure contract for Octopus Energy's Dragon's Lane Battery Storage project.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Strategic report (continued)

Business resilience

The Company's performance may be affected if it is unable to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, potentially resulting in significant business interruption. The effect on Group employees who work for the Company, customers and the supply chain could result in severe consequences for the financial health and reputation of the Company's business.

During the year, the Company's commitment to ensuring its organisational resilience and viability has continued. The threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing. During the year, the Company has taken additional steps to ensure its ability to respond to disruptive events is not hindered by a failure to plan.

The Company remains committed to enhancing its planning and response capability to minimise the impact from any significant business interruption and improve the speed of recoverability. The Company recognises that as the business grows, the risks associated with a sustained period of downtime increase.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- key policies and associated operating procedures in place,
- dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub,
- maintained and updated crisis and business continuity plans for key activities across all Group operations, including key service providers,
- disaster recovery framework embedded and managed,
- stringent governance controls, including oversight from the Risk Committee, with regular reporting to the Group Audit Committee and the Group's board,
- close monitoring of supply chain to ensure continuity of critical supplies,
- internal and external compliance audits,
- certified to ISO 22301 2019 and operating in accordance with ISO 31000 2018, which is subject to annual external validation,
- regular Mitie Group Executive testing of crisis management and business continuity scenarios,
- continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- Critical Engineering and Technical Assurance Programme to help manage high-risk contracts,
- insurance cover in place to cover business interruption,
- agile working framework embedded,
- themes and root causes monitored from the results of audits to target specific actions, and
- DSP supports the efficiency of the Group's supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Reputational damage

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage

The Company's HSE key performance indicators have remained strong, demonstrating consistent improvement in line with business growth

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ The Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with record contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Directors anticipate a continued increase in overall activity, with revenue and profit growth expected in the next financial year and beyond. This growth will be driven by the Company's ongoing delivery and expansion of major project works, alongside the sustained performance of its core operations in the 11kV Independent Connection Provider and Electronic Vehicle markets. The UK's rapidly growing Electronic Vehicle market, supported by government policies and incentives promoting electric vehicle adoption and charging infrastructure, provides significant opportunities for further expansion. The Company is well positioned to leverage its technical expertise and strategic focus to capitalise on these market trends, reinforcing its long-term growth trajectory.

Approved by the Board on

9th October 2025

and signed on its behalf by

Signed by
Jeremy Williams
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J M Williams
Director

Strategic report

Slademain Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group". The Company was acquired by the Group in October 2024.

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is that of an intermediate holding company. There have not been any significant changes in the Company's principal activity in the year under review.

As shown in the income statement on page 7, the Company's profit for the year was £67,000 (2024 £1,337,000). The higher profit in the previous financial year was principally due to £1,200,000 of dividends received from subsidiaries.

Net assets have increased to £2,464,000 (2024 £2,237,000) as shown on page 9. This was reflected in the statement of financial position principally by increased investment in subsidiaries, and increased interest-bearing loans owed by Group undertakings offset by lower cash and cash equivalents held directly by the Company due to the Group's centralised treasury management operations. Movements in the equity of the Company during the year have been disclosed in the notes to the financial statements.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which does not form part of this report.

Principal risks and uncertainties

The Company did not trade during the year and there are no significant risks or uncertainties.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Shareholders	- Regular senior leadership meetings	- Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	- The Mitie Foundation programmes	- Social value - ESG performance
Employees	- All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier	- Reward and recognition - Systems, processes and technology - Equality, diversity, and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook

Strategic report (continued)

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

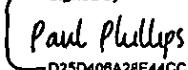
Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 6th November 2025 and signed on its behalf by

Signed by

D25D406A28E44CC

P M Phillips
Director

Strategic report

Utilyx Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Review of the business

The principal activity of the Company is the provision of consultancy services as a leading energy and climate change advisory and transaction management firm. It offers a broad range of services to a diverse client base, including corporations, government agencies, developers, and investors. There were no significant changes to the Company's principal activities during the year under review.

As shown in the income statement on page 13, the Company's revenue was £26,675,000 (2024 £25,561,000) and the profit for the year was £1,516,000 (2024 £596,000). Revenue remained broadly stable, with a modest increase primarily attributable to one-off consulting and project engagements. Whilst cost of sales rose, reflecting heightened market competitiveness, operating profit improved, driven by a reduction in administrative expenses, as the prior year included higher one-off investments.

Net assets increased in the year to £16,368,000 (2024 £14,899,000), primarily reflecting the profit in the year. Significant changes in the statement of financial position related to the investment in new software, with movements in working capital caused by the timing of invoicing and payments at the end of the year.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2025 on pages 76 to 87. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Strategic report (continued)

Strategic risks

Economic and political uncertainties

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descoping of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to:

- mix of long-term contract portfolio in both the public and private sectors,
- continual development of new and innovative solutions,
- focus on higher-margin growth opportunities,
- regular reviews of the sales pipeline,
- increasing spread of customer base, reducing reliance on individual customers,
- strategic account management programme,
- dedicated Finance, Risk and Intelligence Hub specialists scanning the environment,
- utilising contract mechanisms to recharge cost increases,
- Coupa, the Group's digital supplier platform ("DSP"), providing greater visibility of, and ability to manage, supply chain, and
- leveraging buying power to help mitigate the increase in cost of goods and services

Competitive advantage

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, McDonald's estate-wide optimisation project and establishing a partnership with Salesforce on Net Zero Cloud to deliver advanced emissions intelligence reporting for clients.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Bid Committee approval for complex bids,
- robust risk assessment of bids – Commercial, Legal and Operational,
- detailed contracting guidelines in place,
- clear delegated authorities register,
- strategic account management programme,
- KPI/service level agreement formal reviews with customers,
- sales and customer relationship management ("CRM") teams focused on developing pipeline across all major sectors,
- improved CRM capabilities with active relationship management,
- focus on customer satisfaction (Net Promoter Score and soliciting feedback),
- sales development programme,
- procedural documentation in place,
- Centre of Excellence Bid Team established, and
- ongoing review of the new and innovative service offerings

Climate change and social impact

The Company's transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company's business and its activities may create a negative perception with Group employees who work for the Company, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company's reputation. The Group's Task Force on Climate-related Financial Disclosures ("TCFD") are discussed in the Mitie Group plc annual report and accounts 2025 on pages 53 to 67, which does not form part of this report. The Group has continued to transition from a disclosure prepared using the TCFD recommendations to a disclosure aligned with the International Sustainability Standards Board standards, IFRS S1 and S2, and where possible has included information in the Mitie Group plc annual report and accounts 2025 to align with any additional reporting requirements.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Plan Zero targets to reach Net Zero for the Group operations by the end of 2025,
- Environment, Social & Governance ("ESG") Committee,
- Environmental Management System ISO 14001 and Energy Management System ISO 50001,
- climate change risk assessment maintained and approved by the ESG Committee,
- key policies and associated operating procedures in place,
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet,
- ISO 22301 – regular testing of crisis management and business continuity plans,
- winter and summer preparedness planning at account level,
- ongoing reviews of Planned Preventative Maintenance lifecycles,
- continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events,
- insurance cover in place to cover property damage and business interruption,
- targets in place for the Group's social value framework pillars,
- The Mitie Foundation – Giving Back, the Group's employee volunteering programme, and
- active apprenticeship scheme across the Group, training the Group's colleagues to enhance operational delivery and address skills gaps

Strategic report (continued)

Adoption of new and emerging technologies

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- Mitie Responsible and Ethical Use of Artificial Intelligence Policy,
- AI Executive Oversight Committee,
- AI Ethics Board,
- dedicated AI risk register,
- AI directory,
- AI Use Case Board,
- Suppliers Infosec mandate, and
- Learning and development programme

Reputational damage

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- weekly Executive Committee meetings,
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns,
- proactive monitoring of social media platforms,
- designated media liaisons,
- proactive engagement with key external stakeholders,
- daily media alerts,
- enhanced targeted monitoring on groups identified as posing an increased risk, and
- designated Corporate Affairs and Legal support

Financial risks

Reliance on material counterparties

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit which is reviewed regularly.

Operational risks

Third-party management

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- key policies and associated operating procedures, including Supplier Management Programme,
- dedicated Procurement and Commercial teams,
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain,
- 'Mitie First' approach adopted,
- optimisation of preferred suppliers framework,
- rigorous onboarding framework integrated into the business utilising the DSP,
- defined service level agreements and KPIs,
- ongoing spending review,
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively,
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk,
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing, and
- Procurement and supply chain insights

Regulatory risks

Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. The Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- specialist legal and HSE expertise aligned to business units,
- Code of Conduct for all employees,
- independent whistleblowing system available to all employees to report any concerns,
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system,
- regular and thorough internal and external regulatory audits,
- training and awareness materials communicated to employees via the Group's digital learning hub and monitoring of completion performed, especially for mandatory courses,
- regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal, HSE and HR,
- financial governance and controls in place,
- commercial governance and controls in place,
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements, and
- AI governance and controls

Health, safety and environment

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to Group employees who work for the Company, client staff or members of the public, consequential fines, prosecution and reputational damage

The Company's HSE key performance indicators have been broadly positive with performance stable

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- a comprehensive HSE strategy in place and under continual review for effectiveness,
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff,
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley,
- H&S management system certified to ISO 45001 and environmental system to ISO 14001,
- fully integrated incident recording, monitoring and reporting system,
- regular HSE reviews conducted at Group and business unit level,
- clear and standardised KPIs to monitor progress and improvements,
- risk based audit programme embedded,
- themes and root causes monitored from the results of audits to target specific actions, including training,
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management,
- health and wellbeing framework integrated into the business,
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance,
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture, and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

People risks

Group employees who work for the Company

The Company's performance could be impacted by significant challenges in attracting, recruiting and retaining suitably talented Group employees who work for the Company and could lead to a detrimental skills shortage. This shortage of skilled colleagues could adversely affect the delivery of core operational activities and compromise the successful implementation of long-term strategies. As a result, overall business performance, growth and market competitiveness may be negatively impacted, potentially leading to a decline in stakeholder confidence and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These include but are not limited to

- consistent HR resourcing process and system across the Group,
- process in place for online training and development, with access to online learning for all colleagues,
- consistent process to manage both temporary and permanent recruitment,
- training and development programmes for senior leadership,
- developed talent identification, management and development framework,
- performance management framework,
- HR business partners aligned with business units,
- induction programme, mandatory for new starters,
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows,
- specific plans developed to address results of employee survey,
- competitive remuneration, terms and conditions,
- regular employee offers,
- succession plans in place for critical roles, especially for senior leadership,
- attraction strategy developed and deployed,
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme,
- careers website,
- Employee Value Proposition, and
- career band framework

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers, and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder.

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> - Regular engagement by senior leadership with customers - Customers experience and satisfaction surveys - Management of customer relationships by divisional leadership - Contractual measurements through Key Performance Indicators ("KPIs") 	<ul style="list-style-type: none"> - Customer satisfaction - Technology and innovation - Health, safety and sustainability - Economic outlook - Labour market constraints - Governance and transparency - Social value
Shareholders	<ul style="list-style-type: none"> - Regular senior leadership meetings 	<ul style="list-style-type: none"> - Financial performance - Introduction of the Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets - Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions - Environmental, Social and Governance ("ESG") matters
Communities and the environment	<ul style="list-style-type: none"> - The Mitie Foundation programmes - Local community events - Employee¹ volunteering 	<ul style="list-style-type: none"> - Social value - Jobs and investment - Rising cost of living - ESG performance
Employees ¹	<ul style="list-style-type: none"> - All employee teams meetings - Internal communications updates through weekly Recap and monthly Download updates - Pulse surveys - Designated Group non-executive director, Jennifer Duvalier 	<ul style="list-style-type: none"> - Reward and recognition - Systems, processes and technology - Equality, diversity and inclusion - Rising cost of living - Remuneration and benefits - Career opportunities and development
Suppliers	<ul style="list-style-type: none"> - Global supplier portal 	<ul style="list-style-type: none"> - Responsible procurement

Note

¹ The Company's workforce is employed through another Group company

Strategic report (continued)

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

Facilities Transformation Three-Year Plan

During the previous financial year, the Group's board approved the Facilities Transformation Three-Year Plan (FY25-FY27) which aims to drive accelerated growth through three core pillars: key account growth and scope expansion, project upsell, and targeted infill M&A. During the current financial year, progress has been made, with contract wins, improved customer engagement, and enhanced business development capabilities. The Group's board continues to monitor delivery closely, receiving regular updates on new business development, contract retention, and strategic growth opportunities.

New Company Purpose

During the financial year, the Group's board approved the new Group purpose which the Company is aligned to 'Better Places, Thriving Communities'. The new purpose seeks to unite all colleagues behind a shared commitment that reflects the Company's strategic priorities and meets stakeholder expectations. In reaching its decision, the Group's board considered feedback from colleagues, customers, and community partners, acknowledging the importance of meaningful work, inclusion, and long-term value creation. The purpose was launched at a leadership event within the year and is being embedded throughout the business. The Group's board believes this renewed sense of purpose will help support employee engagement and enable the Company to have a greater social impact.

Plan Thrive

To support the new purpose, the Group's board reviewed and approved Plan Thrive – a strategic framework that seeks to embed social value across all business operations. Developed in consultation with stakeholders, Plan Thrive sets clear pledges which include uplifting one million lives, enabling 1,000 places to prosper, and championing social value across the Group's supply chain. The Group's board have overseen Plan Thrive's development to ensure it aligns with the Group's strategic objectives, which the Company is aligned to, and meets the needs of stakeholders. The initiative also reinforces and builds upon the Group's long-standing commitment to social impact helping to differentiate the Company within its field.

Having regard to the interests of employees

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with the Group's employees who work for the Company, focusing on employee-related matters such as reward and recognition, learning and development, and communication of the Group's strategic new priorities, including the new Company purpose and Plan Thrive. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

Fostering business relationships with suppliers, customers and others

Suppliers

The Directors support the Group's responsibility targets, which aim to increase the proportion of spending directed toward small and medium-sized enterprises as well as voluntary, charitable, and social enterprise suppliers. These targets align with the goals of Plan Thrive. As part of this commitment, all Preferred Suppliers will be inducted into the Supplier Management Programme, which places an emphasis on collaboration, operational performances, ESG, and Quality, Health, Safety, and Environmental standards.

Customers

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

During the financial year, progress under the Facilities Transformation Three-Year Plan included enhanced customer engagement and improved business development capabilities. The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

Strategic report (continued)

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial year, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value.

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report.

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Subsequent events

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

Future developments

The Company expects its core business activities to remain consistent in the forthcoming financial year, with continued focus on delivering high-quality consultancy services in energy and climate advisory, as well as transaction management. While the business model and service offering are anticipated to remain stable, the operating environment is influenced by external factors beyond the Company's control.

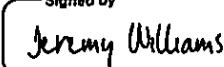
Evolving legislation around carbon reporting and emissions disclosure is expected to increase demand for advisory services, creating both opportunities and compliance challenges. Rapid technological advancements in digital reporting platforms and data intelligence tools may also require additional investment to maintain competitiveness. Furthermore, political and economic uncertainties in certain markets, including potential regulatory shifts and global energy price volatility, could have a significant impact on client investment decisions and, consequently, the Company's project pipeline.

Despite these external pressures, the Company remains well-positioned to adapt to changes and support its clients in navigating this evolving landscape, thereby ensuring the sustainability of its business activities in the forthcoming financial year.

Approved by the Board on

2nd October 2025

and signed on its behalf by

Signed by

 Jeremy Williams
 F3B02A30E883488
 J M Williams
 Director

Directors' report

The Directors present the annual report and unaudited financial statements of Utilyx Limited for the year ended 31 March 2025

In preparing this Directors' report, the Directors have complied with Section 414C(11) of the Companies Act 2006 by including certain disclosures required by Section 416(4) within the Strategic report

Going concern

The Company's business activities, and the factors likely to affect its future development and position have been set out in the Strategic report. The financial statements have been prepared on a going concern basis. See Note 1c to the financial statements

Directors

The Directors who held office during the year and up to the date of signing the financial statements were as follows

Date of appointment

P J G Dickinson	
M R Peacock	
J M Williams	03 February 2025
K L Woods	03 February 2025

Directors' indemnity

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law

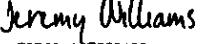
Dividends

No dividends were paid during the financial year (2024 £nil)

Other information

An indication of likely future developments in the business, discussion of financial risk management, and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report

Approved by the Board on 2nd October 2025 and signed on its behalf by

Signed by

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J M Williams
Director

Strategic report

Woodford Investments Limited (the "Company") is an indirect subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group". The Company was acquired by the Group in July 2024.

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

The Company changed its accounting reference date from 30 April to 31 March. Consequently, the results for the period ended 31 March 2025 and the statement of financial position at that date constitute a shortened accounting period of 11 months. The previous accounting period was for the year ended 30 April 2024. The financial statements have also been presented to the nearest thousand pounds. As the prior year financial statements were presented to the nearest pound, this change may have resulted in some immaterial rounding differences to the balances previously presented.

Review of the business

The principal activity of the Company is that of a holding company. There have not been any significant changes in the Company's principal activity in the period under review.

As shown in the income statement on page 7, the Company did not trade during the 11 month period ended 31 March 2025. During the year ended 30 April 2024, the Company's profit was £221,000, comprising £220,000 of dividends from subsidiaries and £1,000 of finance income.

Net assets have increased to £689,000 (30 April 2024 £668,000) as shown on page 9. The increase related to the issue of ordinary shares during the financial period, which resulted in an increase in cash and the recognition of additional share capital and share premium of £21,000.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2025 on pages 28 to 31 and pages 42 to 44, which do not form part of this report.

Principal risks and uncertainties

The Company did not trade during the period. As a holding company, its principal risk and uncertainty is a possible impairment of its investment in its subsidiary. The subsidiary's performance is monitored as part of the Group's divisions during the period and the investment is assessed for impairment at each reporting date.

Financial risk management

The Company does not enter into any hedging instruments or any financial instruments for speculative purposes.

The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

Strategic report (continued)

Section 172 statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the statement required under Section 414CZA of the Companies Act 2006

Stakeholders

The Directors consider the groups listed in the table below as key stakeholders, which align with those of the Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, as well as direct and indirect Group-wide engagement, the Directors aim to understand the interests of each stakeholder

Stakeholder	Engagement activity	Important issues discussed
Shareholders	- Regular senior leadership meetings	- Financial performance - Environmental, Social and Governance ("ESG") matters
Communities and the environment	- The Mitie Foundation programmes	- Social value - ESG performance

Consequences of any decision in the long term

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders

Impact of operations on the community and the environment

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. During the financial period, this commitment was further embedded through the approval and launch of Plan Thrive, the Group's strategic framework to help deliver long-lasting and meaningful social value. One of the Group's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by the board of Mitie Group plc. This framework is applied throughout the Group and is adhered to by the directors of all of the Group's subsidiaries. This ensures consistency in decision-making which is crucial for achieving long-term success and creating sustainable value

Details of how the Group complies with the UK Corporate Governance Code can be found on pages 90 to 137 in the Mitie Group plc annual report and accounts 2025, which does not form part of this report

The need to act fairly as between members of the company

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed

Strategic report (continued)

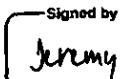
Subsequent events

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

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year, as the Company is a holding company with no trading activity expected

Approved by the Board on 23rd October 2025 and signed on its behalf by


Signed by
Jeremy Williams
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J M Williams
Director