Mears Group PLC
(“Mears” or the “Group” or the “Company”)
Interim Results for the 6 months ended 30 June 2025
Excellent first half performance; solid growth in Maintenance activities and strengthening operating margin

Mears Group PLC, the leading provider of housing services to the public and regulated sectors in the UK, announces its interim financial results for the six months ended 30 June 2025 (“H1 2025”).

Financial Highlights

- Revenues reduced by 4% year-on-year to £559.4m (2024: £580.0m), with some normalisation in the Group’s Management-led activities, partially offset by good revenue growth of 8% in Maintenance-led activities
- Profit before tax increased by 5% to £32.0m (2024: £30.5m)
    - Operating margin (pre-IFRS 16) continued to strengthen to 5.6% (2024: 5.2%)
- Strong conversion of EBITDA to Operating cash reflecting cash generative business model and quality of earnings
    - Cash conversion at 105% of EBITDA (2024: 119%)
    - Average daily net cash of £66.7m (2024: £66.4m)
- Diluted EPS up 20% to 27.68p (2024: 23.12p) driven by profit growth and share count reduction
- Interim dividend of 5.60p (2024: 4.75p), an increase of 18%, reflecting continued strong earnings and cash performance and Board’s confidence.
- Completed fifth share buyback programme; £16.0m cash consideration, 4.3m shares at an average price of 371p per share

	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%	40bps
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%

** - see Alternative Performance Measures for definitions and reconciliation to statutory measures*

Operational and Strategic Highlights

- 100% contract retention over the last 12-month period through which the Group has secured new orders to a value approaching £1.5bn. Award of the new contract with Milton Keynes City Council concluded this abnormally busy period for contract rebids
- Contract retention success rate is evidence of the strength of the Group’s service delivery and customer relationships
- Successful mobilisation of a contract with Moat Homes, covering c.22,000 properties in the South of England
- New works secured with London Borough of Brent and Aberdeenshire Council
- Additional investment in people and technology as key enablers to expand our capabilities to service and support the new emerging market opportunities in Compliance and Asset Management
- Investment in key account management to ensure that we are well positioned when the existing AASC work comes up for re-procurement

Current trading and outlook

- The business has continued to perform strongly. Increasing confidence in growth momentum of Maintenance-led activities
- The precise timing of the normalisation of AASC revenues remains uncertain, but there is a clear political drive to see all hotel accommodation exited during 2026, reflected in today’s guidance
- The Board expects adjusted profit before tax for the full year to be modestly ahead of market expectations. This positive performance also gives the Board increasing confidence in its expectations for the next financial year

Dividend

- Interim dividend of 5.60p will be payable on 2 October 2025 to shareholders on the register of members at the close of business on 12 September 2025. The shares will go ex-dividend on 11 September 2025.

Lucas Critchley, Chief Executive Officer of the Group, commented:
"I am delighted to report a period of strong operational, financial and strategic performance. We have continued to make progress against each of our key strategic goals; delivering growth in maintenance activities, developing a full compliance and asset management offer, and positioning the Group to deliver additional housing services to Central Government. Importantly, we have continued to do the basics well, which underpins our drive for both service excellence and strengthening commercial performance."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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About Mears

Mears is a leading provider of services to the Affordable Housing sector, providing a range of services to individuals within their homes. We manage and maintain around 450,000 homes across the UK and work predominantly with Central Government and Local Government, typically through long-term contracts. We equally consider the residents of the homes that we manage and maintain to be our customers, and we take pride in the high levels of customer satisfaction that we achieve.

Mears currently employs over 5,000 people and provides services in every region of the UK. In partnership with our Housing clients, we provide property management and maintenance services. Mears has extended its activities to provide broader housing solutions to solve the challenge posed by the lack of affordable housing and to provide accommodation and support for the most vulnerable.

We focus on long-term outcomes for people rather than short-term solutions and invest in innovations that have a positive impact on people's quality of life and on their communities' social, economic, and environmental wellbeing. Our innovative approaches and market leading positions are intended to create value for our customers and the people they serve while also driving sustainable financial returns for our providers of capital, especially our shareholders.

BUSINESS REVIEW

The Board is delighted to report a period of strong operational, financial and strategic progress.

Mears' strong customer centric approach, combined with a granular operational focus, that is underpinned by our proprietary IT operating platform, remain our key differentiators. The first half saw a continued drive for operational excellence through further enhancements to our robust branch performance review process which, as well as delivering further service improvements, has also been a key driver of strengthening commercial performance and risk management. A particular focus in the first half has been ensuring that the strict disciplines demanded when self-delivering works are replicated when services are delivered using our broader supply chain.

Our strong performance is underpinned by the quality of our employees who continually demonstrate diligence, empathy and a dedication to deliver a great service user experience, in an often-challenging work environment.

We have made good progress in the last 12 months on the delivery of our new strategic plan (FY24 to FY28). This plan reinforced the Group's ambition to be the leading provider of housing services to the public and regulated sectors and identified significant untapped opportunities in those existing markets. The Group has performed well against its key strategic goals. Key areas of progress in the period have included:

- The Group has reported 8% growth in our Maintenance-led activities, reflecting the strong regulatory market drivers and underpinned by a 100% contract retention over the last 12-month period. Our business plan recognised the importance of contract retention, particularly during 2024/25 during which one third of the Group's maintenance activities were subject to a re-procurement. The award of the new contract with Milton Keynes City Council concluded this abnormally busy period of contract rebids, against which the Group has secured new orders at a value approaching £1.5bn. The 100% contract retention success rate is evidence of the strength of the Group's service delivery and customer relationships.

  The first half saw the mobilisation of a contract with Moat Homes, covering c.22,000 properties in the South of England. This new contract is for a period of 18 months, with an estimated contract value of £12m, under which Mears will deliver responsive and voids maintenance services. The contract has started strongly, with a marked improvement across a number of key operational performance measures. The procurement for the long-term contract opportunity has commenced.

  In addition, the Group secured new works with London Borough of Brent and Aberdeenshire Council, which is covered in greater detail below.

- A key component of the Group's strategy is developing its Compliance and Asset Management service offering. The building compliance market is a significant opportunity, comprising six well-defined areas (gas, asbestos, fire, electrical, water hygiene, lifts), plus increasing regulation driving the development of a number of new tangible services (addressing damp, mould & condensation). The market is complex, relatively fragmented and largely single service led. The challenge and the opportunity to Mears, is to provide a joined up, unified compliance model and to demonstrate the clear benefits of this model to our customers. Compliance data needs to be combined with broader asset management data, to enable a forward-thinking approach to stock investment. Mears aims to be in a position to deliver to this broader strategic requirement. During the first half, we have applied additional investment in people and technology to develop this offer.

- We place emphasis on ensuring that we are performing at a high level and understanding the developing needs and requirements of Central Government. It is important that our positive contribution is known and understood by stakeholders. We have the ambition to deliver additional housing, welfare and wraparound services to this key client group and we have continued to invest in key account management to ensure that we are well positioned when our existing work comes up for re-procurement.

The business plan recognised the need to make further investment in people and technology as key enablers to deliver an accelerated program of IT development and expand our capabilities to service and support the new and emerging market opportunities.

OPERATIONAL REVIEW

	H1 2025 £m	H1 2024 £m	FY 2024 £m
Revenue			
Maintenance-led	**302.2**	280.1	555.8
Management-led	**257.2**	299.9	576.7
Total	**559.4**	580.0	1,132.5
Operating profit measures:			
Statutory operating profit	**36.9**	34.2	72.6
Adjusted operating profit (pre-IFRS 16)*	**31.6**	30.3	63.6
Operating profit margin (pre-IFRS 16)*	**5.6%**	5.2%	5.6%
Profit before tax measures:			
Statutory profit before tax	**32.0**	30.5	64.1

** - see Alternative Performance Measures for definitions and reconciliation to statutory measures*

Group revenues reduced by 4% year-on-year to £559.4m (2024: £580.0m). However, Maintenance-led activities delivered 8% growth, with regulatory market drivers increasing spend from the Group's Registered Provider clients and further underpinned by the 100% contract retention achieved over the last 12 months. As anticipated, Management-led activities reduced by 14%, owing to the continued normalisation of revenues relating to the Asylum Accommodation and Support Contract. ('AASC') which reduced by some 20%. The other Management-led activities delivered modest growth, predominantly from a short-term contract to support the Afghan Relocation and Assistance Policy ('ARAP'), delivered for the MoD, which went live in January 2024 and is due to conclude in November 2025.

Profit before tax increased by 5% to £32.0m (2024: £30.5m). The Group has used a pure, unadjusted figure as its headline profit measure reflecting the steady state of the business, and quality of the earnings.

The Group operating margin increased to 5.6% (2024: 5.2%). As detailed previously, the reinvigorated branch performance review process has been a key factor in the improved operating margins, challenging operational performance and demanding strict adherence to business systems and processes. Whilst the primary focus of these reviews is not financial, the impact upon margin and working capital has been particularly pleasing. The Group has continued to apply a disciplined approach to pricing, and this robust approach has also been reinforced during recent contract re-bids.

Notwithstanding the strong progress on operating margins, April 2025 saw the introduction of the increased rate to employer's National Insurance and a reduction in the associated threshold, which is particularly significant in respect of employees at the lower end of the pay scale. This change will increase the Group's annual payroll cost by c.£5 million and the full-period impact will be felt in the second half. Whilst this tax increase naturally applies additional cost pressure, the increasing focus on branch performance has created efficiency improvements to provide some margin protection.

OUR PEOPLE

Underpinning our strong performance is a motivated and engaged workforce. Our levels of staff retention continue to strengthen, and we are committed to growing our own talent and providing opportunities for internal progression. We have invested in new technology to aid training and development which will ensure we provide the opportunities for staff to develop the required knowledge, skills and behaviour.

We continue to be future focused in our work with apprenticeships. We have increased our apprentice intake year on year, with 97% of those completing their apprenticeship in the last 12 months achieving full time roles within the Group.

Many of our apprentices come from disadvantaged backgrounds as we focus on recruitment from our local communities, creating opportunities to improve social mobility. This year we have increased our work with schools, delivering outreach programmes and initiatives aimed at improving opportunities for young people. Our success in improving social mobility was demonstrated in the Social Mobility Employer Index as we are now ranked in 19th place.

An increased focus and approach to supporting fairness and inclusion has resulted in the implementation of a Recruitment Diversity Dashboard and investment in employee networks to support key issues such as mental health.

BUSINESS DEVELOPMENT

During the first half, the Group secured new orders of £280m (excluding extensions) with a bid success rate, by value, of over 80% (FY 2024: 41% excluding North Lanarkshire). The Group's order book has been maintained at £3.0bn; more importantly, the strong period of contract retention has improved the near-term revenue visibility.

A key highlight in the first half was the successful retention of the new Housing Repairs and Maintenance Works and Services Contract with Milton Keynes City Council ('MKCC'). The MKCC partnership has been a flagship contract for Mears since it was originally secured in 2016, and the award of the new contract reflects the high-quality service that Mears has provided to the residents of Milton Keynes for almost a decade. The new contract, which will commence during August 2025, is valued at £230m over the initial period of five years and will see the Group deliver both planned and reactive repairs and maintenance works across the Council's housing stock. There is an option for the Council to extend the contract for a further five years which would increase the total contract value to an estimated £475m.

The Group secured a significant contract award with the London Borough of Brent, a new customer relationship. The contract is for the provision of responsive repairs and planned works to the client's housing stock of over 8,000 units and is valued at £39m for an initial period of five years, with extension options for a further five years. The new contract will commence in October 2025.

Mears' increased focus and ambition to develop and extend its standalone capital works and retrofit capability was a key output from the strategic review. This has resulted in the award of a contract with Aberdeenshire Council which is valued at £30m over the initial four-year period, with an option of an additional year extension. There is an active bid pipeline in this area, and additional resource has been applied to increase capacity for bidding and estimating. The Group is adopting a highly selective approach, focusing on work opportunities that are more technical in nature and where there is a lower weighting towards price.

The Social Housing Decarbonisation Fund ('SHDF') Wave 3 saw Mears submit applications on behalf of clients that have secured £30m of grant funding, contributing to over £60m of total works value to be delivered over the course of 2026 and 2027. It is the grant funded element that represents new value to the Group's order book as the remainder will be funded from existing client budgets. There will be additional opportunities for the Group in Wave 4 of the SHDF funding applications.

The Government has commenced preliminary market engagement to validate the strategy for future asylum procurement and the replacement of AASC. The timing of any procurement and the precise structure for the future contract mechanism is subject to change, with the new contract currently estimated to start in September 2029. The Group considers itself to be well placed to play a role in the long-term provision of services to this vulnerable service user group.

CASH FLOW AND WORKING CAPITAL MANAGEMENT

The Group has continued to deliver strong cash performance, with conversion of EBITDA to operating cash in the first six months of 105% (2024: 119%). The Group reported an adjusted net cash position at 30 June 2025 of £81.1m (2024: £107.3m). Of greater significance is the day-to-day performance, with average daily adjusted net cash for the first six months of £66.7m (2024: £66.4m).

EARNINGS PER SHARE ('EPS'), DIVIDEND AND CAPITAL ALLOCATION

Diluted EPS increased by 20% to 27.68p (2024: 23.12p). This improvement was driven by a combination of an increase in profit (5%), a reduction in the weighted average number of shares as a result of the share buyback programme (13%), and a decrease in the non-controlling interest as a result of the new North Lanarkshire contract sitting within a wholly-owned subsidiary (2%).

Positively, the business model carries a low capital expenditure and working capital requirement. Notwithstanding the Group's balance sheet strength, the Board recognises that maintaining a modest net cash position provides reassurance to our key stakeholders.

Mears recognises the importance of supporting our Home Office client in securing long-term residential accommodation to replace the use of short-term contingent solutions. Whilst property leasing remains the Group's preferred solution for sourcing properties, the Board has approved the allocation of capital to support the requirements of the AASC and to ensure that good quality property can be sourced across a wider dispersal area. During the first half, the Group purchased £23.8m of property and expects to expend a similar sum during the second half. On completion of this latest tranche, the Executive team intends to complete a sale and leaseback whilst securing these properties for the remainder of the AASC term.

Given the excellent trading performance of the Group, the continued strong cash performance and the positive outlook, the Board is pleased to propose an interim dividend of 5.60p per share (2024: 4.75p). The Board continues to believe that a capital allocation policy combining a progressively growing dividend within a cover range of 2.0-2.5x, with the return of any excess capital via on-market buyback purchases of shares, remains appropriate. In the short term, the Board may allow dividend cover to increase beyond the range outlined above, aligning to profits trajectory.

During the first half, the Board approved a return of surplus capital of £16m to shareholders, implemented through a buyback programme of on-market purchases. This resulted in the purchase and cancellation of 4.3m ordinary shares of 1p each at an average price of 371p. Over the last two years, buybacks have reduced the Group's ordinary share count by 27.4m shares at an average price of 325p and a total cash cost of £89m. In addition, the Employee Benefit Trust ('EBT') holds 4.1m shares.

Our capital allocation policy remains consistent and prioritises the allocation of capital to support our organic growth strategy, augmented by modest strategic bolt-on acquisitions to further enhance our service offering and accelerate the delivery of our plan. The allocation of capital for the acquisition of properties to support the requirements of AASC, and the anticipated unwind of contract liabilities referenced below, will absorb some of the surplus cash. The strong cash generation underpins a progressive dividend and other routes for returning surplus funds to shareholders remain in focus.

OUTLOOK AND GUIDANCE

The business has continued to report strong performance. The Board is increasingly confident in the growth momentum within its Maintenance-led activities. The precise timing of the normalisation of AASC revenues remains uncertain, but there is a clear political drive to see all hotel accommodation exited during 2026 which is reflected in our guidance below.

	FY25	Medium term
Revenue	• Maintenance revenue growth of c.8-9% • Management revenue reduction by £100m on FY24 (linked to AASC)	• Maintenance revenue growth of c.5-9% • Management revenue reduction by £125m in FY26 (on FY25) and £50m in FY27 (on FY26) (linked to AASC and ARAP)
Operating margin	• 5.3-5.6% (pre-IFRS 16). Post-IFRS 16 margins c.90bps higher • Guidance absorbs additional investment in people and technology	• 5.0-6.0% (pre IFRS 16). • Post-IFRS 16 margins c.70-90bps higher. • Reduction in overhead recovery as AASC revenues normalise, mitigated by efficiency improvements
Profit before Tax	• Range of outcomes derived from revenue and margin guidance above • Finance income (pre-IFRS 16), c.£4m • PBT impact from IFRS 16, c.£4m charge	• Range of outcomes derived from revenue and margin guidance above • Finance income (pre-IFRS 16); expected to reduce from FY25 level. Linked to net cash balance. • PBT impact from IFRS 16, c.£4.0m charge
EBITDA to operating cash conversion	• c.80% • Anticipating unwind from elevated contract liabilities	• 100%

The Group is well placed to deliver upper single digit percentage growth in its Maintenance-led activities. The strong period of contract retention has increased confidence further in this area. The new North Lanarkshire Council contract is showing an upward trajectory which will continue into FY26. The increased bid activity in respect of standalone capital works will augment growth in this segment. The Group has four material contracts, with total annual revenues of c.£75m, expiring in FY26 which are all subject to current re-procurement. The Group feels well positioned on each re-bid.

In the short term, we are likely to see a reduction in revenues in the Management-led division owing to some normalisation in AASC revenues and the conclusion of works relating to ARAP. The primary focus within Asylum remains on securing sufficient good quality, long-term residential property to remove the requirement for short-term contingent solutions. The number of hotels in use at 30 June has reduced to less than half the peak level, and further hotels are expected to be exited during the third quarter. The Executive team anticipates that Asylum revenues will continue to normalise through to the end of FY26. The precise timing remains uncertain.

The strategic plan recognised the need to make further investment to expand our capabilities to service and support the new and emerging market opportunities. Investment in headcount will ensure that the Group has the required range of capabilities to develop its Compliance and Asset Management offer (35 heads, £1.8m), extend its contract bidding capabilities (5 heads, £0.4m), and deliver an accelerated program of IT development (28 heads, £1.7m). This is a relatively modest additional investment to support the Group’s organic growth. Given the timing of the new appointments, this investment had little impact on the cost base in the first half. It is anticipated that these positions will be fully onboarded by the end of 2025 and are already absorbed within market guidance for 2026.

The Board has previously indicated an ambition to maintain an operating margin (on a pre-IFRS 16 basis) in the 5.0-6.0% range. Whilst the Group has stated its desire to deliver top-line growth, the business remains highly selective and disciplined in its approach, and operating margin remains a key metric. The Executive team is mindful that the elevated Management-led revenues have delivered additional economies of scale and an increased level of overhead recovery, which has been a further factor behind an increasing operating margin across recent periods. The Executive team is confident that, as the elevated Management-led revenues normalise, and some of this increased overhead recovery diminishes, that this can be partly mitigated by efficiency improvements within the business.

Whilst the strong operating cash generation over recent periods reflects the high quality of earnings, combined with strong working capital management, the Group has enjoyed a timing benefit in respect of certain contractual mechanisms linked to payments on account and gainshares which are reflected in an elevated contract liabilities balance. This working capital benefit, which has accrued over prior periods, is anticipated to materially unwind during the second half of FY25, whilst the business is expected to continue to deliver strong underlying cash generation.

ALTERNATIVE PERFORMANCE MEASURES ('APM')

The Interim Report includes both statutory and adjusted performance measures. APMs are considered useful to stakeholders in assessing the underlying performance of the business, adjusting for items that could distort the understanding of performance in the year and between periods, and when comparing the financial outputs to those of our peers. The APMs have been set considering the requirements and views of the Group's investors and debt funders, among other stakeholders. The APMs and KPIs are aligned to the Group's strategy.

Reflecting the steady state of the business and the quality of the earnings, the Group has used unadjusted profit before tax and earnings per share as its headline profit measures. The Group makes regular reference throughout the Interim Report to an adjusted operating profit, measured before the impact of IFRS 16, and stated both in pounds (£) and as a percentage margin (%). This adjusted measure is a key metric for the senior executive team when assessing new contract opportunities and existing branch performance.

The Group also uses an adjusted net cash measure which excludes IFRS 16 lease obligations from the statutory net debt measure. This is referenced in both a spot measure (on 30 June and 31 December) and in a daily average.

These APMs should not be considered as a substitute for or superior to International Financial Reporting Standards (IFRS) measures, and the Board has reported both statutory and alternative measures with equal prominence throughout the Interim Report.

The method of calculation and a reconciliation between each APM and the relevant statutory measure are detailed below, together with an explanation as to why management considers the APM to be useful in helping users to have a better understanding of the Group's underlying performance. This section of the Interim Report also provides additional analysis to give the user an easier route to understand underlying performance and deriving their own profit and EBITDA measures.

	H1 2025 £'000	H1 2024 £'000	FY 2024 £'000
Profit before tax	**32,046**	30,507	64,141
IFRS 16 profit impact	**1,631**	1,911	3,744
Finance income (non-IFRS 16)	**(2,107)**	(2,085)	(4,275)
Adjusted operating profit pre-IFRS 16[1]	**31,570**	30,333	63,610
Amortisation of software and acquisition intangibles	**1,136**	1,165	2,244
Depreciation and loss on disposal (non-IFRS 16)[2]	**3,415**	4,627	7,574
EBITDA pre-IFRS 16[1]	**36,121**	36,125	73,428
IFRS 16 profit impact	**(1,631)**	(1,911)	(3,744)
Finance costs (IFRS 16)	**6,922**	5,808	12,693
Depreciation, loss on disposal and impairment (IFRS 16)[3]	**33,422**	29,391	62,733
EBITDA post-IFRS 16[1]	**74,834**	69,413	145,110
Amortisation of software and acquisition intangibles	**(1,136)**	(1,165)	(2,244)
Depreciation, loss on disposal and impairment (IFRS 16)[3]	**(33,422)**	(29,391)	(62,733)
Depreciation and loss on disposal (non-IFRS 16)[2]	**(3,415)**	(4,627)	(7,574)
Operating profit post-IFRS 16[1]	**36,861**	34,230	72,559

1 Operating profit and EBITDA measures include share of profits of associates.
2 Includes loss on disposal of £749,000 (H1 2024: £262,000, FY 2024: £508,000). The FY 2024 figure also includes loss on sale and leaseback of £283,000.
3 Includes profit on disposal of £43,000 (H1 2024: £nil, FY 2024: £150,000) and impairment of £nil (H1 2024: £nil, FY 2024: £633,000).

The Directors use the Operating profit pre-IFRS 16 measure to generate the Group's headline operating margin. Whilst this generates a lower operating margin, it reflects how the underlying contracts have been tendered, how the senior executive team assess performance, and is also more aligned to the underlying cash generation. In addition, this measure is also used for the purposes of assessing the Group's compliance with its banking covenants, which utilise pre-IFRS 16 measures.

	H1 2025 £'000	H1 2024 £'000	FY 2024 £'000
Revenue	**559,384**	580,043	1,132,510
Operating profit[1]	**36,861**	34,230	72,559
Operating profit margin %	**6.6%**	5.9%	6.4%
Adjusted operating profit pre IFRS 16[1]	**31,571**	30,333	63,610
Adjusted operating margin %	**5.6%**	5.2%	5.6%

1 Operating profit includes share of profits of associates.

IFRS 16 impact upon profit before tax

The profit impact in respect of IFRS 16, which was included within the APM analysis above, is detailed below:

	H1 2025 £'000	H1 2024 £'000	2024 £'000
Charge to income statement on a post-IFRS 16 basis	**(40,344)**	(34,399)	(74,793)
Charge to income statement on a pre-IFRS 16 basis	**(38,713)**	(33,288)	(71,682)
Profit impact from the application of IFRS 16 and before impairment	**(1,631)**	(1,111)	(3,111)
Impairment of right of use assets	**-**	(800)	(633)
Profit impact from the application of IFRS 16	**(1,631)**	(1,911)	(3,744)

Adjusted net cash

The Group excludes the financial impact of IFRS 16 from its adjusted net cash measure. This adjusted net cash measure has been introduced to align the net borrowing definition to the Group's banking covenants, which are required to be stated before the impact of IFRS 16.

The Group does not recognise lease obligations as traditional debt instruments given a significant proportion of these leases have break provisions which allow the Group to cancel the associated lease obligation with minimal associated cost. A reconciliation between the net debt and the adjusted measure is detailed below:

	H1 2025 £'000	H1 2024 £'000	FY 2024 £'000
Adjusted net cash (being cash and cash equivalents)	**81,138**	107,264	91,404
Lease liabilities (current)	**(67,125)**	(51,416)	(66,861)
Lease liabilities (non-current)	**(232,844)**	(209,634)	(230,641)
Net debt (including IFRS 16 lease obligations)	**(218,831)**	(153,786)	(206,098)

In addition to the average daily net cash measure, the Group also measures the cash inflow from operating activities as a proportion of EBITDA and this cash conversion percentage is a key performance measure, reflecting the Group's ability to convert profit into cash. The Board targets a measure of more than 90%, and performance that is greater than 100% is considered outstanding. The strength of the Group's operating cash flows reflects both the underlying quality of the earnings, and the Group's operating systems which underpin a strong cash culture.

	H1 2025 £'000	H1 2024 £'000	FY 2024 £'000
EBITDA	**74,834**	69,411	145,110
Cash inflow from operating activities	**78,821**	82,489	146,208
Cash conversion %	**105%**	119%	101%

Statutory profit before tax

The Board believes that the statutory Profit before tax measure is a true reflection of the underlying performance of the business, and no alternative measure is considered necessary or appropriate. The Board recognises that any reported profit will include singular components which, in isolation, may be considered unusual, infrequent, non-recurring or non-underlying. Additional detail is disclosed separately within the notes to the financial statements, and these provide a better understanding as to the underlying performance in the period.

	H1 2025 £'000	**H1 2024 £'000**	FY 2024 £'000
Impairment of right of use assets	**-**	**-**	**(633)**
Amortisation of acquired intangibles	**(122)**	**(122)**	**(245)**
Loss on sale and leaseback transaction	**-**	**-**	**(283)**
Increase in fair value of other investments	**650**	**-**	**785**
Onerous contract provisions (provided in period less amounts released unused)	**-**	**-**	**(759)**
Legal provisions (provided in period less amounts released unused)	**-**	**(850)**	**(4,792)**
Settlements on exiting LGPS pension schemes	**-**	**-**	**2,413**

Half-year condensed consolidated statement of profit or loss

For the six months ended 30 June 2025

	Note	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000	Year ended 31 December 2024 (audited) £'000
Sales revenue	3	**559,384**	580,043	1,132,510
Cost of sales		**(429,567)**	(447,310)	(879,257)
Gross profit		**129,817**	132,733	253,253
Administrative expenses		**(93,411)**	(99,137)	(181,708)
Operating profit		**36,406**	33,596	71,545
Share of profits of associates		**455**	633	1,014
Finance income	5	**2,491**	2,526	5,367
Finance costs	5	**(7,306)**	(6,248)	(13,785)
Profit for the period before tax		**32,046**	30,507	64,141
Tax expense	6	**(8,421)**	(7,358)	(17,205)
Profit for the period from continuing operations		**23,625**	23,149	46,936
Attributable to:				
Owners of Mears Group PLC		**23,754**	22,725	46,526
Non-controlling interest		**(129)**	424	410
Profit for the period		**23,625**	23,149	46,936
Earnings per share				
Basic	8	**28.62p**	23.63p	50.27p
Diluted	8	**27.68p**	23.12p	48.86p

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated statement of comprehensive income

For the six months ended 30 June 2025

	Note	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000	Year ended 31 December 2024 (audited) £'000
Profit for the period		**23,625**	23,149	46,936
Other comprehensive income:				
Which will not be subsequently reclassified to the Consolidated Statement of Profit or Loss:				
Actuarial gain/(loss) on defined benefit pension scheme		**831**	411	2,665
Pension guarantee asset movements in respect of actuarial gain		**(183)**	–	(516)
(Decrease)/increase in deferred tax asset in respect of defined benefit pension schemes		**(162)**	(103)	(537)
Other comprehensive income for the period		**486**	308	1,612
Total comprehensive income for the period		**24,111**	23,457	48,548
Attributable to:				
Owners of Mears Group PLC		**24,240**	23,033	48,138
Non-controlling interest		**(129)**	424	410
Total comprehensive income for the period		**24,111**	23,457	48,548

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated balance sheet

As at 30 June 2025

	Note	As at 30 June 2025 (unaudited) £'000	As at 30 June 2024 (unaudited) £'000	As at 31 December 2024 (audited) £'000
Assets				
Non-current				
Goodwill		**121,868**	121,868	121,868
Intangible assets		**5,873**	6,552	6,244
Property, plant and equipment		**61,757**	51,930	38,836
Right of use assets		**273,619**	237,868	272,171
Investments		**3,380**	1,108	2,274
Loan notes		**10,414**	4,669	10,195
Pension and other employee benefits	15	**24,504**	21,577	23,245
		501,415	445,572	474,833
Current				
Inventories		**1,452**	792	1,173
Trade and other receivables	9	**149,803**	133,190	133,205
Current tax assets		**502**	–	730
Cash and cash equivalents		**81,138**	107,264	91,404
		232,895	241,246	226,512
Total assets		**734,310**	686,818	701,345
Equity				
Equity attributable to the shareholders of Mears Group PLC				
Called up share capital	13	**865**	961	908
Share premium account		**2,641**	2,537	2,581
Share-based payment reserve		**3,611**	2,184	3,604
Treasury shares		**(13,897)**	(9,517)	(14,985)
Merger reserve		**7,971**	7,971	7,971
Retained earnings		**183,267**	182,467	184,028
Total equity attributable to the shareholders of Mears Group PLC		**184,458**	186,603	184,107
Non-controlling interest		**3,229**	3,372	3,358
Total equity		**187,687**	189,975	187,465
Liabilities				
Non-current				
Pension and other employee benefits	15	**–**	52	–
Deferred tax liabilities		**3,662**	3,340	3,518
Lease liabilities		**232,844**	209,634	230,641
Non-current provisions	11	**9,529**	7,713	9,765
		246,035	220,739	243,924

Current				
Trade and other payables	10	**226,734**	214,377	192,278
Lease liabilities		**67,125**	51,416	66,861
Provisions	11	**6,729**	9,368	10,817
Current tax liabilities		**–**	943	–
Current liabilities		**300,588**	276,104	269,956
Total liabilities		**546,623**	496,843	513,880
Total equity and liabilities		**734,310**	686,818	701,345

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated cash flow statement

For the six months ended 30 June 2025

	Note	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000	Year ended 31 December 2024 (audited) £'000
Operating activities				
Result for the period before tax		**32,046**	30,507	64,141
Adjustments	14	**42,849**	39,032	81,247
Change in inventories		**(278)**	671	290
Change in trade and other receivables		**(16,758)**	(6,887)	(7,021)
Change in trade, other payables and provisions		**20,962**	19,166	7,551
Cash inflow from operating activities before taxation		**78,821**	82,489	146,208
Taxes paid		**(6,800)**	(6,775)	(17,407)
Net cash inflow from operating activities		**72,021**	75,714	128,801
Investing activities				
Additions to property, plant and equipment		**(26,590)**	(19,497)	(29,816)
Additions to other intangible assets		**(765)**	(792)	(1,442)
Proceeds from disposals of property, plant and equipment		**162**	–	141
Proceeds from sale and leaseback of residential property		**–**	–	16,285
Distributions from associates		**–**	147	147
Movement in short-term cash deposits held for investment purposes		**–**	7,090	7,090
Interest received		**1,688**	2,126	4,036
Net cash outflow from investing activities		**(25,505)**	(10,926)	(3,559)
Financing activities				
Proceeds from share issue		**60**	206	251
Proceeds from distribution of shares from treasury		**6**	6	6
Purchase of own shares		**(17,793)**	(26,261)	(52,050)
Proceeds from disposal of own shares		**553**	–	–
Net cash flow from other credit facilities		**–**	(11,244)	(11,244)
Discharge of lease liabilities		**(32,403)**	(27,001)	(57,907)
Interest paid		**(7,205)**	(6,531)	(13,262)
Dividends paid – Mears Group shareholders		**–**	–	(12,933)
Net cash outflow from financing activities		**(56,782)**	(70,825)	(147,139)
Cash and cash equivalents, beginning of period		**91,404**	113,301	113,301
Net increase/(decrease) in cash and cash equivalents		**(10,266)**	(6,037)	(21,897)
Cash and cash equivalents, end of period		**81,138**	107,264	91,404

All results are in respect of continuing operations.

The accompanying notes form an integral part of these condensed consolidated financial statements.

Half-year condensed consolidated statement of changes in equity

For the six months ended 30 June 2025 (unaudited)

	Attributable to equity shareholders of the Company							
	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Treasury shares £'000	Merger reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2024	1,016	2,332	1,883	(5,122)	7,971	189,428	2,948	200,456
Net result for the period	–	–	–	–	–	22,725	424	23,149
Other comprehensive income	–	–	–	–	–	308	–	308
Total comprehensive income for the period	–	–	–	–	–	23,033	424	23,457
Issue of shares	1	205	–	–	–	–	–	206
Purchase of treasury shares	–	–	–	(6,265)	–	–	–	(6,265)
Cancellation of shares	(56)	–	–	–	–	(19,940)	–	(19,996)
Share options – value of employee services	–	–	1,050	–	–	–	–	1,050
Share options – exercised or lapsed	–	–	(749)	1,870	–	(1,115)	–	6
Dividends	–	–	–		–	(8,939)	–	(8,939)
At 30 June 2024	**961**	**2,537**	**2,184**	**(9,517)**	**7,971**	**182,467**	**3,372**	**189,975**
At 1 January 2025	908	2,581	3,604	(14,985)	7,971	184,028	3,358	187,465
Net result for the period	–	–	–	–	–	23,754	(129)	23,625
Other comprehensive income	–	–	–	–	–	486	–	486
Total comprehensive income for the period	–	–	–	–	–	24,240	(129)	24,111
Tax credit on share-based payments	–	–	–	–	–	1,410	–	1,410
Issue of shares	–	60	–	–	–	–	–	60
Purchase of treasury shares	–	–	–	(1,619)	–	–	–	(1,619)
Disposal of treasury shares	–	–	–	553	–	–	–	553
Cancellation of shares	(43)	–	–	–	–	(16,130)	–	(16,173)
Share options – value of employee services	–	–	1,145	–	–	–	–	1,045
Share options – exercised or lapsed	–	–	(1,138)	2,154	–	(1,010)	–	6
Dividends	–	–	–		–	(9,271)	–	(9,271)
At 30 June 2025	**865**	**2,641**	**3,611**	**(13,897)**	**7,971**	**183,267**	**3,229**	**187,687**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the half-year condensed consolidated financial statements
For the six months ended 30 June 2025

1. Corporate information
Mears Group PLC is a public limited company incorporated in England and Wales whose shares are publicly traded. The half-year condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2025 were authorised for issue in accordance with a resolution of the Directors on 6 August 2025.

2. Basis of preparation and accounting principles

(a) Basis of preparation
The financial information comprises the unaudited results for the six months ended 30 June 2025 and 30 June 2024, together with the audited results for the year ended 31 December 2024. The half-year condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, with IAS 34 'Interim Financial Reporting', as contained in UK-adopted international accounting standards. The half-year condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2024, which have been prepared in accordance with United Kingdom adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

This half-year condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2024 were approved by the Board of Directors on 9 April 2025. Those accounts, which contained an unqualified audit report under Section 495 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

The half-year condensed consolidated financial statements for the six months ended 30 June 2025 have not been audited or reviewed by an auditor pursuant to the Auditing Practices Board guidance on the Review of Interim Financial Information.

There have been no significant changes to estimates of amounts reported in prior financial years.

Going concern
The Directors consider that, as at the date of approving the interim financial statements, there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period to at least 30 September 2026. When making this assessment, management considers whether the Group will be able to maintain adequate liquidity headroom above the level of its borrowing facilities and to operate within the financial covenants applicable to those facilities which will be measured at 31 December 2025 and 30 June 2026. As at 30 June 2025 and 6 August 2025, the Group had £70m of committed borrowing facilities of which none was drawn. The principal borrowing facilities are subject to covenants as detailed on page 54 of the 2024 Annual Report. The nature of the principal risks and uncertainties faced by the Group has not changed significantly from those set out on pages 63 to 65 of the 2024 Annual Report and is not expected to change over the next 12 months. The Group has modelled its cash flow outlook for the period to 30 September 2026 and the forecasts indicate significant liquidity headroom will be maintained above the Group's borrowing facilities and that financial covenants will be met throughout the period.

The Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence until 30 September 2026. Accordingly, they continue to adopt the going concern basis in preparing the interim statement.

Tax
A tax charge of £8.4m (2024: £7.4m) is recognised for the period. This tax charge is recognised based on the best estimate of the average effective income tax rate on profit before tax for the full financial year.

(b) Significant accounting policies
The accounting policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

3. Revenue

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000
Revenue from contracts with customers		
Repairs and maintenance	**268,274**	234,772
Contracting	**22,616**	34,446
Property income	**245,714**	286,809
Care services	**10,864**	10,684
Other	**440**	358
	547,908	567,069
Lease income	**11,476**	12,974
	559,384	580,043

4. Segment reporting

Segment information is presented in respect of the Group's operating segments based on the format that the Group reports to its chief operating decision maker for the purpose of allocating resources and assessing performance.

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	Maintenance £'000	Management £'000	Total £'000	Maintenance £'000	Management £'000	Total £'000
Revenue	**302,194**	**257,190**	**559,384**	280,077	299,966	580,043
Cost of sales	**(228,549)**	**(201,018)**	**(429,567)**	(210,053)	(237,257)	(447,310)
Gross profit	**73,645**	**56,172**	**129,817**	70,024	62,709	132,733
Administrative costs	**(60,334)**	**(33,077)**	**(93,411)**	(62,887)	(36,250)	(99,137)
Share of profits of associates	**428**	**27**	**455**	633	–	633
Net finance income/(costs)	**954**	**(5,769)**	**(4,815)**	1,446	(5,168)	(3,722)
Profit before tax	**14,693**	**17,353**	**32,046**	9,216	21,291	30,507
Tax expense			**(8,421)**			(7,358)
Profit for the period			**23,625**			23,149

5. Finance income and finance costs

	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000
Interest charge on overdrafts and loans	**(320)**	**(343)**
Interest on lease obligations	**(6,922)**	**(5,808)**
Other interest expense	**(64)**	**(92)**
Finance costs on bank loans, overdrafts and leases	**(7,306)**	**(6,243)**
Interest charge on net defined benefit scheme obligations	**–**	**(5)**
Total finance costs	**(7,306)**	**(6,248)**
Interest income resulting from short-term bank deposits	**1,514**	**1,850**
Interest income resulting from net defined benefit scheme assets	**632**	**463**
Other interest income	**345**	**213**
Finance income	**2,491**	**2,526**
Net finance charge	**(4,815)**	**(3,722)**

6. Tax expense

Tax recognised in the Consolidated Statement of Profit or Loss:

	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000
United Kingdom corporation tax	**8,479**	7,606
Adjustment in respect of previous periods	**–**	–
Total current tax charge recognised in Consolidated Statement of Profit or Loss	**8,479**	7,606
Total deferred taxation recognised in Consolidated Statement of Profit or Loss	**(58)**	(248)
Total tax charge recognised in Consolidated Statement of Profit or Loss	**8,421**	7,358

7. Dividends

	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000
Final 2024 dividend of 11.25p per share	**9,271**	8,939

The dividend disclosed within the half year condensed consolidated statement of changes in equity represents the final 2024 dividend of 11.25p per share proposed in the 31 December 2024 financial statements and approved at the Group's Annual General Meeting on 4 June 2025. This was paid on 10 July 2025.

The Board has declared an interim dividend of 5.60p (2024: 4.75p) per share. This is not recognised as a liability at 30 June 2025 and will be payable on 2 October 2025 to shareholders on the register of members at the close of business on 12 September 2025. The shares will go ex-dividend on 11 September 2025.

8. Earnings per share

	Six months ended 30 June 2025 (unaudited) p	Six months ended 30 June 2024 (unaudited) p
Basic earnings per share	**28.62**	23.63
Diluted earnings per share	**27.68**	23.12

All results relate to continuing activities. The calculation of EPS is based on a weighted average of ordinary shares in issue during the period. The diluted EPS is based on a weighted average of ordinary shares calculated in accordance with IAS 33 'Earnings per Share', which assumes that all dilutive options will be exercised. IAS 33 defines dilutive options as those whose exercise would decrease earnings per share or increase loss per share from continuing operations.

	Six months ended 30 June 2025 (unaudited) Million	**Six months ended 30 June 2024 (unaudited) Million**
Weighted average number of shares in issue:	**82.99**	96.16
• Dilutive effect of share options	**2.83**	2.15
Weighted average number of shares for calculating diluted earnings per share	**85.82**	98.31

9. Trade and other receivables

	As at 30 June 2025 (unaudited) £'000	**As at 30 June 2024 (unaudited) £'000**	**As at 31 December 2024 (audited) £'000**
Trade receivables	**28,625**	19,915	20,940
Contract assets	**88,952**	80,983	84,335
Contract fulfilment costs	**–**	164	148
Prepayments and accrued income	**29,252**	28,702	24,468
Other debtors	**2,974**	3,426	3,314
Total trade and other receivables	**149,803**	133,190	133,205

10. Trade and other payables

	As at 30 June 2025 (unaudited) £'000	**As at 30 June 2024 (unaudited) £'000**	**As at 31 December 2024 (audited) £'000**
Trade payables	**59,748**	67,149	51,723
Accruals	**55,839**	50,991	48,355
Social security and other taxes	**32,170**	30,675	27,734
Contract liabilities	**68,315**	51,244	61,976
Other creditors	**1,391**	5,379	2,490
Dividends payable	**9,271**	8,939	–
	226,734	214,377	192,278

11. Provisions

A summary of the movement in provisions during the period is shown below:

	Onerous contract provisions £'000	**Property provisions £'000**	**Insurance provisions £'000**	**Legal and other provisions £'000**	**Total £'000**
At 1 January 2025	8,202	1,842	4,138	6,400	20,582
Provided during the period	–	–	1,215	500	1,715
Utilised during the period	(259)	–	(1,080)	(4,200)	(5,539)
Unused amounts reversed	–	–	–	(500)	(500)
At 30 June 2025	**7,943**	**1,842**	**4,273**	**2,200**	**16,258**

At the start of 2025, the Group carried various provisions relating to expected outflows of uncertain timing or amount. Further details of these provisions as they stood at 31 December 2024 can be found in the 2024 Annual Report.

The utilisation of the onerous contract provision has been in line with expectations at 31 December 2024. One legal provision has been settled during the period, also in line with expectations. There has been a modest increase in the amount provided in respect of one legal provision.

12. Financial instruments

Categories of financial instruments

	As at 30 June 2025 (unaudited) £'000	As at 30 June 2024 (unaudited) £'000	As at 31 December 2024 (audited) £'000
Non-current assets			
Fair value (level 3)			
Investments – other investments	**1,500**	65	850
Amortised cost			
Loan notes	**10,414**	4,669	10,195
Current assets			
Amortised cost			
Trade receivables	**28,625**	19,915	20,940
Other debtors	**2,974**	3,426	3,314
Cash at bank and in hand	**81,138**	107,264	91,404
	112,737	130,605	115,658
Non-current liabilities			
Amortised cost			
Lease liabilities	**(232,844)**	(209,634)	(230,641)
Current liabilities			
Fair value (level 3)			
Contingent consideration	**–**	(595)	–
Amortised cost			
Trade payables	**(59,748)**	(67,149)	(51,723)
Lease liabilities	**(67,125)**	(51,416)	(66,861)
Other creditors	**(1,391)**	(4,526)	(2,490)
Deferred consideration	**–**	(258)	–
Dividends payable	**(9,271)**	(8,939)	–
	(137,535)	(132,288)	(121,074)
	(245,728)	(207,178)	(225,012)

The IFRS 13 hierarchy level categorisation relates to the extent the fair value can be determined by reference to comparable market values. The classifications range from level 1, where instruments are quoted on an active market, through to level 3, where the assumptions used to arrive at fair value do not have comparable market data.

The fair values of investments in unlisted equity instruments are determined by reference to an assessment of the fair value of the entity to which they relate. This is typically based on a multiple of earnings of the underlying business (level 3).

There have been no transfers between levels during the period.

Fair value information

The fair value of the Group's financial assets and liabilities approximates to the book value, as disclosed above.

13. Share capital and reserves

Share capital	2025 £'000	2024 £'000
Allotted, called up and fully paid		
At 1 January 90,764,444 (2024: 101,551,082) ordinary shares of 1p each (audited)	**908**	1,016
Issue of 30,003 (2024:138,880) shares on exercise of share options	–	1
Cancellation of 4,319,819 (2024: 5,575,561) shares following purchase by the Group	**(43)**	(56)
At 30 June 86,474,628 (2024: 96,114,401) ordinary shares of 1p each (unaudited)	**865**	961

During the period 30,003 (2024:138,880) ordinary 1p shares were issued in respect of share options exercised. In addition, 4,319,819 (2024: 5,575,561) ordinary 1p shares were repurchased by the Group and cancelled.

Treasury shares

	Thousands	£'000
At 1 January 2025	4,461	14,985
Acquired by the EBT	400	1,619
Disposed of by the EBT	(150)	(553)
Distributed to employees by the EBT	(644)	(2,154)
At 30 June 2025	**4,067**	**13,897**

14. Notes to the Consolidated Cash Flow Statement

The following non-operating cash flow adjustments have been made to the result for the period before tax:

	Six months ended 30 June 2025 (unaudited) £'000	Six months ended 30 June 2024 (unaudited) £'000	Year ended 31 December 2024 (audited) £'000
Depreciation	**36,088**	33,481	69,032
Impairment of right of use assets	**–**	800	633
Loss/(profit) on disposal of assets	**749**	(262)	358
Loss on sale and leaseback transaction	**–**	–	283
Amortisation	**1,136**	1,287	2,244
Share-based payment charge	**1,145**	1,050	2,622
IAS 19 pension movement	**21**	(413)	(544)
Movement in fair value of investments	**(650)**	–	(785)
Share of profits of associates	**(455)**	(633)	(1,014)
Finance income	**(2,491)**	(2,526)	(5,367)
Finance cost	**7,306**	6,248	13,785
Total	**42,849**	39,032	81,247

15. Pensions

The Group contributes to defined benefit schemes which require contributions to be made to separately administered funds. The assets of the schemes are administered by trustees in funds independent from the assets of the Group.

In certain cases, the Group will participate under Admitted Body status in Local Government Pension Schemes. The Group will contribute for a finite period up until the end of the particular contract. The Group is required to pay regular contributions as detailed in the scheme's schedule of contributions. In some cases, these contributions are capped, and any excess can be recovered from the body from which the employees originally transferred. Where the Group has a contractual right to recover the costs of making good any deficit in the scheme from the Group's client, the fair value of that asset has been recognised as a separate pension guarantee asset.

For all schemes included within Other schemes, the Group does not have an unconditional right to benefit from any surplus and therefore, where such schemes are in a surplus position, the surplus is not recognised.

For the purposes of the interim financial statements management has estimated the movements in pension liabilities by reference to the changes in principal assumptions since 31 December 2024, using the sensitivities to movements in these assumptions calculated at that time. The movements in pension assets have been estimated either by reference to preliminary asset valuations at 30 June 2025 or to market index returns over the period for different asset classes in line with the asset portfolios held at 31 December 2024.

The principal actuarial assumptions that have changed since 31 December 2024 are as follows:

	As at 30 June 2025 (unaudited)	**As at 31 December 2024 (audited)**
Discount rate	**5.65%**	5.50%
Retail prices inflation	**2.90%**	3.05%
Consumer prices inflation	**2.50%**	2.65%
Rate of increase of salaries	**2.90%**	3.05%

The amounts recognised in the Consolidated Balance Sheet and major categories of plan assets are:

	30 June 2025 (unaudited)			**31 December 2024 (audited)**		
	Group schemes £'000	**Other schemes £'000**	**Total £'000**	**Group schemes £'000**	**Other schemes £'000**	**Total £'000**
Group's estimated asset share	**116,966**	**122,735**	**239,701**	118,879	115,431	234,310
Present value of funded scheme liabilities	**(93,703)**	**(73,364)**	**(167,067)**	(97,210)	(76,705)	(173,915)
Funded status	**23,263**	**49,371**	**72,634**	21,669	38,726	60,395
Scheme surpluses not recognised as assets	–	**(48,130)**	**(48,130)**	–	(37,150)	(37,150)
Pension asset/(liability)	**23,263**	**1,241**	**24,504**	21,669	1,576	23,245

The Group's defined benefit obligation is sensitive to changes in certain key assumptions. A 0.1% reduction in the net discount rate (the base discount rate less the rate of inflation) would result in an increase in the present value of the defined benefit obligation of approximately 2.3%, although an element of the increase would be mitigated by an increase in the pension guarantee assets or a reduction in the unrecognised surplus, as described above.

16. Half-year condensed consolidated financial statements

Further copies of the Interim Report are available from the registered office of Mears Group PLC at 2nd Floor, 5220 Valiant Court, Gloucester Business Park, Brockworth, Gloucester, GL3 4FE or www.mearsgroup.co.uk.

17. Principal risks and uncertainties

The nature of the principal risks and uncertainties faced by the Group has not changed significantly from those set out on pages 63 to 65 of the 2024 Annual Report and Accounts and is not expected to change over the next six months.

18. Forward-looking statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Mears Group PLC. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Report includes a fair review of the information required by Rules 4.2.4, 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

By order of the Board

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6 August 2025