Mears Group PLC

Interim results for the period to 30 June 2025

Executive Summary

Financial highlights

	H1 2025	H1 2024	Change %
Revenue	**£559.4m**	£580.0m	-4%
Statutory profit before tax	**£32.0m**	£30.5m	+5%
Adjusted operating margin (pre-IFRS 16)	**5.6%**	5.2%	
Statutory diluted EPS	**27.68p**	23.12p	+20%
Interim dividend per share	**5.60p**	4.75p	+18%
Average daily net cash	**£67.7m**	£66.4m	+2%
EBITDA to cash conversion	**105%**	119%	

Strategic highlights

- 100% contract retention underpinned solid growth reported in our Maintenance-led activities
- Retention of our flagship Milton Keynes City Council contract
- Investment in people and technology to support the development of our Compliance and Asset Management service offering
- Increased focus on standalone capital work opportunities; Aberdeenshire Council, and LB Brent represent early success in this area
- Additional revenues in Afghan Relocation for the Ministry of Defence was an important strategic gain

Income statement

	H1 2025 £m	H1 2024 £m	Change
Revenue	**559.4**	580.0	-4%
Operating profit	**36.9**	34.2	+8%
Operating margin %	**6.6%**	5.9%	70 bps
Adjusted operating profit margin %*	**5.6%**	5.2%	40 bps
Profit before tax	**32.0**	30.5	+5%
Tax	**(8.4)**	(7.4)	+14%
Profit after tax	**23.6**	23.1	+2%
Weighted average number of shares for calculating diluted earnings per share (m)	**85.8**	98.3	-13%
Normalised diluted earnings per share (p)	**27.68**	23.12	+20%
Interim dividend (p)	**5.60**	4.75	+18%

- Revenue and profit performance entirely organic
- Strong margin progression
- EPS growth driven by increased profit, reduced share count, and decrease in non-controlling interest
- Dividend reflects Board confidence

* Adjusted operating margin is stated before the impact of IFRS 16

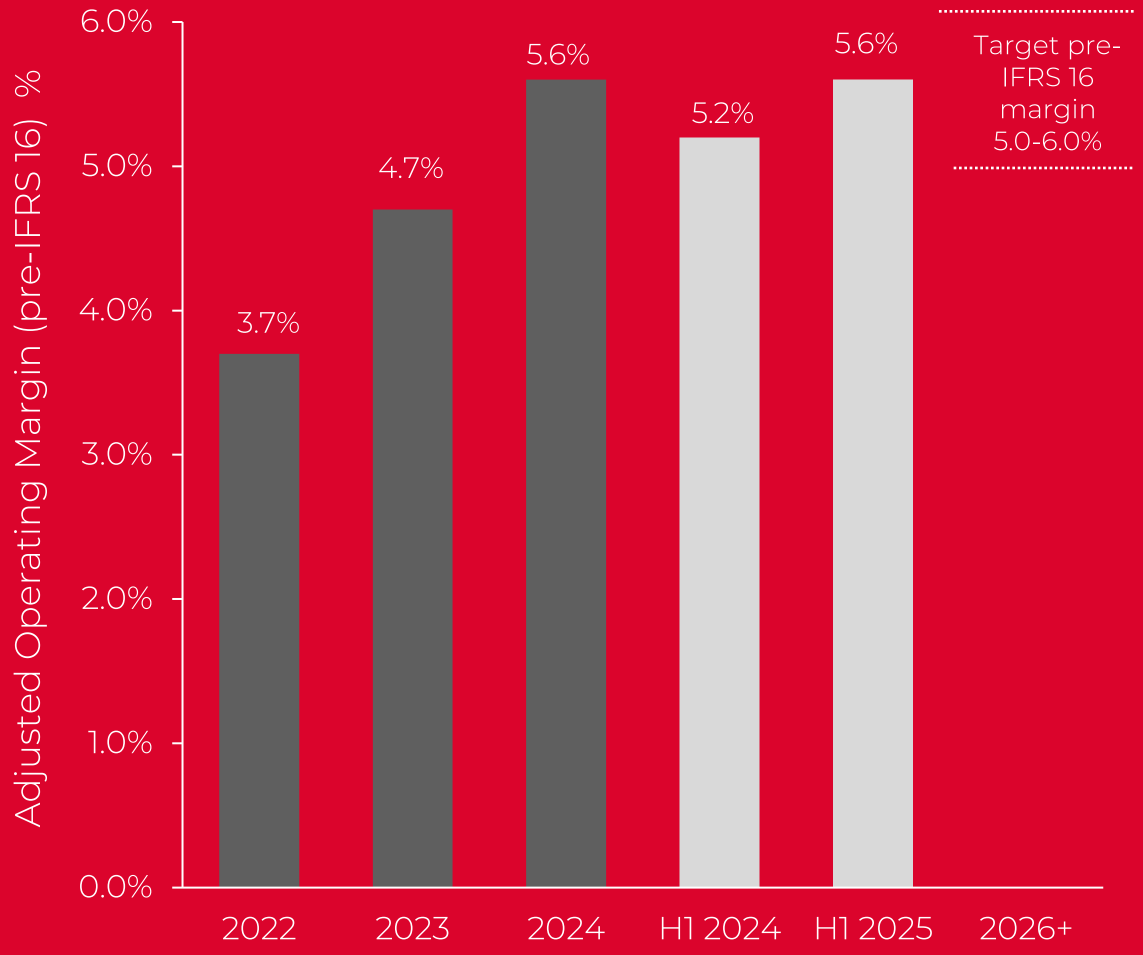
Solid underlying revenue growth

	H1 2025 £m	H1 2024 £m	Change
Revenue			
Maintenance-led	**302.2**	280.1	+8%
Management-led	**257.2**	299.9	-14%
	559.4	580.0	-4%

Maintenance-led
- Strong performance in maintenance activities
- 100% retention on contracts re-bid
- Increasing regulatory market drivers
- Successful mobilisation of Moat Homes contract
- Improved forward revenue visibility

Management-led
- Continued normalisation of AASC revenues; reduction slightly slower than anticipated
- Additional works secured with MOD but not recurring

Continued strong margin performance



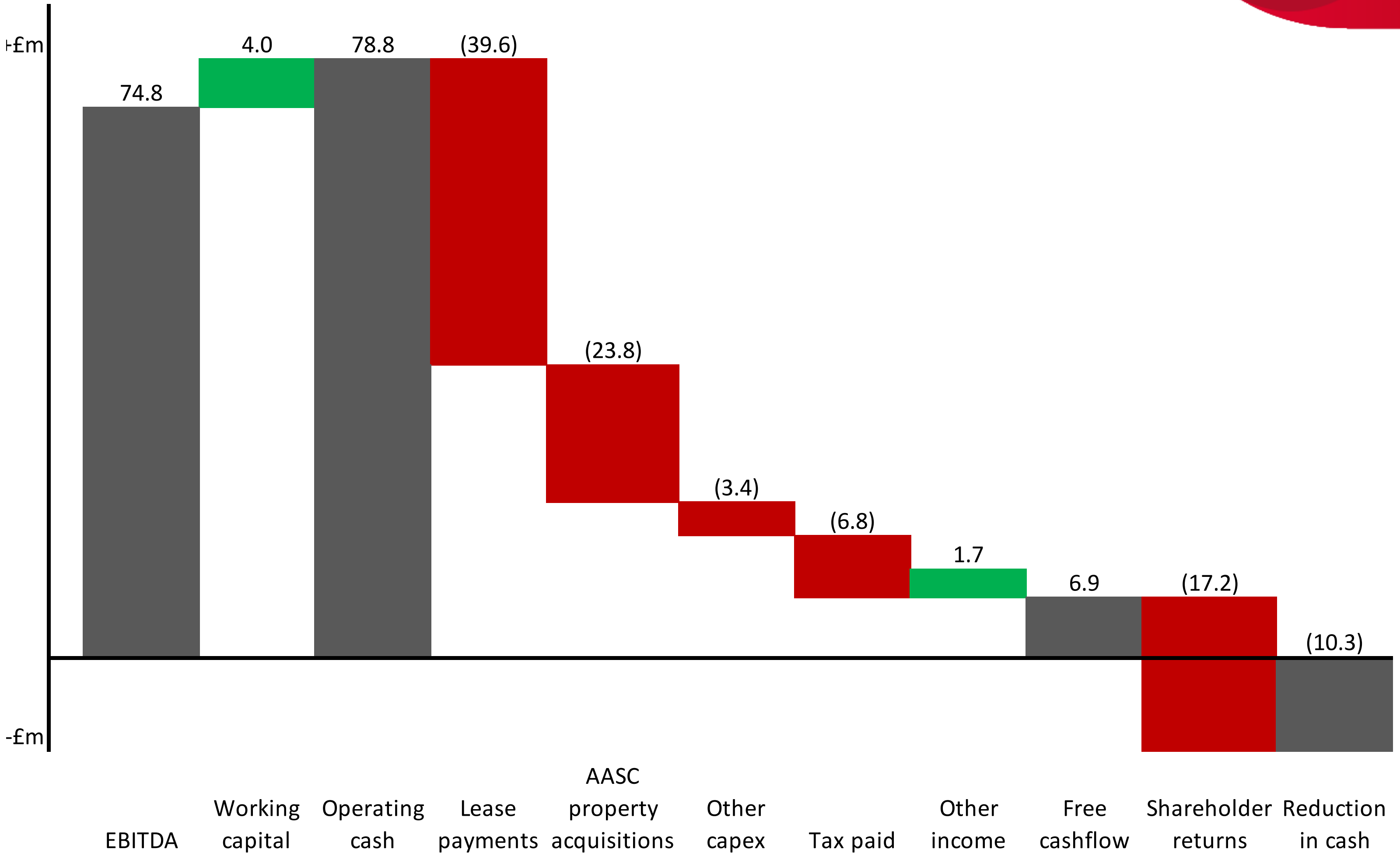
Trading performance

- The robust operational and commercial actions that underpin service delivery are delivering sustainable benefit;
    - Highly disciplined approach to contract bidding
    - Further improvement in contract mix
    - Refocusing local operations to drive operational and commercial improvements through a strict adherence to business processes
- Elevated Management-led revenues have delivered additional economies of scale
- Employers' National Insurance pressures have been absorbed

Margin outlook

- Increasingly confident that the Group can maintain operating margins within the target range
- Reduction in overhead recovery as AASC revenues normalise, mitigated by efficiency improvements
- Guidance absorbs continued investment in people and technology

Excellent cash performance



- ✓ Cash and cash equivalents £81.1m (H1 24: £107.3m)
- ✓ Average daily net cash £67.7m(H1 24: £66.4m)
  - Continued small scale property acquisitions to support AASC contract of £23.8m
  - £17.2m distributions to shareholders through share purchases (buybacks and EBT)
  - Elevated Contract liabilities likely to see a material unwind of working capital during 2025

Balance Sheet

	H1 2025	H1 2024
	£m	£m
Goodwill and intangible assets	**127.7**	128.4
Property, plant and equipment (‘PPE’)	**61.8**	51.9
Right of use assets	**273.6**	237.9
Investments and loan notes	**13.8**	5.8
Net pension assets	**24.5**	21.5
Cash and cash equivalents	**81.1**	107.3
Trade receivables and inventories	**151.3**	134.0
Trade and other payables	**(226.7)**	(214.4)
Lease liabilities (current and non-current)	**(300.0)**	(261.0)
Provisions (current and non-current)	**(16.3)**	(17.1)
Net tax liability (including deferred tax)	**(3.2)**	(4.3)
Total net assets	**187.7**	190.0

- Small net asset reduction following £26.5m distributions to shareholders through ordinary dividend and share buybacks
- Strong profit generation replenished much of the net asset value
- Freehold properties in PPE with book value at £23.8m relating to residential units acquired in period to support AASC. Expectation is to complete a further sale and lease back during H2 2025

Central Government highlights

Mears continues to support Government with complex housing challenges

AASC
- Continued focus on emptying hotels and utilising alternative solutions
- The precise timing of the normalisation of AASC revenues remains uncertain, but there is clear drive to see all hotel accommodation exited during 2026
- Government has commenced preliminary market engagement for future asylum procurement

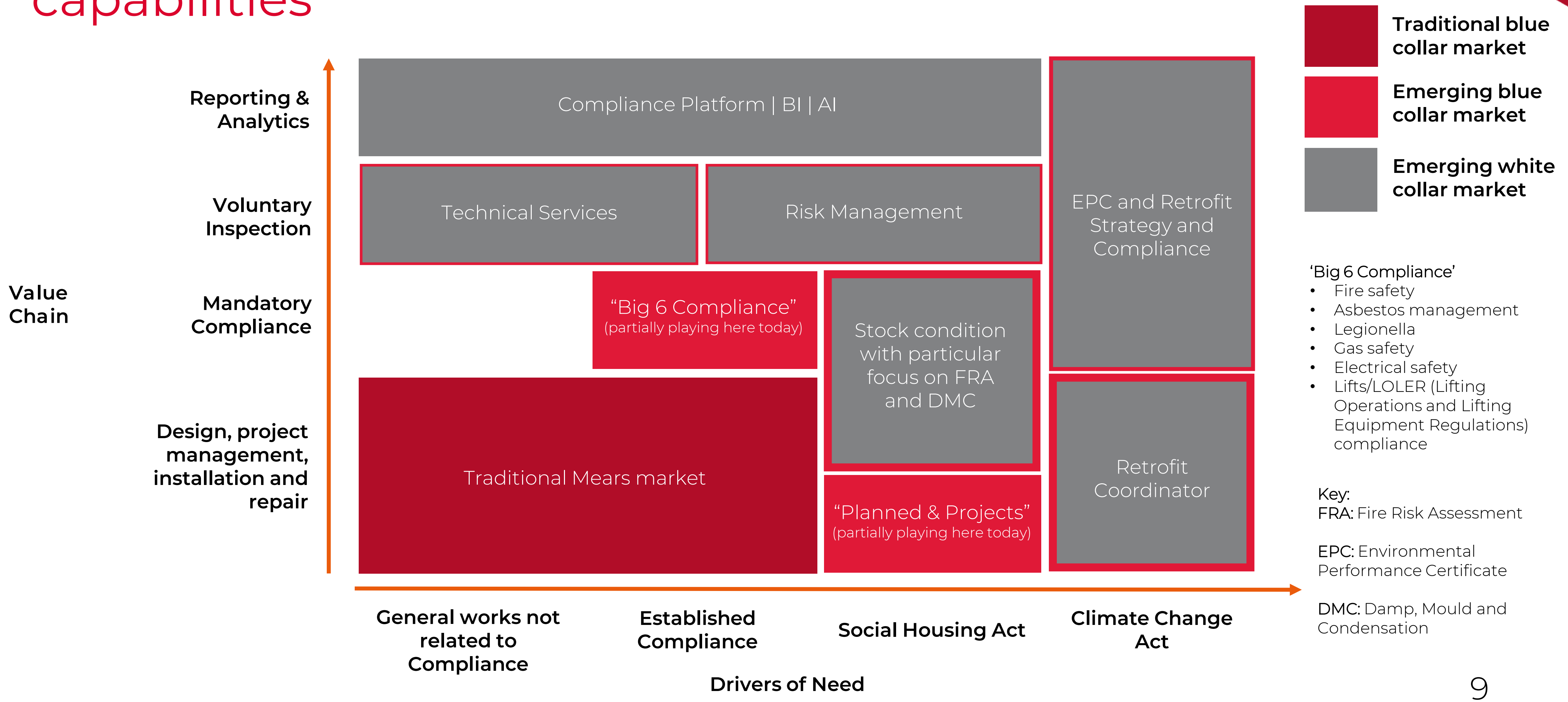
ARAP
- Approached directly by MOD client based on reputation for operational delivery and compliance to support emergency situation
- Short-term contract due to conclude in November 2025

MOJ
- Provision of more than c.700 bedspaces, with capacity growing through 2025
- Supported increases in volumes as a result of the 'early release scheme'

Local Government highlights

- Increasing demand driven by greater regulation, rising housing standards and compliance requirements
- Extending capabilities has increased the addressable opportunity in a growing market, both in terms of standalone opportunities and their contribution to 'super' contract delivery
- Significant pipeline of new bidding opportunities, including some catch-up following pandemic hiatus
- Retention of flagship Milton Keynes City Council Contract valued at up to £475m over 10 years
- Successful mobilisation of Moat Homes contract; significant long-term bidding opportunity
- Increased focus towards securing standalone capital work opportunities; Aberdeenshire Council and LB Brent represent early success in this area
- Progress in developing Compliance and Asset Management service offering; focus has been to grow our own capability, with investment in people and technology.

We continue to invest in building new maintenance-led capabilities



'Big 6 Compliance'

- Fire safety
- Asbestos management
- Legionella
- Gas safety
- Electrical safety
- Lifts/LOLER (Lifting Operations and Lifting Equipment Regulations) compliance

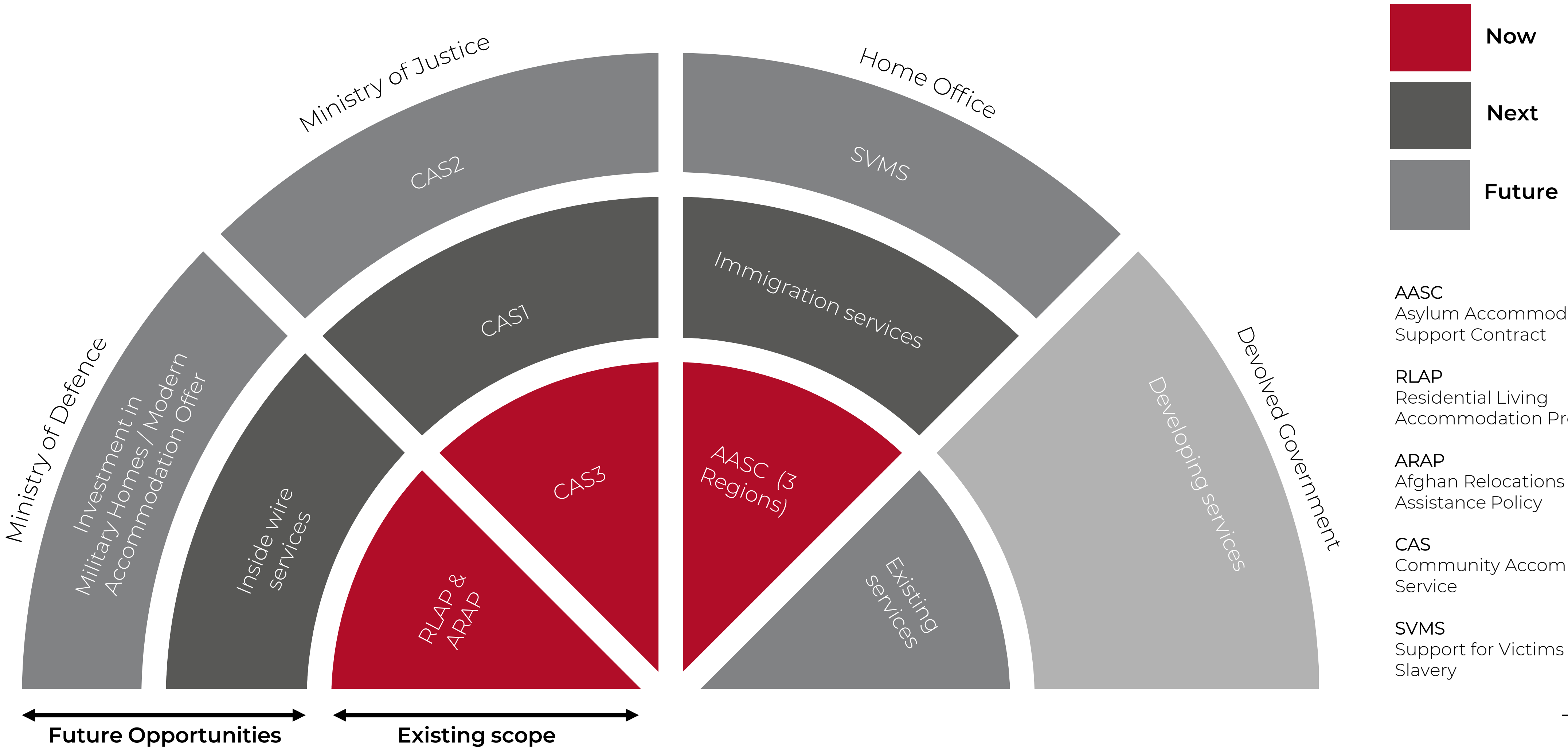
Key:

FRA: Fire Risk Assessment

EPC: Environmental Performance Certificate

DMC: Damp, Mould and Condensation

Continuing opportunities for growth as a housing specialist with Central Government



AASC
Asylum Accommodation and Support Contract

RLAP
Residential Living Accommodation Project

ARAP
Afghan Relocations and Assistance Policy

CAS
Community Accommodation Service

SVMS
Support for Victims of Modern Slavery

Capital Allocation

1 Target leverage	2 Supporting organic growth	3 Strategic M&A	4 Ordinary dividend	5 Return excess capital to shareholders
• Strong cash generation. • Maintaining a modest net cash balance	• 100% contract retention. Solid bid pipeline. • Investment in people and technology. • Increased focus on capital works and retrofit opportunities. • Developing Compliance offering. • Some investment in residential properties to support AASC requirement	• Growth augmented by strategic M&A • Highly selective. • Primary focus is organic growth, but we are looking at small-scale acquisitions to complement this strategy.	• Interim dividend declared of 5.60p, an increase of 18%. • Target dividend cover range of 2.0-2.5x; allow cover to increase above target range in short-term	• £17m buyback and EBT purchases completed in period.

Progress in H1 2025

Current trading and outlook

Focus remains on strengthening market position as the leading provider of housing services to public and regulated sectors

- Delivering solid growth in our Local Government maintenance work
- Further development of Compliance and Asset Management service offering, benefitting from strong regulatory market drivers
- Anticipating a reduction in revenues in the management-led division reflecting some normalisation in AASC revenues
- Confidence in maintaining adjusted pre-IFRS 16 operating margin within the range of 5-6%.
- Guidance absorbs additional investment in people and technology
- Continued strong underlying cash generation, reflecting value creating business model and quality of earnings
- Continued focus on operational delivery underpins future success

Guidance

	FY25	Medium term
Organic revenue	Maintenance; growth of c.8-9% Management; revenue reduction by £100m on FY24, due to AASC normalisation.	Maintenance; growth of c.5-9% Management; further revenue reduction by £125m (in FY26) and £50m (in FY27) linked to AASC normalisation and ARAP expiry
Adjusted operating margin	5.3-5.6%	5.0-6.0%
EBITDA to operating cash conversion	80%	100%

- Increasing confidence in the growth momentum within Maintenance-led activities.
- The precise timing of the normalisation of AASC revenues remains uncertain
- Guidance absorbs additional investment in people and technology
- Adjusted operating margins quoted pre-IFRS 16. Unadjusted IFRS measures would be c.90bps higher
- Reduction in overhead recovery as AASC revenues normalise, mitigated by efficiency improvements
- Anticipating working capital unwind from elevated contract liabilities in H2 2025

Legal Disclaimer

No representation or warranty, expressed or implied, is made or given by or on behalf of Mears Group PLC ("the Company" and, together with its subsidiaries and subsidiary undertakings, "the Group") or any of its Directors or any other person as to the accuracy, completeness or fairness of the information contained in this presentation and no responsibility or liability is accepted for any such information. This presentation does not constitute an offer of securities by the Company and no investment decision or transaction in the securities of the Company should be made on the basis of the information contained in this presentation.

This presentation contains certain information which the Company's management believes is required to understand the performance of the Group. However, not all of the information in this presentation has been audited. Further, this presentation includes or implies statements or information that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may use forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should". By their nature, forward-looking statements involve risks and uncertainties and recipients are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's or the Group's actual results and performance may differ materially from the impression created by the forward-looking statements or any other information in this presentation.

These statements are made by the Directors of Mears in good faith based on the information available to them on 7 August 2025 and will not be updated during the year. Except as required by law, Mears is under no obligation to update or keep current the forward-looking statements contained in this report or to correct any inaccuracies which may become apparent in such forward-looking statements. Nothing in this presentation is intended to be, or intended to be construed as, a profit forecast or a guide as to the performance, financial or otherwise, of the Company or the Group whether in the current or any future financial year.