

# Strong progress in Foundation Year of Three-Year Plan



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

**Phil Bentley**  
Chief Executive Officer

## Overview

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

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

Operationally, we secured a record £7.5bn total contract value (TCV) of contract wins/renewals/extensions, up 21% on a strong prior year comparative (FY24: £6.2bn). This included a £1bn TCV new security contract award for seven years (plus three-year extension option) from the Department for Work and Pensions (DWP), commencing in October 2025. We are entering FY26 with a record order book of £15.4bn and a £23.7bn pipeline of upcoming bidding opportunities.

This good sales performance reflects the benefits from £17m of strategic investments in the business to develop our 'Facilities Transformation' service offering and drive growth through better sales/bidding capabilities.

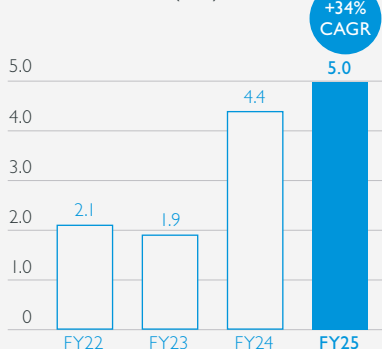
Margin expansion is a key element of our strategy, and we delivered £25m of savings from our ongoing programmes of margin enhancement initiatives (MEIs).

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

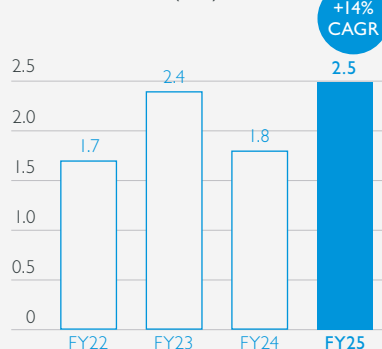
Based on the equivalent IFRS measures, Group revenue increased by 14% to £5,083m (FY24: £4,445m), operating profit decreased by 2% to £162m (FY24: £166m) and basic EPS reduced by 16% to 8.2p (FY24: 9.8p). The reduction in operating profit and basic EPS reflects a £26m increase in Other items after tax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

## Strong momentum in key account growth and scope increases...

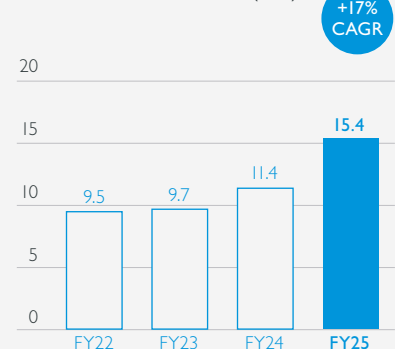
Record new wins (£bn)



Record renewals (£bn)



Record total order book (£bn)



## Facilities Transformation Three-Year Plan (FY25 – FY27)

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

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

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

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

### Accelerating growth

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

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

### Pillar 1: Record contract wins and renewals/extensions delivered

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

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









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

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

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

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

### ...underpinned by a record £23.7bn pipeline of bidding opportunities (+27% yoy)

<p>Improving social outcomes</p>  <p>Immigration &amp; Justice <b>£6bn</b></p>	<p>Better value for taxpayers</p>  <p>Central &amp; Local Government <b>£3bn</b></p>	<p>Tackling theft and violence</p>  <p>Retail <b>£3bn</b></p>	<p>Keeping the nation safe</p>  <p>Defence <b>£2bn</b></p>	<p>Delivering innovation and Net Zero</p>  <p>Financial Services/Offices <b>£2bn</b></p>	<p>Cleaner power connections</p>  <p>CNI &amp; Data Centres <b>£2bn</b></p>	<p>A safer, more resilient transport system</p>  <p>Transport &amp; Aviation <b>£1bn</b></p>	<p>Improved outcomes for patients</p>  <p>Healthcare <b>£1bn</b></p>
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# CHIEF EXECUTIVE'S REVIEW

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## Pillar 2: Projects work underpinned by attractive macro trends

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

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

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

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

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

## Pillar 3: Three strategic acquisitions completed

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

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

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

In Spain, we acquired Grupo Visegurity, a leading national security business, for £7m in October 2024. This, alongside the acquisition of Biservicus in September 2023, supports the strategic expansion of our security services capabilities in the attractive c.£13bn Spanish FM market.

## Strong growth in transformational projects; revenue of £1.2bn (+14% yoy)



M&E, HVAC,  
Building fabric

Fire & Security

Power & Grid  
connections

Renewables,  
Battery storage

Electric Vehicle  
charging

Telecoms  
infrastructure



Eden Project 140kWp roof-mounted solar PV system on plant & education facility



Battersea Power Station fire suppression systems



Longcross Park data centre design, delivery and commissioning of MEP infrastructure



DWP upgrade of critical security infrastructure

**c.80%**

projects for existing  
customers

**£2.8bn**

projects order book  
(+40% YoY)

**£250k**

typical project size  
(+65% YoY)

**£4.8bn**

projects pipeline  
(+45% YoY)

## Operating margin progression

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

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

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

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

## Sustainable free cash flow generation

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

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

In FY25, the Group generated £249m of cash from operations (FY24: £228m), leading to a free cash inflow of £143m (FY24: £158m), well ahead of our guidance for 'at least £100m'. The reduction in free cash flow year-on-year reflects a one-off benefit to working capital of c.£25m in the prior year relating to working capital process improvements, including the consolidation of activities into the shared service centre and implementation of the Coupa digital supplier platform. We continued to implement new process improvements in FY25, offsetting longer payment terms on several new or renewed contracts in the retail sector.

### Proactive and growing capital deployment

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

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

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

## Free cash flow generation, robust balance sheet and low leverage supports proactive capital deployments

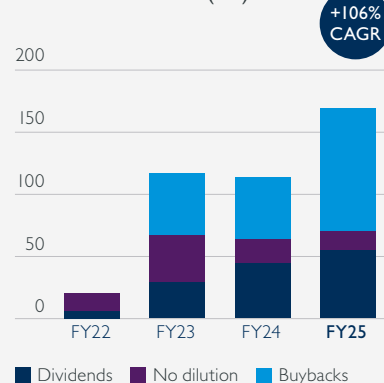
### Our capital deployment policy (FY25 – FY27)

- Progressive dividends (30% – 40% payout)
- No shareholder dilution
- Infill M&A
- Return surplus funds via buybacks

### FY25 deployments

- 4.3p dividend (+8% yoy): 34% payout ratio
- 13m shares purchased for £15m into EBT/SIP
- £48m invested in three acquisitions
- £100m buyback programme completed

### Shareholder returns (£m)



## CHIEF EXECUTIVE'S REVIEW

continued

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

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

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

### Strong balance sheet and low leverage

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

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

### Technology leadership

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

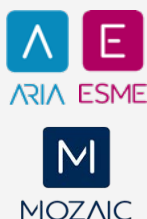
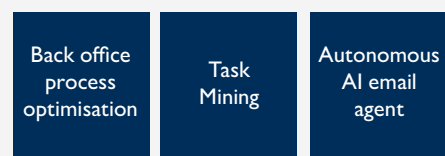
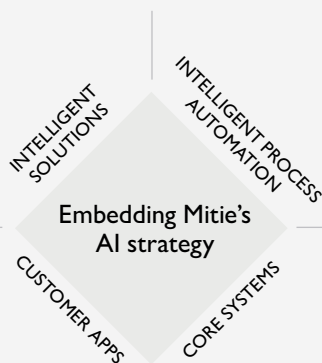
This encompasses Intelligent Engineering Maintenance – ensuring round-the-clock remote monitoring and predictive maintenance for connected assets; Intelligent Security – optimising resource deployment to address dynamic risk and threat profiles across customer estates; Intelligent Hygiene – leveraging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

During FY25, we deployed Intelligent Engineering Maintenance across 700 connected sites and Intelligent Hygiene across over 100 sites, whilst Intelligent Security has focused on assessing risk based on crime, deprivation indices, demography, intelligence alerting and shrinkage data at more than 8,200 retail customer sites. Emissions Intelligence has been activated for 25 customers, and we have a strong pipeline to continue this rapid pace of adoption.

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

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

## Technology leadership – our strategic focus on Artificial Intelligence and Intelligent Process Automation differentiates our core capabilities



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

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

### ESG and social value leadership

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

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

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

Finally, we completed a ‘double materiality’ assessment, identifying the sustainability issues that are most material to our business and stakeholders by evaluating both their impacts on the environment and society and their potential financial impacts on Mitie. We also published our first Climate Transition Plan, building on the success of our 2020 Plan Zero initiative to become Net Zero for our direct operations by the end of 2025. Our largest carbon emissions relate to our vehicles, and we transitioned a further c.1,200 to EVs during the year. At 31 March 2025, we had c.6,250 EVs, one of the largest electric fleets in the UK, representing 85% of our total fleet where EV technology is available.

### ‘One Mitie’ – we are an award winning destination employer in our industry

