

Chairman's introduction



The Board recognises that it has ultimate responsibility for ensuring that the appropriate culture is set in order to deliver our strategic objectives and create value for our stakeholders.

Board focus areas for 2025

- Reviewed and approved financial statements following recommendation from the Audit and Risk Committee
- Completed the appointment of our new Employee Director
- Regular review of workforce engagement
- Review of progress against the strategic plan, with deep dives into business development and contract bidding

Priorities for 2026

- Recruitment of a new independent Non-Executive Director
- Oversee implementation of provision 29 of the 2024 Corporate Governance Code
- Continuous review of risk and uncertainties facing the Group
- Continuous review of progress against the Group's five-year Strategic Plan
- Group culture to provide assurance that the agreed values and culture are being embedded
- Continue to monitor the delivery of the Group's ESG agenda and Net Zero strategy

I am pleased to introduce our Corporate Governance Report for the period ended 31 December 2025. This report sets out the governance framework and processes we have to support the creation of long-term value for the benefit of our stakeholders as a whole, including the controls and oversight that the Board has established to ensure it is effective in its decision making. During 2025, the Board considers that it has applied the principles of good governance set out in the UK Corporate Governance Code.

The Board recognises that it has the ultimate responsibility for ensuring that the appropriate culture is set in order to deliver our strategic objectives and create value for our stakeholders. Mears' strong corporate culture is key to the Company's long-term sustainable success and, accordingly, the promotion of this culture is an important element of the debates that take place at each Board meeting. The wellbeing of our workforce and our customers is paramount and underpins the creation of long-term value for stakeholders and shareholders.

An area which sets the Group apart from other listed peers was the introduction and development of the Employee Director position. This was a position that the Board first appointed in 2018, and the value of this role has increased year on year since that time. This was an innovative step, and there have naturally been learnings over the past seven years. A key enhancement over the last two years was the addition of both a Deputy Employee Director and a Trade Representative, together forming the Employee Representative Team (ERT). This team is highly visible and in frequent contact with the Board and senior management team, and it has become an increasingly valuable channel of communication. The ERT ensures that the Board receives full, open and honest insight into the views from its workforce. The Board understands the vital role that our workforce plays in the success of the Group.

The Board strongly supports diversity in its broadest sense, in the boardroom and across the business, and this is detailed more fully in the Nominations Committee Report. We recognise that there remains opportunity to further increase the diversity of the Board and within the wider business, and this will continue to be an area of focus in future years.

The Committee is well progressed in its preparations for the 2024 UK Corporate Governance Code and its requirements when the provisions relating to the declaration on material controls is introduced. We believe that a controls-focused culture led by the Board promotes behaviours and activities across the business that play a key role in safeguarding the business and shareholder value. It also promotes a controls mindset over important non-financial disclosures. The progress in this area is covered in greater detail in the Audit and Risk Committee Report.



Following the completion of the update to the Group's five-year strategic plan, we identified the requirement for a number of additional positions within the senior management team to underpin the delivery of the Group's key strategic objectives. During 2025, we saw a number of key external appointments whilst also recognising the quality talent that already exists within the business.

Whilst I am pleased with the balance of the current Board, we would equally recognise that, following the departure of Dame Julia Unwin in January 2025, the Board lost the benefit of Julia's extensive and varied experiences. In order to ensure we continue to maintain a strong independent Board with the required skills and experience, we plan to recruit an additional Non-Executive Director during 2026. Further detail is provided within the Nominations Committee Report.

Following an externally facilitated review in 2024, our 2025 Board effectiveness review took place through an in-depth Board discussion at our December meeting, where the Board also revisited the list of actions from the 2024 review, confirming that all points raised had been properly considered and closed.

Jim Clarke
Chairman
25 March 2026

Compliance with the Code

The long-term success of the Group is dependent upon maintaining high standards of corporate governance and the Board is guided in its approach through the application of the UK Corporate Governance Code 2018 (the 'Code'). We recognise that strong governance provides confidence to all our key stakeholders.

For the year ended 31 December 2025, the Company complied with all the provisions of the Code and the Disclosure Guidance and Transparency Rules requirement to provide a corporate governance statement.

Board leadership and Company purpose

The key purpose of the Board is collectively to lead the Company and to promote its long-term sustainable success, so generating value for shareholders and other stakeholders and contributing to wider society.

Board of Directors	Pages 58 and 59
Board activities	Page 63
Strategy, purpose, values and business model	Pages 3, 8 – 11
Engagement with stakeholders	Page 64
Our Section 172 Statement	Page 26

Division of responsibilities

Governance framework	Pages 61 and 62
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Composition, succession and evaluation

Our Board consists of an Independent Non-Executive Chairman, two Executive Directors, two independent Non-Executive Directors and an Employee Director (non-statutory). Succession planning is reviewed periodically. The evaluation of the Board and Committees' performance is overseen by the Chairman.

Nominations Committee Report	Pages 65 – 67
Chairman's Statement	Pages 56 and 57

Audit, risk and internal control

The Audit and Risk Committee assists the Board in its function of oversight of risk, financial controls and reporting.

Audit and Risk Committee Report	Pages 68 – 76
Going Concern basis	Pages 109 – 110
Viability Review	Pages 47 and 48
Risk management	Pages 50 and 51
Independence and effectiveness of internal and external audit functions	Page 74
Fair, Balanced and Understandable risk management	Page 69

Remuneration

The Remuneration Committee is responsible for the design, implementation and oversight of the Group's Remuneration Policy, which was approved by shareholders in 2023 and due to be approved at the 2026 AGM.

Remuneration Committee Report	Pages 77 – 100
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Board of Directors



Jim Clarke

Chairman

Skills and experience

Jim is a very experienced company Chief Financial Officer. He qualified as a Chartered Accountant in 1984. He has spent much of his career in senior finance roles in consumer-facing industries, having been Chief Financial Officer at David Lloyd Leisure, JD Wetherspoon and Countrywide.

Principal external appointments

Hoburne Group Limited

Tenure

Six years

Committee membership



Lucas Critchley

Chief Executive Officer

Skills and experience

Lucas graduated with a BA in Business and Commerce, joining the Company as a business apprentice in 2004. He has worked his way up through business development and operational roles within the Group to join the Executive Board in 2023. He has hands-on experience of running contracts throughout his time at Mears, becoming Operations Director in 2017 and Group Chief Operating Officer in 2021. Lucas stepped up to Chief Executive on 31 December 2023 following the retirement of David Miles.

Principal external appointments

None

Tenure

21 years (Joined the Board in 2023)



Andrew Smith

Chief Financial Officer

Skills and experience

Andrew joined Mears in 1999 and, prior to his appointment to the Board, was Finance Director covering the Group's operating subsidiaries. Andrew qualified as a Chartered Accountant in 1994 and worked in professional practice prior to joining Mears.

Principal external appointments

None

Tenure

26 years (Joined the Board in 2007)



Angela Lockwood OBE

Senior Independent Director

Skills and experience

Angela has extensive experience gained from a career in housing spanning 30 years. Starting her career at Sunderland Council, Angela then worked for Home Housing and subsequently joined Endeavour Housing Association, firstly as Housing Director and then Managing Director. She joined North Star in 2009, holding the position of CEO. Angela holds an MBA and is a Fellow of the Chartered Institute of Housing.

Principal external appointments

Riverside Housing Group

Tenure

Four years

Committee membership



**Nick Wharton**

Non-Executive Director

Skills and experience

Nick is a Chartered Accountant with extensive finance and corporate governance experience gained, both in the UK and internationally, through executive and non-executive positions in consumer companies under both public and private equity ownership. Nick has been Group Chief Financial Officer (CFO) at three public companies and Audit Committee Chair at four businesses including three FTSE-listed companies. Nick was formerly CFO of Pepco NV, Superdry plc and Halfords Group plc and was also Chief Executive Officer at Dunelm Group plc.

Principal external appointments

AG Barr plc, TheWorks.co.uk plc

Tenure

Two years

Committee membership**Kiren Sampla**Employee Director
(non-statutory)**Skills and experience**

Kiren completed a University degree in Human Resource Management and brings over 20 years' experience in HR, primarily within the housing sector. Kiren joined Mears in 2015 as an HR Business Partner and subsequently progressed to Head of HR Operations. Prior to joining Mears, Kiren worked in the retail and banking sectors.

Principal external appointments

None

Tenure

Four months (Joined the Board in 2026)

**Ben Westran**

Company Secretary

Skills and experience

Ben is a Chartered Accountant and, prior to his appointment as Company Secretary, was Group Financial Controller and Director of a number of the Group's subsidiaries. Ben joined the Group in 2004, having previously worked in professional practice.

Principal external appointments

None

Tenure

21 years (Company Secretary since 2014)

Committee key

- Nominations Committee
- Audit and Risk Committee
- Remuneration Committee
- Committee Chair

Board changes since the year end

Hema Nar stepped down as Employee Director on 2 January 2026 when her tenure came to a natural end. Hema was replaced by Kiren Sampla.



Roles and responsibilities

Role	Responsibilities include:
Chairman Jim Clarke	<ul style="list-style-type: none"> Promoting a culture of challenge, debate, openness, support and mutual respect Leadership of the Board, setting its agenda and ensuring effective information flow and time management Ensuring that Directors contribute effectively and allocate sufficient time to the Company Ensuring that the Board listens to the views of shareholders, the workforce, customers and other stakeholders Ensuring that the Board both monitors and demonstrates culture, values and behaviours of the Group Ensuring that the Board determines the nature and extent of risk and reward in strategy execution Ensuring effective Board evaluation
Senior Independent Non-Executive Director Angela Lockwood	<ul style="list-style-type: none"> Leading the annual performance evaluation of the Chairman Providing a sounding board for the Chairman Available to shareholders as a channel for them to raise Board level issues
Independent Non-Executive Directors Angela Lockwood Nick Wharton	<ul style="list-style-type: none"> Promoting the highest standards of integrity, probity and corporate governance throughout the Group Constructively challenging decisions proposed by the Executive Directors Ensuring stakeholder views are debated and considered Assisting in developing proposals on strategy Contributing to the performance evaluation of the Chairman Briefing the Board on decisions made and key issues from each Committee Chair
Employee Director (non-statutory) Kiren Sampla (appointed to the Board 2 January 2026)	<ul style="list-style-type: none"> Promoting the highest standards of integrity and probity Assisting in developing proposals on strategy Assisting the Board to receive full, open and honest insight and views from its workforce on how strategic initiatives are being implemented Helping to provide the wider workforce with a better understanding of how the Board operates
Chief Executive Officer Lucas Critchley	<ul style="list-style-type: none"> Managing the day-to-day running of the business in line with the strategy and objectives set by the Board Ensuring the Board is supplied with sufficient and appropriate information on a timely basis Leading the business within the scope set by the Board Developing strategy and setting objectives to meet the Group strategy approved by the Board Managing the Group's operations to ensure they meet the risk appetite set by the Board
Chief Financial Officer Andrew Smith	<ul style="list-style-type: none"> Supporting the Chief Executive Officer in developing strategy and meeting objectives Bringing a commercial and financial perspective to the Board Leading the finance function and establishing strong control processes Managing the treasury activities in accordance with the credit risk appetite set by the Board Supporting the Chief Executive Officer with investor relations Leading the development of talent within the finance function



Corporate governance framework

How we are governed

The Board is the principal decision-making body of the Company. Certain matters, for example, relating to strategy, financial structure, communications and policy approvals, are matters reserved for the Board to decide. Authority for other specific matters is formally delegated by the Board to three Board Committees – Audit and Risk, Remuneration, and Nominations – and to executive management.

A summary of the roles of each element of our corporate governance regime is set out below.

The Board

The key purpose of the Board is collectively to lead the Company and to promote its long-term sustainable success, so generating value for shareholders and other stakeholders, and contributing to wider society. The principal responsibility of the Chairman is to lead the Board and to ensure its effective operation.

The Board's key functions are:

- a.** leadership: establishing Company purpose and values, strategy, financial structure, adequacy of human and financial resources, and workforce policies;
- b.** oversight: of corporate practice and behaviour, financial controls, implementation of workforce policies, risk and management performance, and succession;
- c.** relationships: understanding views of shareholders, other stakeholders and the workforce, and the means to influence those views; and
- d.** decision making: to take effective decisions on those matters reserved to it, ensuring it has the appropriate mix of skills and experience and the information, time and resources to do so.

The matters reserved for decision by the Board are:

- a.** strategy and management: approval of the strategic plan and annual budget, any changes in the scope of activities, and review of performance against plans;
- b.** financial structure, capital allocation, dividend policy and listing;
- c.** approval of financial and other major communications and resolutions for general meetings;
- d.** approval of major contracts;
- e.** changes to the composition of the Board and its Committees and appointment of the external auditor;
- f.** remuneration and other corporate policies; and
- g.** risk appetite and review of strategic risk.

The Board's activities in 2025 are set out on page 63. The composition of the Board is set out on pages 58 and 59. The Chairman's Statement is set out on pages 56 and 57 of this Annual Report.

The Audit and Risk Committee

The key purpose of the Audit and Risk Committee is to assist the Board in its function of oversight of risk, financial controls and reporting. The Committee:

- a.** oversees the development of the Company's strategic risk register and makes an assessment of the effectiveness of the Company's risk management;
- b.** assesses the Company's financial systems of control, accounting policies and key judgements, and compliance with regulatory requirements;
- c.** oversees the work of both the internal and external auditors; and
- d.** reviews the Company's policies on fraud, bribery, whistleblowing, etc.

A report of the Audit and Risk Committee's activities in 2025 is set out on pages 68 to 76.

The Remuneration Committee

The Committee's key function is to determine the Remuneration Policy for executive management and oversee the appropriateness and effectiveness of Group-wide remuneration policies. It:

- a.** determines the remuneration of Executive Directors and the Chairman;
- b.** reviews and decides on awards under all share incentive schemes;
- c.** reviews the application of pay and pension policies across the Company; and
- d.** reviews Group-wide human resources strategy.

The report of the business of the Remuneration Committee in 2025 is set out on pages 77 to 100.

The Nominations Committee

The Committee reviews the composition, structure and size of the Board and oversees the process of recruitment to the Board. It also reviews executive management succession plans. A report on its activities in 2025 is set out on pages 65 to 67.

The Chief Executive Officer and senior executive team

The CEO has responsibility for the day-to-day operations of the Group and authority for all decisions which are not reserved to the Board or its Committees. The key role of the CEO is to:

- a.** ensure that the resources of the Company are effectively directed to the execution of the agreed strategy, that key performance metrics are in place, and that progress against those metrics is measured and reported to the Board;
- b.** lead, inspire and support Company employees, through developing a high performing management team and effective Company-wide communication;
- c.** lead the Company's relationships with shareholders, customers, suppliers, other stakeholders and the wider community; and
- d.** ensure that adequate processes are in place to manage risk.

The Chief Executive Officer's Review is set out on pages 16 to 19 of this Annual Report.



Corporate governance framework continued

Board meetings

Full Board meetings are typically held in person, whereas shorter meetings to deal with singular time-critical items are often set up at shorter notice and typically held virtually. The success of different meeting formats is regularly debated and members have agreed that, while it is practicable to make effective decisions and exercise effective oversight in the virtual format, the quality of overall Board discussion is typically better when we meet in person.

The Board agenda is set by the Chairman with support from the Company Secretary. Early in 2025, a plan was produced and approved by the Board which set out the proposed discussion areas for each meeting. Inevitably, the plan evolved and changed during the year.

A typical Board meeting will comprise the following elements:

- performance reports for each of the Executive Directors in relation to the activities for which they have responsibility;
- a report and a verbal summary from the Employee Director;
- deep dive reports into areas of particular focus for that meeting; and
- a verbal update from the Chairs of each of the three Board Committees on activity which has occurred since the last Board meeting together with Committee minutes.

In this way, the Board is assured that at each meeting it is provided with an up-to-date understanding of strategic and sector related developments, operational issues and successes, major contract performance, customer feedback, health and safety performance, financial matters, investor relations, workforce issues, successes and awards, progress on new business wins, public relations and communications.

Board and Committee member attendance 2025

Director	Position	Board	Audit and Risk Committee	Nominations Committee	Remuneration Committee
Jim Clarke	Chairman	8/8	–	1/1	4/4
Lucas Critchley	CEO	8/8	–	–	–
Andrew Smith	CFO	8/8	–	–	–
Hema Nar	Employee Director (non-statutory)	8/8	–	–	–
Angela Lockwood	Independent Non-Executive Director	8/8	4/4	1/1	4/4
Nick Wharton	Independent Non-Executive Director	8/8	4/4	1/1	4/4



Board activities

January 2025

- Board approved a share buyback together with a Notice of General Meeting to re-set the authority for further buybacks up to 10% of its shares in the market

February 2025 Board meeting

- Central Government contracts deep dive; MOD and MOJ in-focus
- Review of actions from 2024 Board Effectiveness Review and approval of skills matrix

April 2025 Board meeting

- Maintenance business unit deep dive; progress against five-year plan in-focus
- Customer Scrutiny Board update

April 2025 Board call

- Approval of Annual Report, including Fair, Balanced and Understandable assessment
- Approval of proposal of final dividend for FY24
- Approval of Going Concern Statement and Viability Review
- Approval of interim dividend for 2025

April 2025 Remuneration Committee

- Finalisation of Long Term Incentive Plan and annual bonus targets for 2025

June 2025 Board meeting

- Detailed Technology update
- Approval of Modern Slavery Act Statement

July 2025 Audit and Risk Committee

- Consideration of key estimates and judgements relating to interim results

December 2025 Board meeting

- Approval of 2026 budget
- Review and updated Q3 revised forecast and consideration of trading update
- Business development; contract bidding deep dive

December 2025 Audit and Risk Committee

- Review of interim audit findings, delivered by PwC
- Update on progress in respect of Provision 29 of the Corporate Governance Code
- Review of the draft internal audit plan for 2026
- Approval of the effectiveness of the internal controls during 2025

October 2025 Board meeting

- Approval of tax strategy
- Board received and reviewed feedback on political stakeholder engagement

October 2025 Remuneration Committee

- Review of responses of Remuneration Consultation

August 2025 Board meeting

- Workforce matters deep dive; presentation by HR Director
- Market mapping deep dive; review of KPMG long and short list of potential acquisition targets

August 2025 Board call

- Approval of half-year results announcement
- Approval of interim dividend for 2025



Stakeholder engagement

Board engagement with key stakeholders

Within the Strategic Report, we detail who we consider to be our key stakeholders, what matters to them, how the Company and the Board engages with them, and our key performance measures. The Board recognises that engagement with key stakeholder groups strengthens our relationships and is an ongoing part of the operational management of the Group. The Board receives regular updates from senior management on insights and feedback from stakeholders, which allows the Board to understand and consider the perspectives of key stakeholders in decision making. Our Section 172 Statement on page 26 and the full Strategic Report provide further detail as to how the needs of our stakeholders, as well as the consequences of our decisions, are considered in detail by the Board.

Investor meetings

Investor meetings are predominantly attended by the Group Chief Executive Officer and Chief Financial Officer although other senior executives may attend. There is an active programme of communication with existing and potential shareholders, with “City Days” scheduled on a monthly basis (outside of closed periods), which provides any shareholder with an opportunity for a meeting with management. There is increased dialogue following the publication of final and interim results, which is facilitated through a series of formal presentations, and management allocates a full week at those times to ensure all shareholders can be accommodated. The Chairman is also available for discussions with shareholders as and when they so wish and a number of such discussions took place during the year.

The Chairman regularly engages with major shareholders to canvass their views on governance and performance against strategy. Committee Chairs will engage with shareholders where a particular matter relates to their area of responsibility. The Group also has regular dialogue with its banking partners. The Group has a committed £70m revolving credit debt facility to December 2029. The Directors value the close relationships with Barclays and HSBC.

Annual General Meeting (AGM)

Shareholder participation at each Annual General Meeting is usually encouraged. Full details of the 2026 AGM will be set out in the Notice of Meeting. In normal circumstances, all shareholders are invited to attend the Company’s AGM, at which point they have the opportunity to meet the Board and raise questions. Shareholders who are unable to attend are invited to email questions in advance to company.secretary@mearsgroup.co.uk.

Annual Report and other communications

The Board maintains regular contact through the provision of the Annual Report, regular interim reports and regular trading updates. This information can be found on the Group’s website (www.mearsgroup.co.uk).

Corporate website

The Group website has a dedicated investor section which provides an overview of Mears, whilst also providing access to historical Annual Reports and shareholder presentations. The Group regularly receives and responds to questions raised by small private shareholders through the investor enquiry portal within the Group’s website.

	Holding at 28 February 2026 % IC	Holding at 28 February 2025 % IC
Shareholders holding over 2.5% of issued share capital		
JPMorgan Asset Management	8.9%	9.2%
Fidelity Management & Research	6.7%	9.7%
Gresham House Asset Management	6.1%	6.5%
Artemis Investment Management	5.7%	2.6%
Dimensional Fund Advisors	5.4%	5.3%
BlackRock	4.7%	2.2%
Employee Benefit Trust	4.6%	4.9%
Heronbridge Investment Management	4.4%	6.4%
JPMorgan Securities collateral account	3.3%	–
Acadian Asset Management	2.7%	2.6%
Huntington Management	2.6%	2.5%



Report of the Nominations Committee



Jim Clarke
Nominations Committee Chair

“Mears was one of the first listed companies to take the innovative step of appointing an Employee Director. A further enhancement was the addition of both a Deputy Employee Director and a Trade Representative. These roles ensure that the Board receives full, open and honest insight into the views from its workforce on how strategic initiatives are being implemented.”

Jim Clarke
Nominations Committee Chair

Meeting attendance

The Non-Executive Directors who served on the Nominations Committee during the year, together with their record of meeting attendance, are detailed in the table below.

Jim Clarke	1/1
Angela Lockwood	1/1
Nick Wharton	1/1

Our focus for the year ahead

- Oversee appointment of new Board member
- Annual review of succession plans and talent pipeline below Board level
- Ongoing Board development
- Complete internal Board effectiveness review

I am pleased to present my report as Chair of the Committee for the year ended 31 December 2025. This report provides an insight into the work of the Committee during the year. It also highlights the actions taken to ensure that the Board has the appropriate balance of skills, experience, knowledge and diversity to provide the Company with the strong leadership required to support its workforce and deliver long-term sustainable success. The Committee regularly evaluates the Board's performance and effectiveness, both as a group and as individual directors, and reviews the annual Board effectiveness process to ensure it continues to operate in the best possible way. The Committee met formally once during 2025 and held frequent discussions outside formal meetings.

Main activities throughout the year

The Committee continued to fulfil its core responsibility, principally to:

- review the structure of the Board and its Committees and ensure it has the right skills and experience;
- lead the process for Board appointments and oversee the development of a diverse pipeline for succession;
- ensure plans are in place for orderly succession of Board and senior management positions; and
- oversee the annual Board evaluation.

Board composition and skills

It is critical to the success of the Board that it has the optimal mix of skills, knowledge, experience and diversity to produce an informed debate and a high quality of decision making. Directors offer themselves for re-election annually. The Committee considers that each of the Non-Executive Directors applies their time and experience so as to make an effective contribution to the deliberations of the Board.

In accordance with the Code, the Chairman was independent at the time of his appointment to the Board in 2019. The other two Non-Executive Directors are both considered to be independent for the purposes of the Code. The two Executive Directors, by virtue of their employment in an executive role within the Group, are not considered to be independent. The Employee Director, whilst not a statutory appointment at Companies House, holds equal status as any other Board member.

The Board operates a policy to identify and manage situations declared by Directors in which they or their connected persons have, or may have, an actual or potential conflict of interest with the Company. No Director conflict situation currently exists or existed at any time during the year.

The Board reviews the independence of its Non-Executive Directors as part of the annual evaluation process. The Nominations Committee also considers this as part of its ongoing review of the Board composition. The Committee considers all Non-Executive Directors to be independent and that the Company is compliant with the Code requirements as to independence.

All Directors are subject to annual re-election by shareholders at the Annual General Meeting. The length of service of each Director as at the end of 2025 is set out in their biographies on pages 58 and 59.



Report of the Nominations Committee continued

Board composition and skills continued

The Directors, both Executive and Non-Executive, are required to devote as much time as is reasonably required to discharge their duties effectively and the Board is satisfied that the Directors do so. Only in extreme circumstances would a Non-Executive Director be absent from Board or Committee meetings. Directors wishing to take up additional external appointments require the permission of the Board, acting through the Chairman.

The Nominations Committee regularly assesses the skills and experience mix of the Non-Executive Directors. The Board requires a range of views, skills and experience in order to ensure that it can effectively challenge management's ideas and delivery while also contributing positively to Company strategy and corporate development more generally. The balance of those skills and capabilities is kept under review to ensure that the Board can supply effective leadership and that, in particular, it has both extensive commercial private sector experience and a good understanding of the dynamics and processes which drive the behaviour of its client base. The Committee also takes account of the skills and capabilities within the broader senior executive team, which is called upon where specialist input is required.

Non-Executive Director appointment

The Nominations Committee leads the process for Board appointments and makes its recommendations to the Board for final approval. Our process for Board appointments starts with the Committee's review of Board composition, considering the skills, experience and background that it needs to fulfil its objectives.

It is the opinion of the Committee, and endorsed by the Board, that the Chairman and all the Non-Executive Directors bring independence of judgement and character, a wealth of experience and knowledge, and the appropriate balance of skills which are appropriate to effect oversight and implementation of the Group's strategy. The Committee recognised that following the departure of Dame Julia Unwin, former Non-Executive Director, whose tenure on the Board came to an end in January 2025, the Board had lost the benefit of Julia's extensive and varied experiences. The Committee has recognised the importance for the Board to contain sectoral expertise with both Local and Central Government clients. The Committee commenced a process to search for an additional Non-Executive Director.

The Committee's policy is to use an open advert and/or an external search consultancy for the appointment of the Chair and Non-Executive Directors. In line with our Fairness and Inclusion Policy, we expect our external search consultancy to provide us with a diverse selection of candidates from which to shortlist. We recognise that there are significant benefits of diversity, including age, gender, ethnicity, core skills, experience, and educational and professional background, which we continue to evaluate whenever changes to the Board's composition are considered. A detailed role specification is approved before initiating a two-stage interview process. A decision is made based on the level of experience and broad skill sets.

Following an extensive search, I am delighted to announce that Dame Clare Tickell has been selected and will join the Board on 1 April 2026. Clare is a seasoned Non-Executive leader with over three decades of experience spanning housing, public service delivery and corporate governance.

Induction and ongoing development

It is important for all Non-Executive Directors, when joining the Company, to be provided with, and given an insight into, the Company's operations, culture and values. Following a new appointment, I set out our induction programme, which has been designed to involve a full overview of the Group and how it operates:

- Individual meetings with the Non-Executive Chairman, Chief Executive Officer and the Chief Financial Officer
- A programme of meetings with senior leadership members to understand key operational matters
- Meetings with other Non-Executive Directors

As part of ongoing development, the Board meetings are structured to allow Directors to engage directly with a range of employees below Board level. Together with the regular visits to the Company's operations undertaken by the Chairman and the other Non-Executive Directors, we believe this important in relationship building and understanding our talent pipeline, people and culture. It also raises the profile and understanding of the role of the Board and its governance responsibilities. Meetings are also arranged with key advisers such as the external auditor and brokers on an ongoing basis, both at Board level and individually.

Succession planning

In considering succession planning for the Board, the Committee assesses its optimal composition in terms of skills and experience and aligns it to medium- and long-term time horizons, primarily based on individual tenure and the need to refresh Board membership. While identifying and developing talent across the Group remains primarily the responsibility of management, we have a duty to secure its long-term success. I meet, individually, with all the senior executive team at least once each year, and I continue to be impressed by the quality and strength we have in the Group sitting immediately below the Board level. The Group has a strong track record of developing talent internally, with both Executive Directors having grown within the business prior to their Board appointments. I can already see a number of the senior team who will, in time, have opportunity to develop further as leaders of the business over the long term. As part of our focus on succession planning, 2025 saw a number of key external appointments which complement the strengths of the existing management team.

The Committee received updates from the Chief Executive Officer in relation to succession planning, both at Board and senior management level, to ensure there is a good quality pipeline in place. This enabled the Committee to challenge those plans in order to understand the actions taken to enhance the pipeline, ensuring there is representation from a diverse range of employees. During the year, we have been able to monitor the Group succession plans, noting where we have potential internal successors or where we have to undertake an independent external appointments process. The Committee is acutely aware that retaining talent is key to the successful execution of our succession plans.



Employee Director and Employee Representative Team (ERT)

Hema Nar was appointed as Employee Director with effect from January 2023. This was a position that the Board first appointed in 2018, and Hema is the third person to occupy that role. The value of this role has increased year on year since that time. Mears was one of the first listed companies to take such an innovative step, and there have naturally been learnings over the past six years. A key enhancement, made in 2023, was the addition of both a Deputy Employee Director and a Trade Representative. Since that time, these three individuals have performed regular branch visits, and are highly visible and in frequent contact with the Executive team, which has become an increasingly valuable channel of communication.

The Board understands the vital role that our workforce plays in the success of the Group. The ERT roles ensure that the Board receives full, open and honest insight into the views from its workforce on how strategic initiatives are being implemented and provides the workforce with a better understanding of how the Board operates. The Board firmly believes that better employee representation improves the quality of decision making.

Hema Nar's tenure came to a natural end on 31 December 2025. The Committee and Board would like to place on record their thanks and recognition of the tremendous progress made over the last three years, spearheaded by Hema. Our new incoming Employee Director (non-statutory) is Kiren Sampla, who was selected after an intensive internal application process which reduced to a strong shortlist of potential candidates.

Mears will continue to work to secure a balanced Board to broaden the range of perspectives and expertise around the table and ultimately benefit the services and clients we seek to support.

As part of her induction and handover, Kiren attended the December Board meeting. I look forward to Kiren, and her colleagues Liam Wilkinson and Tom Heginbottom, moving the ERT even further forward in 2026. It is pleasing to note that as part of the changes, Liam stepped up from his previous role as Trade Representative to Deputy Employee Director.

Diversity

We believe that our business' success is dependent on the quality of our people. Key to this is embracing diversity and ensuring that our workforce is representative of the communities in which we work. We strive to create a transparently fair environment that can evidence equality, diversity and inclusion for all. We have set out our commitment to this in our Fairness and Inclusion Policy and this theme flows through our strategic plan. The Group was pleased to see its ranking in the top 75 of the Social Mobility Index move up to 32, evidencing the importance that the Group places on fairness and opportunity for all.

At the start of 2025, the Company complied with the targets outlined within the Listing Rules, with 43% of the Board Directors (including the non-statutory Employee Director) being women. With Julia Unwin stepping down from the Board in January 2025, this figure reduced to 33%. The Committee will ensure that the next Board appointment supports a process that encourages a diverse selection of applications, but ultimately the final selection will be made based on the level of experience and broad skill sets. In addition, on the same basis, one Board member is from a non-White ethnic minority background. We continue to have one senior Board position, the Senior Independent Director, held by a woman.

Board and Executive Management – Gender

	Board		Senior positions on Board		Executive management	
	Count	Percentage	Count	Percentage	Count	Percentage
Male	4	67%	3	75%	17	44%
Female	2	33%	1	25%	22	56%
	6	100%	4	100%	39	100%

Board and Executive Management – Ethnicity

	Board		Senior positions on Board		Executive	
	Count	Percentage	Count	Percentage	Count	Percentage
White British or Other White	5	83%	4	100%	36	92%
Asian/Asian British	1	17%	–	–	2	5%
Black/African/Caribbean/Black British	–	–	–	–	–	–
Other ethnic groups including Arab	–	–	–	–	–	–
Not specified	–	–	–	–	1	3%
	6	100%	4	100%	39	100%

Evaluation

Following an externally facilitated review in 2024, our 2025 Board effectiveness review took place through an in-depth Board discussion at our December meeting, where the Board also revisited the list of actions from the 2024 review, confirming that all points raised had been properly considered and closed. It is currently expected that the next externally facilitated evaluation will take place during 2027.

Jim Clarke

Nominations Committee Chair

25 March 2026

Report of the Audit and Risk Committee



Introduction

On behalf of the Audit and Risk Committee ('Committee' or 'ARC'), I am pleased to present this report for the year ended 31 December 2025. The report aims to give stakeholders a clear insight into the way the Committee has discharged its accountabilities, together with the key work performed and issues debated by the Committee to provide assurance in the Group's reported financial outputs.

We believe several factors enabled the Committee members to effectively discharge their duties and responsibilities through the year. These included a regular programme of meetings and discussions, covering all elements of the Committee's Terms of Reference, each supported by interactions with the Company's management and internal and external auditors and by high quality reports and information. In addition, as Committee Chair, I regularly held discussions with both the internal and external auditors to discuss any issues that may have arisen.

Audit and Risk Committee

The Committee is chaired by Nick Wharton. As a Chartered Accountant with extensive finance and corporate governance experience, having been CFO at three public companies and Audit Committee Chair at six businesses including five FTSE-listed companies, the Board considers him to have recent and relevant financial experience as required by provision 24 of the 2018 Corporate Governance Code.

Angela Lockwood has held senior roles within the housing sector, bringing valuable industry-specific expertise.

The Board has determined that the current composition of the ARC as a whole has competence relevant to the sector in which the Company operates, to enable it to deal effectively with the matters it is required to address and to challenge management when necessary.

Meetings

During the year, the Committee held four meetings. Meetings were routinely attended by the CEO and CFO, with the internal and external auditors and the Chairman of the Company also invited to all meetings. Through such invitation, the Committee was attended by all Non-Executive Directors, maximising relevant input and ensuring overall Board efficiency. The Company Secretary acts as secretary to the Committee.

As highlighted above, the Audit and Risk Committee Chair meets with the external auditor and lead internal auditor regularly throughout the year and, periodically, the ARC will meet with the internal and external auditors without management present.

“Following the migration of the statutory audit to PwC in the previous financial year, the current year has seen further development of our audit and risk management processes, in part benefiting from the fresh audit approach, control observations and perspective that PwC has brought.”

Nick Wharton
Audit and Risk Committee Chair

Meeting attendance

The Non-Executive Directors who served on the Audit and Risk Committee during the year, together with their record of meeting attendance, are detailed in the table below.

Nick Wharton	4/4
Angela Lockwood	4/4



Compliance Committee (CC)

The Compliance Committee, as a sub-committee to the Audit and Risk Committee, plays a pivotal role in mitigating the most significant risk areas faced by the Group. Within its Terms of Reference, the CC focuses on ensuring the health, safety and wellbeing of our people and those we serve, in addition to monitoring the businesses' impact on the environment. The importance the Group places on health, safety and environmental risks is reflected in the membership of the CC, which includes the COO, Health and Safety Director and internal health and safety legal adviser. Others are called upon to attend as required.

Each Committee's Terms of Reference are available on the Company's website and on request from the Company Secretary.

Audit and Risk Committee: roles and responsibilities

The primary role of the ARC, which incorporates the CC, is to assist the Board in fulfilling its oversight responsibilities, and it regularly reports to the Board on how it has discharged its responsibilities. These responsibilities include, but are not limited to:

Financial reporting

- Monitoring the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements and disclosures which they contain
- If requested by the Board, providing advice on whether the Annual Report and Accounts is fair, balanced and understandable
- Reporting to the Board on the appropriateness of the accounting policies and practices

Internal control and risk management

- Reviewing and monitoring the effectiveness of the internal control and risk management systems
- Reviewing and monitoring the effectiveness of the internal audit function, which is resourced externally by KPMG and other specialists where considered necessary, and management's responsiveness to any findings and recommendations
- Reviewing the identification and mitigation of the Group's existing corporate and emerging risks

Policies and procedures

- Reviewing and approving the Terms of Reference for key operating committees (e.g. Treasury Committee)
- Reviewing the Scheme of Delegated Authority limits
- Reviewing and monitoring the key policies, e.g. tax strategy and Corporate Criminal Offence Policy
- Reviewing and monitoring the appropriateness of the Anti-Bribery Policy and procedures
- Approving the appointment and removal of the internal auditor and making recommendations to the Board in relation to appointment and removal of the external auditor, confirming its independence and approving its remuneration and terms of engagement
- Reporting to the Board on how it has discharged its responsibilities

Nick Wharton

Audit and Risk Committee Chair

25 March 2026



Report of the Audit and Risk Committee continued

Significant events during the year

External audit process

As reported in the 2024 Annual Report and following a tender process, PricewaterhouseCoopers LLP (PwC) was appointed as the Group's statutory auditor for the year ended 31 December 2024. Building on the fresh perspective and audit approach PwC provided, a detailed review of the 2024 audit identified several improvements for the 2025 audit to enhance effectiveness while improving efficiency. Strong continuity across all levels of the audit team was a key enabler to securing these improvements.

The Committee remains impressed with the strength in depth of the wider PwC team, pleased with its cultural fit to our business and confident that PwC's continued investment in its existing IT and data analytics capabilities will drive ongoing improvements to audit quality and efficiency over the long term.

Acquisition of Pennington Choices Group Limited ('Pennington')

Linked to the Group's strategy to develop its Compliance and Asset Management proposition, the Group acquired 100% of the share capital of Pennington on 15 September 2025. The accounting and audit implications of the acquisition are discussed later in this report.

Tax risk status and tax strategy

The Group retained its low tax risk status following a business risk review conducted by HMRC in 2024. The Group's low tax risk status reflects both management's focus and the investments made in this area to strengthen both controls and governance. The Group's tax strategy was reviewed and approved by the Board during the year.

Group risk register

During the year, management and the Committee devoted significant time to maintaining the Group's risk register in terms of risk identification and classification, e.g. as a principal, functional or emerging risk, together with, where possible, the identification of points of risk mitigation that serve to bring the residual risk within the Group's risk appetite. The increasingly dynamic nature of some of the risks faced by the Group – for example, cyber risk – necessitates more regular consideration and testing of our mitigating controls.

Asylum seekers – accommodation provision

The well-publicised issue of significant numbers of asylum seekers entering the country and requiring accommodation in dispersed accommodation, hotels and other establishments has continued to create challenges for the Group, particularly in light of some high profile public protests against such establishments. The Committee worked closely with the operational team and key stakeholders outside the business to ensure the Group remains in a position to effectively respond to the inherent challenges and ensure our service provision remains safe, compliant and of high quality.

Financial Reporting Council (FRC) Corporate Reporting Review

In November 2025, we were notified that our FY24 Annual Report and Accounts had been subject to a routine review by the FRC's Corporate Reporting Review Team. The FRC sought clarification regarding the disclosure relating to a sale and leaseback transaction completed by the Group during that year, and whether the Group's gainshare arrangements with various customers represent a contract liability within IFRS 15. The response by the Company to this request for information was discussed initially with me in my capacity as Chair of the Audit and Risk Committee, the Chair of the Board as the recipient of the letter and with our auditors, PwC. Details of the Company's proposed responses were considered by the Committee before they were submitted.

As a result of these enquiries the Company committed to augment its disclosure in the event of any future Sale and Leaseback arrangements. As it happens, a new Sale and Leaseback was completed in December 2025, and the relevant disclosures are consolidated within note 23 to the financial statements to assist the reader. In respect of amounts owed under gainshare, the Committee recognised that disclosing this balance as a "Repayments due to customers" rather than "contract liabilities" would be more appropriate and compliant with IFRS 15. This is detailed within note 18, including a restatement of the prior year. In addition, the Company has looked to enhance its disclosure within these financial statements in other areas separately highlighted by the FRC for the Board's consideration.

We recognise that the FRC's review was based on the Group's Annual Report and Accounts for the year ended 31 December 2024 and did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions. The FRC's role is not to verify the information provided, but to consider compliance with reporting requirements. Given the scope and inherent limitations of their review, it would not be appropriate for the Company or any third party to infer any assurance from this FRC review.



Reform of UK Audit and Corporate Governance Framework

Following the publication of the UK Corporate Governance Code 2024, preparations are well underway to ensure compliance with the requirements of provision 29 for the year ending 31 December 2026. A timeline outlining the key milestones to achieving compliance is outlined opposite.

An initial proposal on material controls (financial and non-financial) and assurance has been reviewed by the ARC and is subject to further enhancement in preparation for a “dry run” in Q3 2026.

Existing governance structures mean that the Board and its principal Committees already report upon the effectiveness of a range of controls in the Annual Report. Efforts have been focused on leveraging this strong foundation and strengthening any gaps to ensure the Board has the requisite level of confidence in making its annual declaration on the effectiveness of material controls.

We have defined our material controls as those that are most important in mitigating key risks that threaten the long-term sustainability of the business, and where a failure of their effective operation is likely to influence decisions made by users of the information.

The Committee has been informed by looking beyond Mears’ principal risks and reviewing the output of a broader assurance mapping process to ensure that other critical and emerging risks were identified and considered. In addition, risks and controls attached to financial reporting and fraud have also been tabled by the senior management team and considered by the Committee.

Key milestones to compliance

January 2024	FRC published the UK Corporate Governance Code 2024 and supporting guidance
October 2024	Detailed review and update of principal risks
H2 2025	Internal audit plan targeted the testing of material controls attached to principal risks
December 2025	Assessment and definition of “materiality” in the context of material controls
January 2026	Workshops facilitated by Compliance Committee to identify material controls in respect of: <ul style="list-style-type: none"> • principal and other critical risks; • financial reporting and fraud risks; and • focused session on cyber and information security risks.
March 2026	Internal audit plan for 2026 being reviewed and updated by the Audit and Risk Committee to reflect outputs from workshops
Q2/Q3 2026	Continuation of rolling programme of principal risk material control testing
Q3	A “dry run” of material controls assurance pack to be reviewed by the Audit and Risk Committee, providing sufficient time for corrective actions to be put in place
December 2026	Annual Report for year ending 31 December 2026 to include Board’s declaration on the effectiveness of material controls

Completed
 In progress
 To be completed

Report of the Audit and Risk Committee continued

Activities of the Audit and Risk Committee

The Audit and Risk Committee and the Compliance Committee activities are detailed below:

Financial reporting

- Reviewed and discussed reports from management on the half- and full-year financial statements and considered the significant accounting judgements or where there is estimation uncertainty. The approach to addressing these judgements is detailed on page 73 of this report
- Reviewed and discussed with the external auditor the key accounting considerations and judgements reflected in the Group's unaudited results for the six-month period ended 30 June 2025
- Considered the Going Concern basis of preparation at the half year and full year end
- Reviewed and considered management's proposal regarding the accounting associated with the acquisition of Pennington
- Considered the report from the external auditor in respect of its audit for the year end, including comments as to the suitability of the accounting policies, the integrity of the financial reporting, any comments on its findings on internal control and key audit risks, and a statement on its independence and objectivity
- Reviewed the 2025 Annual Report and Accounts and considered its consistency with the Committee's understanding of the business and discussions with members of the senior management team throughout the period, and provided a recommendation to the Board that, as a whole, it complies with the 2018 Code principle to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy

Internal audit and risk management

- Received reports from the outsourced internal auditor covering various aspects of the Group's operations, controls and processes, as agreed in the 2025 internal audit plan. Reviewed the response of management to the issues raised
- Received reports from the Committee Chair on the operation of the Group's Compliance Committee
- Reviewed the Group's risk register and the Group's principal risks in light of the Board's risk appetite for key risk areas, together with the systems and processes for mitigating those risks
- Reviewed the effectiveness of the Group's system of internal controls
- Reviewed and considered the Executive Directors' assessment of the long-term viability for the Group, the conclusions from which are detailed within the Viability Review on pages 47 and 48. The strong cash generation and liquidity provide a stable foundation for the business

and enabled the Committee to successfully stress test the business in the event of a number of downside scenarios

- Monitored fraud reporting, incidents of whistleblowing and the Group's compliance with the Bribery Act 2010
- Reviewed the quality and effectiveness of the outsourced internal audit arrangement
- Discussed and approved the internal audit plan for 2026

External auditor

- As noted above, received reports regarding the statutory audit for the prior year and reviewed recommendations arising from that audit
- Reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 31 December 2025
- Agreed the proposed audit fee for the year ended 31 December 2025

Compliance Committee

As a sub-committee of the ARC, the CC focuses and reports to the ARC on the monitoring and review of the Group's policies and practices in relation to physical and mental health, safety and environmental (HSE) matters. Within this the key activities of the ARC during the year were as follows:

- Reviewed HSE risks and risk assessments on the risk register and mitigating actions and controls related thereto, including subcontractor controls and related procurement
- Significant focus continued to be applied to the Group's involvement with overseas citizens seeking asylum in the UK, reflecting the challenging operational environment within short-term hotel accommodation and the vulnerable nature of its users
- Oversaw the Group's response to the Building Safety Act, which continues to progress well
- Oversaw policies linked to mental health and wellbeing
- Considered any other significant HSE matters, including emerging risks and unforeseen risks as they arose
- Ensured robust governance policies and procedures were embedded into the MOJ contract
- Continued to enhance our data security, from its strong base where many operational areas have achieved ISO 27001 accreditation, enhancing the level of information available to the main Board



Significant issues considered and addressed in relation to the financial statements

The Committee reviewed and discussed reports from the CFO on the financial statements and considered the key areas of the financial statements that required significant accounting judgements or where there is estimation uncertainty. These are explained in greater detail within the notes to the consolidated financial statements. The ARC received detailed reports from the CFO and the external auditor on these areas and other matters which it believed should be drawn to the attention of the Committee.

In addition to the specific topics highlighted below, the ARC considered the presentation and explanation of the use of Alternative Performance Measures (APMs). Reports from management and the external auditor on the presentation of APMs in the Annual Report and Accounts for the year ended 31 December 2025 summarised that the use of APMs and statutory figures was appropriately balanced and that APMs were appropriately labelled and defined. The ARC was therefore satisfied that APMs were appropriately presented.

The Committee discussed the range of possible treatments both with management and with the external auditor, confirming that the judgements made by management were robust and supportable. For all the significant issues detailed below, it was concluded that the treatment adopted was the most appropriate.

Significant issue	How the issue was addressed by the Committee
Valuation of defined benefit pension obligations	<ul style="list-style-type: none"> The Committee reviewed the key assumptions proposed by management, notably assumptions in respect of discount rate, RPI, CPI and future salary increases Given the technical nature of this area, the Committee placed reliance upon the work of Aon, which is engaged to support management in setting assumptions and consolidating information prepared by the respective scheme actuaries in respect of each of the defined benefit pension schemes PwC provided additional challenge and used its own specialist to consider the appropriateness of the assumptions used and provided detailed feedback to the Committee
Revenue recognition and contract assets	<ul style="list-style-type: none"> The Committee reviewed the key judgements report prepared by management, which provided a detailed explanation in respect of the valuation of unbilled works and the recognition of revenues The Committee reviewed the estimates and assumptions supporting the carrying value of the Contract Asset balance attached to one Housing Association client with a carrying value of c.£24m. The Directors have referred this dispute to an adjudication The Committee took assurance from the contract management system which is central in generating the valuation of works (both billed and unbilled), and the integrated process that follows to provide an accurate cut-off, ensuring that revenue is appropriately matched to cost PwC performed substantive testing of the amounts recoverable on contracts, adopting a blend of risk-based and haphazard sampling approaches to testing, and providing detailed feedback to the Committee
Onerous contract provisions	<ul style="list-style-type: none"> See note 20 of the financial statements detailing the accounting policy, critical judgements and key sources of estimation uncertainty in respect of provisions The Committee reviewed a report prepared by the CFO which included an assessment of loss-making contracts together with a detailed explanation and forecast to contract expiry. This paper also included an assessment of the discount rates to be applied PwC provided additional challenge and detailed feedback to the Committee in this area
Valuation and accurate classification of lease accounting and impairment of the right of use assets	<ul style="list-style-type: none"> See note 14 of the financial statements for the accounting policy and the critical judgements The Committee challenged management in respect of the processes and controls that were in place throughout the year to ensure the classification of the right of use asset. The Committee recognised this to be a high risk area given the complexities of IFRS 16 The Committee's review was a continuation of work carried out in support of the FY24 year end. The Committee was aware of the methodology applied. The CFO also provided an updated assessment of the discount rates utilised on a scheme-by-scheme basis PwC provided additional challenge, having reviewed the supporting documentation and applied its own specialist to consider the discount rate, and provide detailed feedback to the Committee



Report of the Audit and Risk Committee continued

Effectiveness

An important part of the Committee's work is to oversee the Group's relationship with both the external and outsourced internal auditor to ensure the independence, objectivity, quality, rigour and challenge of the audit process is maintained. The Committee typically reviews effectiveness throughout the year and obtains feedback from management to inform this review process.

In addition, the Committee will also review its own performance through an evaluation process, linked to the wider Board evaluation, which periodically is facilitated through an independent external adviser.

External audit

The Group's external auditor is PwC LLP and the audit partner is Nick Stevenson. We are benefiting from strong continuity of the audit team believing this to be critical to an effective audit, ensuring that the learning and knowledge accumulated during the tender and first year audit is retained.

Independence and non-audit services

The Committee regards independence of the external auditor as critical in safeguarding the integrity of the audit process. Annually, the Committee reviews and assesses information provided by the external auditor confirming its independence and objectivity within the context of applicable regulatory requirements and professional standards.

As part of ensuring this independence, on the recommendation of the ARC, the Board adopts a strict policy of limiting the external auditor from carrying out non-audit services, to safeguard audit objectivity and independence. No non-audit services were provided by PwC during 2025.

Internal control and risk management

Overview

The Board is responsible for establishing the Group's overall risk appetite and ensuring that there is an adequate system of internal controls. However, in accordance with the requirements of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the responsibility of monitoring and reviewing the integrity and effectiveness of the overall systems of internal controls and risk management has been delegated to the Committee.

Accordingly, the Committee provides the Board with the assurance that the risk management and internal control systems, including strategic, financial, operational and compliance controls, are sufficiently robust to mitigate the principal and emerging risks that may impact the Company.

System of internal controls

The system of internal controls encompasses the culture, behaviours, organisation design, policies, standards, procedures and systems that, taken together, facilitate its effective and efficient operation. These internal controls are based on the "three lines of defence" principles as detailed on page 50 of the Strategic Report. It includes all controls including financial, operational and compliance controls and risk management procedures. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, fraud or other loss. The risks include health and safety, people, legal compliance, quality assurance, insurance, physical and data security, reputational, social, ethical and environmental risks.

The Group's principal risk register captures and assesses the principal risks faced. This forms part of the Group's framework for determining risk and risk appetite. This document is updated regularly both to ensure its accuracy and to consider emerging risks that have the potential to damage the Group's business model and is considered at both Committee and Board level throughout the year.

The Board has adopted a Scheme of Delegated Authority, with defined financial and other authorisation limits and setting procedures for approving operating, capital and investment expenditure. The Board also approves detailed annual budgets and subsequently reviews performance against these budgets.



Effectiveness of internal controls

In relation to risk management and internal controls, the Board and Committee are mindful of the importance of continuing to improve both control and output in this area. The co-sourcing between the internal Mears team and KPMG is believed to provide better and more focused audits, allowing KPMG or the Company to bring in specialists to complete a specific audit. We believe this to be a more effective and cost-effective approach when compared to employment of such specialists. The overall lead for our internal audit work continues to sit with KPMG, and there has been good continuity in personnel through the period. The work carried out during 2025 and the Committee's priorities for 2026 are detailed within this report.

As at the end of the period covered by this report, the Committee, with the participation of the CEO and CFO, evaluated the effectiveness of the design and operation of disclosure controls and procedures designed to ensure that information required to be disclosed in financial reports is recorded, processed, summarised and reported within specified time periods.

We have conducted an annual review of the effectiveness of our risk management and internal control systems in accordance with the Code. Part of this review involves regular review of our financial, operational and compliance controls, following which we report back to the Board on our work and findings as described above. This allowed us to provide positive assurance to the Board to assist it in making the statements that our risk management and internal control systems are effective, as required by the Code.

The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the process for the preparation of the consolidated financial statements. The consolidated financial statements are supported by detailed working papers. The Committee is responsible for overseeing and monitoring these processes, which are designed to ensure that the Company complies with relevant regulatory reporting and filing requirements.

Internal audit

Principal risk description	Inherent risk rating	Residual risk rating	Risk addressed in internal audit plan for the year			
			FY23	FY24	FY25	FY26
1 Cyber attack, including ransomware, phishing, hacking, data leakage or insider threat	Severe	High	✓	✗	✓	✓
2 Breaches of health and safety and related legislation	Severe	High	✓	✗	✓	✓
3 Breaches of property standards and related legislation	Severe	High	✓	✓	✓	✗
4 Major data breach involving the release or publication of personal data	Severe	High	✓	✗	✓	✗
5 Loss of large contract due to service failure or on renewal	Severe	Medium	✓	✓	✓	✗
6 Serious damage to brand following adverse event	Severe	Medium	✗	✗	✗	✓
7 Large-scale Group-wide or nationwide incident such as pandemic, loss of IT systems or data, power cuts or communication system failures	Severe	Medium	✗	✗	✗	✓

Level of risk

■ Severe
 ■ High
 ■ Medium



Report of the Audit and Risk Committee continued

Internal audit continued

The internal audit function carries out work across the Group, providing independent assurance, advice and insight to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The audit plan, which is approved by the ARC each year, is based on risks identified within the Group's audit universe, strategic priorities and consideration of the strength of the relevant control environment.

Customarily, audits are performed by KPMG. However, the Group is increasingly using other specialist third parties where the ARC believes that stronger assurance will be gained based on those organisations' deeper subject expertise. During the year, the Group utilised a third party to review risks within the Group's most significant risk, cyber security.

The internal audit function prepares audit reports and recommendations following each audit, and appropriate measures are then taken to ensure that all recommendations are implemented. Significant issues, if any, are raised at once.

The Board has reviewed these procedures and considers them appropriate given the nature of the Group's operations. The Committee is pleased with the additional support provided by KPMG, where the benefit of consistent involvement with the Group is being realised through the quality of control observations, best practice benchmarks and recommendations being made to the Committee.

At the beginning of each year, an internal audit plan is developed by the internal auditor following meetings with the ARC Chair and senior managers within the business and with reference to the significant risks contained within the Group's risk register, risks audited in prior years and identified controls. The ARC approves the internal audit plan and receives updates on progress against the plan and the recommendations arising from the internal audits throughout the year, together with updates on management's progress against outstanding actions.

The internal audit plan for 2025 comprised the following audits:

Risk management

- Principal risk and material control testing
- Cyber (penetration testing and follow-up on 2024 actions)

Core controls

- Key financial controls (day-to-day cash management)
- Taxation (VAT)
- Fraud risk management

Consistent with prior periods, there has been good sponsorship of internal audit from the senior management team, and it is pleasing to observe the positive tone at the top in terms of openness to discussion of issues, agreement of action plans and a commitment to doing the right thing.

From the core controls work completed to date, no high priority gaps were identified; however, in a number of areas there is a need to ensure that processes are being followed and for control activity to be formally documented and evidenced.

The 2026 programme was considered and approved by the Committee in December 2025 and performance against this plan will be reported in next year's Annual Report.

Nick Wharton

Audit and Risk Committee Chair

25 March 2026



Report of the Remuneration Committee



Angela Lockwood
Remuneration
Committee Chair

“Mears has had another year of strong performance and the Committee is satisfied that pay outcomes reflect the performance of the business during the year.”

Angela Lockwood
Remuneration Committee Chair

Meeting attendance

The Non-Executive Directors who served on the Remuneration Committee during the year are detailed in the table below.

Angela Lockwood	4/4
Jim Clarke	4/4
Nick Wharton	4/4

This report sets out the key matters which were addressed by the Committee in 2025.

Dear shareholders

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2025.

This report is made up of three parts:

- this Annual Statement, where I set out details of the key decisions of the Remuneration Committee and the business context within which they were taken;
- a copy of the proposed Directors' Remuneration Policy (the 'Policy'), which is subject to a binding shareholder vote at the 2026 Annual General Meeting and, if approved, will apply for three years and will replace the previous policy which was approved by shareholders in June 2023; and
- the Annual Report on Remuneration, which sets out details of: (i) remuneration earned by Directors and the link between company performance and pay for the year ended 31 December 2025; and (ii) how we intend to implement the Directors' Remuneration Policy in 2026.

As well as the binding vote on the Policy, there will be the usual advisory shareholder vote on the Directors' Remuneration Report at the 2026 AGM and a vote to approve the amendments to the rules of the Mears Group Long Term Incentive Plan.

Business context

The Group reported a small increase in revenues to £1,135m (2024: £1,133m). The strong organic growth in our Maintenance-led activities has been mirrored by a reduction in our Management-led revenues. Growing our Maintenance activities is a key strategic objective which has been driven through a combination of strong contract retention, new orders secured and increasing client spend driven by increased regulation.

Profit before tax (PBT) was marginally lower at £63.5m (£64.1m), but operating margins continued to strengthen to 6.6% (2024: 6.4%). As well as the Group's ambitions to deliver growth, a primary financial target for the business over recent years has been to see the margin return to above 5%, which is seen as the Group's historical norm.

We were pleased to have been recognised once again in the top 10 of the Sunday Times Best Big Companies survey. We have now partnered with Best Companies for seven years to gather colleague feedback through their independent survey and the insights we gain help us to understand areas where we can further improve. Training and investment in our workforce remain a priority and I'm delighted that this year we welcomed 140 new apprentices to the Group.



Report of the Remuneration Committee continued

Incentive outcomes for 2025

Annual bonus

As set out in the business context section above, the Group delivered a very strong operational and financial performance during the year.

The 2025 annual bonus was based 50% on Group adjusted profit before tax, 20% on average daily net cash, and 30% on strategic objectives relating to customer satisfaction, employee engagement and health and safety. These targets were set early in the year and were not adjusted at any point thereafter. The achievements against the targets were as follows:

Profit before tax (50%)

- The Group delivered adjusted profit before tax of £63.5m, which was above the maximum target of £53.6m. Whilst this reflected a 1% decrease over prior year earnings, operating margins continued to strengthen to 6.6% (2024: 6.4%). As anticipated within the target, Management-led activities reduced by 11% reflecting the reduction in the use of short-term contingent accommodation relating to the AASC contract. Positively, we have outperformed expectations in our traditional Maintenance-led activities which continues to be underpinned by strong contract retention. The intensive focus on our operational and commercial performance continues to identify improvements in productivity and other efficiencies.

Average daily net cash (20%)

- The average daily net cash for the year was £52.8m and this was ahead of the maximum target of £49.0m. The targets had assumed the completion of the share buyback programme announced in January 2025. The cash performance reflects the high quality of the Group's earnings and "cash culture" which has underpinned our strong cash performance over many years.

Customer satisfaction, employee engagement and health and safety (30%)

- The customer satisfaction criterion was based on the net promoter score (NPS) and our score of 85% was below the threshold target of 86% resulting in this element not paying out.
- The employee engagement criterion was measured by reference to the independent scoring awarded by the UK's Best Companies. Our score of 680.4 was between the threshold and the maximum targets of 671 and 690 respectively resulting in a partial payout. Further detail is given in the strategy and KPI outcomes on pages 14 and 15.
- The health and safety objective was based on our accident frequency rate (AFR). Our AFR for the year was 0.23, which was below the maximum target set of 0.24 and has resulted in a full payout against this objective.

Overall, the strong performance over the year resulted in a formulaic bonus outcome of 86% of the maximum. In line with our Policy, 67% of the bonus will be paid in cash, with the balance deferred in shares for a period of three years.

The Remuneration Committee believes the excellent financial performance of the Group, coupled with strong performance against the non-financial, stakeholder related objectives, supports the bonus outcome for 2025 and is, therefore, appropriate.

Long Term Incentive Plan (LTIP) outcome

LTIP awards were granted to Executive Directors in May 2023. These awards vest subject to the achievement of two performance conditions – relative total shareholder return (TSR) and earnings per share – measured over a three-year performance period to 31 December 2025. Mears delivered a TSR over the period of 104.6%, which ranked the Company near the top of the peer group. EPS for 2025, stated before the impact of share-based payments, was 42.3p, which was also above the maximum target.

This strong performance against both measures will result in 100% of the awards vesting in May 2026. Vested awards will be subject to a further two-year holding period.

The Committee believes this vesting outcome is a fair representation of performance, taking into account financial delivery, share price performance, customer satisfaction and our employees. No discretion has been used to amend the vesting outcome.

Directors' Remuneration Policy review

During 2025 the Remuneration Committee undertook a thorough review of the Directors' Remuneration Policy in advance of the Policy renewal at the 2026 AGM. The Committee consulted with major shareholders as part of this review and considered the range of views expressed when finalising the terms of the proposed Policy.

The Committee notes that there were no changes to the 2023 Policy following a move to a more traditional bonus and LTIP structure in 2020. Aggregate incentive levels have remained unchanged at 200% of base salary since 2017. Following the Committee's review, the main conclusions were as follows:

- While pay could be simplified by moving to restricted shares, the Committee felt that the current structure, comprising fixed pay, annual bonus (with deferral) and annual awards of performance shares under the LTIP, remains appropriate as performance shares continue to align executives with delivering financial performance and shareholder value. The Committee will continue to monitor market developments including the use of restricted shares and the operation of hybrid structures for future consideration.
- Salaries, bonus opportunities and LTIP grant levels for the CEO and CFO remain significantly behind market. The Committee aims to strike an appropriate balance, recognising the need to pay fairly and competitively as a UK-listed company but also noting Mears' role as a Government supplier. While pay levels are low compared with peers, the Committee has decided that no material adjustment to base salaries or to the annual bonus opportunity (100% of salary compared to a median market opportunity of 150% of salary) should be made at the current time. The Committee, however, notes that the CEO's base salary was intentionally positioned below market upon his appointment. We will continue to keep this under review during the Policy period and will seek to address this as Lucas Critchley gains further experience in the role.
- Pension provision should continue to be workforce aligned (estimated at 6% of salary).
- Shareholder protections (i.e. post vesting holding periods, malus and clawback provisions and in employment/post cessation shareholding guidelines) are considered to be well aligned to best practice.



The Committee believes that the existing approach to Directors' remuneration remains appropriate for Mears. The Committee is, however, proposing the following:

- A modest increase to the Executive Director LTIP grant opportunity. The Committee is proposing to increase the LTIP grant policy to 125% of salary to bring it closer to (but still below) typical FTSE SmallCap levels (150% of salary median).
- A change to bonus deferral arrangements by linking the level of deferral with achievement of the shareholding guideline. Currently, Executive Directors are required to defer 33% of their bonus for three years. Reflecting on the lower than market bonus opportunity and typical deferral arrangements in the market, the Committee is proposing to reduce bonus deferral to 25% but only where Executive Directors have met their shareholding guidelines. By linking deferral to the shareholding guideline, this will ensure that our senior executives retain significant exposure to the share price. It is proposed that this arrangement will apply in respect of bonuses earned for FY26 and thereafter.

The Committee hopes that shareholders will be supportive of the proposed changes to the Policy.

The LTIP rules have been amended to reflect the proposed higher LTIP normal limit of 125% of salary and there will be no change to the existing 150% of salary exceptional limit. The 5% dilution limit will also be removed and consequently the LTIP will operate by reference to just the 10% limit. This proposed amendment reflects that, in respect of dilution limits for long term incentive plans, the latest Investment Association's Principles of Remuneration only set an expectation for such a 10% limit.

Mears-wide pay review

At a time when unemployment is low and where competition for labour resources is high, it has never been more important for Mears to continue its commitment to being a great place to work for our staff. Mears is committed to fine-tuning its employee brand proposition, emphasising more clearly the benefits of working for Mears. We will continue our progressive approach of enhancing packages to maintain strong staff retention.

We recognise the financial pressures people are under as the cost of living continues to rise and we work hard to do our best for our people. Once again, we brought forward our annual review from 1 April 2026 and applied the increase from 1 January 2026. This resulted in a 3.25% increase for all our employees (except where employees' pay is linked to national or local agreements).

Applying the Policy in 2026

Base salaries

The Committee has agreed that the Executive team should receive an increase in line with the workforce rate of 3.25%. Accordingly, Lucas Critchley's salary will increase from £372,300 to £384,400 and Andrew Smith's salary will increase from £321,300 to £331,742.

Annual bonus 2026

As part of the Policy review work, the Committee considered the most appropriate measures and weightings for the 2026 annual bonus plan.

The Committee's intention is that PBT should apply to 40% of the bonus. Cash will continue to have a 20% weighting but the measure will now be based on cash conversion and not average daily net cash/debt. Operating margin will apply to 10% and the remaining 30% will continue to be based on strategic objectives. The Committee has retained the three strategic measures used previously of customer satisfaction (10%), employee engagement (10%) and accident frequency (10%). In addition, the Committee will continue to consider whether any adjustment is required to the bonus outcome in the event of a health and safety issue during the year. The specific targets for each of these measures have been set to reflect the internal and external forecasts for 2026. The actual targets for 2026 and performance outcomes will be reported retrospectively in next year's report.

LTIP 2026

Subject to approval by shareholders of the Policy, Executive Directors will receive awards at the Policy level of 125% of salary. The 2026 LTIP will again continue to consist of two measures, being EPS growth relating to targets for FY28 and TSR measured relative to the FTSE SmallCap (excluding investment trusts, financial services and natural resource companies). EPS and TSR remain important measures for Mears and are commonly used in the FTSE All-Share. The Committee recognises that there is no perfect measure and shareholders' preferences are not always aligned, but believes that the combination of EPS and TSR provides an appropriate balance between earnings that have been delivered and the market's future expectations (as measured through the share price). The Committee has decided that 66.7% will be based on EPS and 33.3% on TSR to reflect the Board's priority to focus on financial performance and earnings. The Committee will consider return on capital employed (ROCE) performance in assessing the outcome for the EPS component and the Committee has the ability to amend the vesting outcome if performance is inconsistent with the performance of the business or individual during the three-year performance period.

Conclusion

The strong trading performance across all aspects of our business has continued along with significant progress against all of our key strategic goals. The Group is well positioned to continue this progress over the medium term.

I believe the Committee has considered carefully the pay outcomes for the year to ensure there is an appropriate link between reward, financial and strategic delivery, and stakeholders' interests. I hope you find the report informative and will be supportive of the three pay resolutions which will be tabled at the 2026 AGM.

If you have any questions on this report or any remuneration matters more generally, please get in touch with me directly, or via the Company Secretary, Ben Westran.

Angela Lockwood
Remuneration Committee Chair
25 March 2026

Report of the Remuneration Committee continued

Directors' Remuneration Policy

This part of the Directors' Remuneration Report sets out the Directors' Remuneration Policy (the 'Policy') which, subject to shareholder approval at the 2026 AGM, shall take binding effect from the date of that meeting and shall be in place for the next three-year period unless a new Policy is presented to shareholders before then. Subject to approval by shareholders, all payments to Directors during the Policy period will be consistent with the approved Policy. This Policy takes into account the provisions of the 2024 UK Corporate Governance Code (the 'Code') and other good practice guidelines from institutional shareholders and shareholder bodies.

Summary of changes from the previous policy

The key differences between the Policy approved by shareholders in 2023 and the proposed 2026 Policy are as follows:

- an increase to the Executive Director LTIP grant opportunity from 100% of salary to 125% of salary and no change to the 150% of salary exceptional limit; and
- a change to bonus deferral arrangements by linking the level of deferral with achievement of the shareholding guideline. Currently, Executive Directors are required to defer 33% of their bonus for three years and the proposed Policy reduces bonus deferral to 25% but only where Executive Directors have met their shareholding guidelines.

Remuneration Policy table

The following table summarises the main elements of the Executive Directors' Remuneration Policy for 2026 onwards, along with the key features of each element and their purpose and linkage to our strategy. The policy for the Chairman and Non-Executive Directors is set out on page 87.

Objective and link to strategy	Operation	Maximum opportunity	Performance measures
<p>Base salary</p> <p>The purpose of the base salary is to:</p> <ul style="list-style-type: none"> • help recruit and retain individuals of the necessary calibre to execute the business strategy; • reflect the individual's experience, role and contribution within the Group; and • ensure fair reward for "doing the job". 	<p>Salaries will be eligible for increases during the three-year period that the Remuneration Policy operates. The Committee reviews base salaries annually with any change typically effective from 1 January.</p> <p>The Committee will retain the discretion to increase an individual's salary where there is a significant difference between current levels and a market competitive rate. When determining base salaries and whether to increase levels the Committee will take the following into consideration:</p> <ul style="list-style-type: none"> • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the impact on fixed costs of any increase; • pay and conditions throughout the Group; and • the economic environment. <p>When setting the salary levels for the Executive Directors, in addition to the factors summarised above, salary levels paid by companies of a similar size and complexity to Mears are taken into account.</p>	<p>There is no maximum limit on base salary levels.</p> <p>The Committee is guided by the general increase for the broader employee population but may decide to award a lower increase for Executive Directors or indeed exceed this.</p> <p>Larger salary increases may be awarded to take account of individual circumstances, such as:</p> <ul style="list-style-type: none"> • where an Executive Director has been promoted or has had a change in scope or responsibility; • where the Committee has set the salary of a new hire at a discount to the market level initially, a series of planned increases can be implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance; or • where the Committee considers it appropriate to adjust salaries to reflect the continuing development of the Company. <p>Increases may be implemented over such time period as the Committee deems appropriate.</p>	<p>Although there are no formal performance conditions, any increase in base salary is only implemented after careful consideration of individual contribution and performance and having due regard to the factors set out in the Operation column of this table.</p> <p>No recovery or withholding provisions apply.</p>



Objective and link to strategy	Operation	Maximum opportunity	Performance measures
<p>Benefits</p> <p>To provide benefits that are valued by the recipient and are appropriately competitive.</p>	<p>The Executive Directors may receive benefits including a Company-provided car or an allowance in lieu, life assurance and private medical insurance. Other additional benefits may be provided where appropriate.</p> <p>Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit).</p> <p>Under certain circumstances, the Group may offer relocation allowances or assistance.</p> <p>Benefits in kind are not pensionable.</p>	<p>Benefit values vary year on year depending on premiums and therefore a maximum potential value of the cost of these provisions is not pre-determined.</p>	<p>Not performance related and no recovery or withholding provisions apply.</p>
<p>Pension</p> <p>To provide a framework to save for retirement that is appropriately competitive.</p>	<p>The Company may contribute directly into an occupational pension scheme (an Executive Director's personal pension) or pay a salary supplement in lieu of pension. If appropriate, a salary sacrifice arrangement can apply. Only the base salary is pensionable.</p>	<p>Executive Directors' contribution rates are aligned with the workforce contribution rate. The current estimate of the workforce rate is 6% of base salary, looking at current contribution rates across the business. The average workforce rate may change over the life of the Policy.</p>	<p>Not performance related and no recovery or withholding provisions apply.</p>



Report of the Remuneration Committee continued

Directors' Remuneration Policy continued

Remuneration Policy table continued

Objective and link to strategy	Operation	Maximum opportunity	Performance measures
<p>Annual bonus</p> <p>To reward and incentivise the achievement of annual targets linked to the delivery of the Company's strategic priorities for the year.</p> <p>Bonus deferral provides alignment with shareholders and retention.</p>	<p>Annual bonus is based on performance typically measured over one year. Outcomes are determined by the Committee after the year end based on performance against pre-set targets.</p> <p>Two-thirds of any bonus that becomes payable is paid in cash, with one-third deferred into shares for three years. The amount deferred in shares reduces to one-quarter if an Executive Director has met the shareholding guideline. Deferred bonus share awards typically vest subject to continued employment only.</p> <p>Individuals may receive a dividend equivalent payment on deferred bonus shares at the time of vesting equal to the value of dividends which would have accrued during the vesting period. The dividend equivalent payment may assume the reinvestment of dividends on a cumulative basis.</p> <p>Bonus payments, including deferred share awards, are subject to recovery and withholding provisions.</p>	<p>Maximum bonus potential is capped at 100% of salary for Executive Directors.</p>	<p>Bonus performance measures are set annually and will be predominantly based on challenging financial targets set in line with the Group's strategic priorities and tailored to each individual role as appropriate, for example targets relating to adjusted earnings. For a minority of the bonus, strategic, ESG or operational objectives may operate.</p> <p>The Committee has the discretion to vary the performance measures used from year to year depending on the strategic priorities at the start of each year.</p> <p>For financial targets, and where practicable in respect of operational or strategic targets, bonus starts to accrue once the threshold target is met (up to 20% payable), rising on a graduated scale to 100% for stretch performance.</p> <p>The Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if it considers the quantum to be inconsistent with the performance of the Company, business or individual during the year.</p> <p>The Remuneration Committee considers that the detailed performance targets used for the annual bonus awards are commercially sensitive and that disclosing precise targets for the annual bonus plan in advance is commercially sensitive. Actual targets, performance achieved and awards made will be disclosed at the end of the performance period so that shareholders can fully assess the basis for any payouts under the annual bonus plan.</p>



Objective and link to strategy	Operation	Maximum opportunity	Performance measures
<p>Long Term Incentive Plan</p> <p>Its purpose is to incentivise and reward the delivery of strategic priorities and sustained performance over the longer term.</p> <p>To provide greater alignment with shareholders' interests.</p>	<p>The LTIP provides for awards of shares (i.e. either conditional shares or nil or nominal cost options), normally on an annual basis, which are eligible to vest after three years subject to continued service and the achievement of challenging performance conditions.</p> <p>Vested awards are subject to a two-year post-vesting holding period. In exceptional circumstances, such as due to regulatory or legal reasons, vested awards may also be settled in cash.</p> <p>Dividend equivalent payments may be made on vested LTIP awards and may assume the reinvestment of dividends, on a cumulative basis.</p> <p>LTIP awards are subject to recovery and withholding provisions.</p>	<p>In any financial year, performance share awards with a face value of up to 125% of salary (or 150% of salary on an exceptional basis, such as in recruitment cases) may be granted to an Executive Director.</p>	<p>The Committee may set such performance conditions as it considers appropriate reflecting the medium-term priorities of the Group. The choice of measures and their weightings will be determined prior to each grant. Up to 25% of awards will vest for threshold performance with full vesting taking place for equalling, or exceeding, the maximum performance targets. No awards vest for performance below threshold. A graduated vesting scale operates between threshold and maximum performance levels.</p> <p>The Committee may adjust LTIP vesting outcomes, based on the result of testing the performance condition, if it considers the quantum to be inconsistent with the performance of the Company, business or individual during the three-year performance period. For the avoidance of doubt this can be to zero. Any use of such discretion would be detailed in the Annual Report on Remuneration.</p>
<p>All-employee share plans</p> <p>Encourage employees to own shares in order to increase alignment over the longer term. Under the SIP, Sharesave plan and CSOP, the maximum amount is equal to the HMRC limits set from time to time.</p>	<p>All employees are eligible to participate in the Company's Share Incentive Plan (SIP) and Sharesave plan (Save As You Earn). Under the terms of the Sharesave plan, all employees can apply for three or five-year options to acquire the Company's shares priced at a discount of up to 20%.</p> <p>In addition, the Company operates a discretionary unapproved share plan and a Company Share Option Plan (CSOP). No awards to Executive Directors are proposed under these plans.</p>	<p>Under the terms of the SIP, the Company can choose to offer free shares, partnership shares, matching shares (up to two for one on any partnership shares purchased) and/or dividend shares.</p>	<p>Not performance related and no recovery or withholding provisions apply.</p>

Recovery and withholding provisions

Robust recovery and withholding provisions (i.e. "clawback" and "malus") operate for our annual bonus plan, deferred bonus share awards and LTIP.

The following provisions apply:

- prior to the payment of an annual bonus or vesting of a deferred bonus or LTIP award, the Committee may operate malus to lapse the award in full or in part;
- for up to three years following the payment of an annual bonus award or the grant of a deferred bonus award, the Committee may operate clawback to require the repayment of any cash amount paid;
- prior to the vesting of deferred bonus award, the trustees of the Company's Employee Benefit Trust (in consultation with the Committee) may cancel or reduce any deferred bonus award; and
- for up to three years after the vesting of a LTIP award (or during such extended period for an ongoing investigation), the Committee may operate clawback to cancel the award during the holding period (or require repayment of the award if it has been released prior to the end of the holding period); reduce future vesting under the Company's share plans; or reduce the number of shares already vested but unexercised.

Report of the Remuneration Committee continued

Directors' Remuneration Policy continued

Recovery and withholding provisions continued

The circumstances in which malus and clawback may be operated are as follows:

- a material misstatement of the Company's results;
- a miscalculation or an assessment of any performance conditions that was based on incorrect information;
- misconduct on behalf of an individual;
- the occurrence of an insolvency or administration event;
- reputational damage; and
- serious health and safety events.

The Committee believes these circumstances and time periods are appropriate for a company of Mears' size, scale and business complexity.

Shareholding guidelines

The shareholding guidelines secure a long-term locked-in alignment between the Executive Directors and shareholders, ensuring that they build up and maintain a minimum level of shareholding throughout their employment with the Company. The in-employment shareholding guideline for Executive Directors is 200% of base salary.

The shareholding requirement will operate in the following manner:

- shares unconditionally owned by the Executive Director will count towards the requirement;
- unvested deferred bonus shares or vested LTIP shares which are subject to a holding period may count towards the guideline on a net of tax basis; and
- all vested deferred bonus and LTIP awards must be retained until the guideline has been achieved, unless the Committee believes that there are exceptional circumstances.

Executive Directors are normally required to hold shares at a level equal to the lower of their shareholding at cessation and 200% of salary for two years after ceasing to be a Director. For this purpose, an Executive Director's shareholding shall exclude shares purchased with own funds and any shares acquired from share plan awards granted before the approval of the 2023 Policy.

Reasons for selecting performance measures

The annual bonus measures are selected to provide direct alignment with the short-term operational targets of the Company. Care is taken to ensure that the short-term performance measures are always supportive of the long-term objectives. The LTIP performance measures will be selected to ensure that the Executives are encouraged in, and appropriately rewarded for, delivering against the Company's key long-term strategic goals so as to ensure a clear and transparent alignment of interests between Executives and shareholders and the generation of long-term sustainable returns. The performance metrics that are used for the annual bonus and LTIP are a sub-set of the Group's KPIs.

The Committee wishes to ensure that the annual bonus performance measures selected provide a holistic assessment of overall corporate performance and tie into the non-financial objectives that the Company embraces throughout the organisation.

Adjusted Group profit before tax and operating profit margin are key metrics for the Group and ensures management is focused on delivering sustained profits. Alongside this, cash flow and working capital are important metrics as management focuses on achieving the optimal capital structure and managing working capital.

The strategic measures are likely to be primarily focused on customers and employees, as two of our most important stakeholder groups. The Group firmly believes that customer and employee satisfaction are drivers of long-term performance and productivity. They both contribute to the retention of existing contracts as well as helping to win new contracts with new and innovative operating models. Other ESG related measures may feature as the Group develops and evolves its sustainability agenda.

Targets are calibrated to reflect the Committee's assessment of good to exceptional performance and take into account internal budgets and the current economic environment.

Differences in Remuneration Policy for all employees

The Company sets terms and conditions for employees which reflect the different legislative and labour market conditions that operate in each of our jurisdictions. We will always meet or exceed national minimum standards for terms and conditions of employment in each of our business areas. Pay arrangements in our businesses also reflect local performance with personal increases based on achievement, individually assessed. Mears believes in the value of continuous improvement, both for the individual and for the Company.

In general, all employees receive base salary, benefits and pension, and are eligible to participate in the Company's all-employee share plans. Bonus plans are set for senior management, aligning the senior management team to deliver value for the Group.

Committee discretions

The Committee will operate the conclusion to the existing equity incentive plan, and the new annual bonus and LTIP according to their relevant plan rules. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following:

- the individuals participating in the plans;
- the timing of grant of an award;
- the size of an award and/or payment;
- the determination of vesting;
- discretion required when dealing with a change of control (e.g. the timing of testing performance targets), M&A or restructuring of the Group;



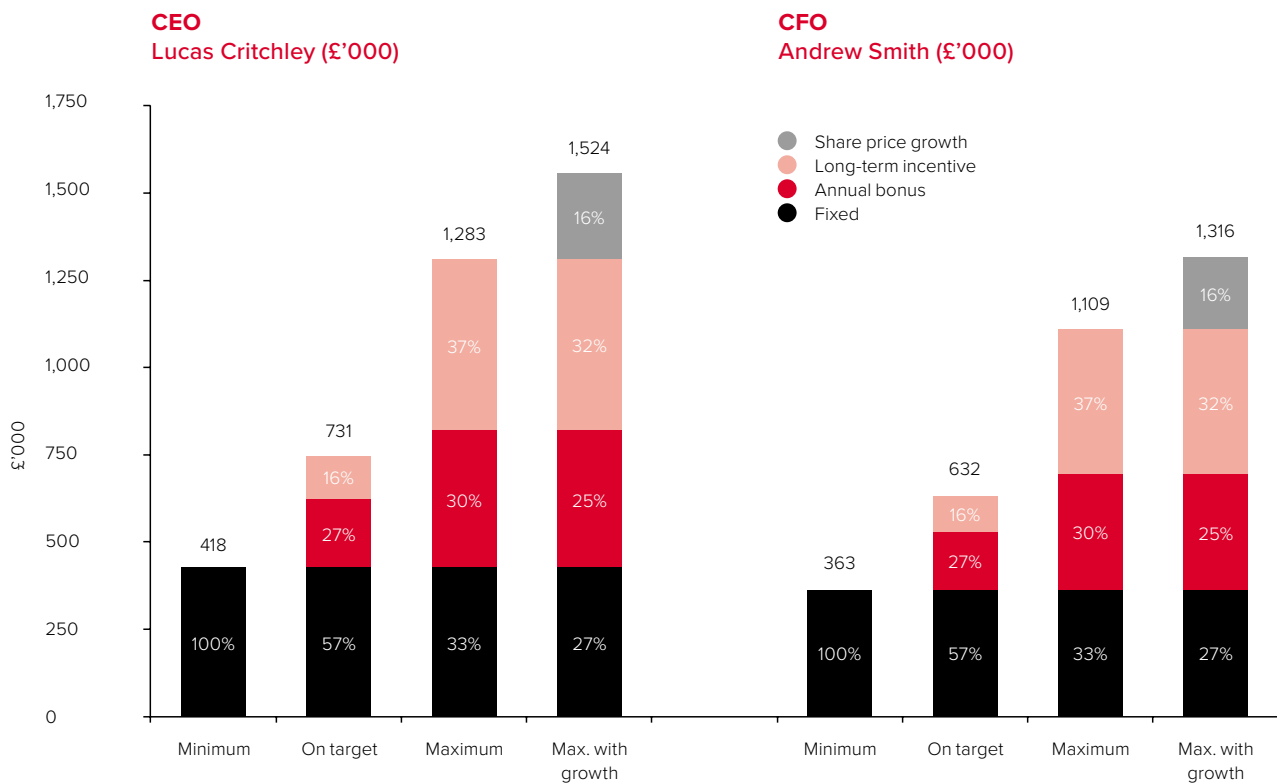
- determination of the treatment of good and bad leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain “corporate action” circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- the annual review of the choice of performance measures and weightings for the annual bonus and LTIP; and
- the ability to adjust incentive outcomes, based on the results of testing the performance conditions, if the Committee considers the quantum to be inconsistent with the performance of the Company, business or individual.

The Committee also retains the ability to adjust the targets and/or set different measures and alter weightings for the annual bonus plan, and to adjust targets for the LTIP if events occur (e.g. material divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

These discretions, which in certain circumstances can be operated in both an upward and a downward manner, are consistent with market practice and are deemed necessary for the proper and fair operation of the schemes in order to achieve their original purpose. It is the Committee’s policy, however, that there should be no element of reward for poor performance and any upward discretion will only be applied in exceptional circumstances.

Illustrations of application of Remuneration Policy

The Company’s Remuneration Policy results in a significant proportion of remuneration received by Executive Directors being dependent on Company performance. The composition and total value of the Executive Directors’ remuneration packages for minimum, on-target and maximum performance scenarios, along with a maximum performance scenario with a share price growth assumption included, are set out in the graph below.





Report of the Remuneration Committee continued

Directors' Remuneration Policy continued

Illustrations of application of Remuneration Policy continued

Assumptions:

- Minimum performance includes only fixed pay (base salary from 1 January 2026, the value of 2025 benefits as per the single figure of remuneration table, and a 6% salary pension contribution).
- On-target performance includes fixed pay and assumes an annual bonus payout of 50% of maximum and 25% of the LTIP award vesting.
- Maximum performance includes fixed pay and assumes full bonus (100% of salary) and full LTIP vesting (125% of salary).
- Maximum performance with share price growth is as per maximum but with 50% share price growth assumed on LTIP awards.

Approach to recruitment remuneration

When setting the remuneration package for a new Executive Director, the Committee will apply the same principles and implement the Policy as set out in the Remuneration Policy table.

Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. In certain cases, this may include setting a salary below the market rate but with an agreement on future increases up to the market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.

Pension provision, in percentage of salary terms, will be aligned to the general workforce level prevailing at the time of appointment.

The maximum level of variable remuneration which may be granted (excluding buyout awards as referred to below) is an annual bonus of 100% of salary and an LTIP award of 125% of salary or 150% of salary in exceptional circumstances such as recruitment (as per the limits in the Policy table).

In relation to external appointments, the Committee may offer compensation that it considers appropriate to take account of awards and benefits that will or may be forfeited on resignation from a previous position. Such compensation would reflect the performance requirements, timing and such other specific matters as the Committee considers relevant. This may take the form of cash and/or share awards. The policy is that the maximum payment under any such arrangements (which may be in addition to the normal variable remuneration) should be no more than the Committee considers is required to provide reasonable compensation to the incoming Executive Director.

If the Executive Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.

In the case of an existing employee who is promoted to the position of Executive Director, the Policy set out above would apply from the date of promotion but there would be no retrospective application of the Policy in relation to existing incentive awards or remuneration arrangements.

Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

Non-Executive Director appointments will be through letters of appointment. Non-Executive Directors' base fees, including those of the Chairman, will be set at a competitive market level, reflecting experience, responsibility and time commitment. Additional fees are payable for the chairmanship of one of the major Board Committees and for undertaking the role of Senior Independent Director.

Service contracts and payment for loss of office

Executive Directors' service contracts are terminable by the Company and by the Director by giving no more than 12 months' notice.

If an Executive Director's employment is to be terminated, the Committee's policy in respect of the contract of employment, in the absence of a breach of the service agreement by the Executive Director, is to agree a termination payment based on the value of base salary and benefits that would have accrued to the Executive Director during the contractual notice period. The policy is that, as is considered appropriate at the time, the departing Executive Director may work, or be placed on garden leave, for all or part of their notice period, or receive a payment in lieu of notice in accordance with the service agreement.

The Committee will also seek to apply the principle of mitigation where possible so as to reduce any termination payment to a leaving Executive Director, having had regard to the circumstances.

In addition, the Committee may also make payments in relation to any statutory entitlements, to settle any claim against the Company (e.g. in relation to breach of statutory employment rights or wrongful dismissal) or make a modest provision in respect of legal costs or outplacement fees.

With regard to annual bonus for a departing Executive Director, if employment ends by reason of redundancy, retirement with the agreement of the Company, ill health, disability or death, or any other reason as determined by the Committee (i.e. the individual is a "good leaver"), the Executive Director may be considered for a pro-rated bonus payment. If the termination is for any other reason, any entitlement to bonus would normally lapse. Under any circumstance, it is the Committee's policy to ensure that any bonus payment reflects the departing Executive Director's performance and behaviour towards the Company.

Any bonus payment will normally be delayed until the performance conditions have been determined for the relevant period and be subject to a pro-rata reduction for the portion of the relevant bonus year that the individual was employed.

With regard to deferred share bonus awards, these will normally lapse on cessation of employment other than where an Executive Director is a "good leaver" (as detailed above), with awards then usually vesting on the normal vesting date.



In relation to awards granted under the Company's LTIP, in certain prescribed circumstances, such as death, injury or disability, redundancy, transfer or sale of the employing company, retirement with the Company's agreement, or other circumstances at the discretion of the Committee (reflecting the circumstances that prevail at the time), "good leaver" status may be applied.

If treated as a good leaver, awards will be eligible to vest subject to performance conditions, which will be measured over the original performance period (unless the Committee elected to test performance to the date of cessation of employment), and be subject to a pro-rata reduction (unless the Committee considered it inappropriate to do so) to reflect the proportion of the vesting period actually served. Awards will typically vest on their normal vesting date and the post-vesting holding period will normally continue to apply until the second anniversary of vesting (for both unvested and vested awards at the time of cessation).

Chairman and Non-Executive Director fees

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chairman, whose remuneration is determined by the Committee and recommended to the Board.

The table below sets out the key elements of the policy for the Chairman and Non-Executive Directors.

Objective and link to strategy	Operation	Maximum	Performance metrics
To provide compensation that attracts individuals with appropriate knowledge and experience.	<p>Fee levels are reviewed periodically taking into account independent advice and the time commitment required of Non-Executive Directors.</p> <p>The fees paid to the Chairman and the fees of the other Non-Executive Directors aim to be competitive with other listed companies which the Committee (in the case of the Chairman) and the Board (in respect of the Non-Executive Directors) consider to be of equivalent size and complexity.</p> <p>Non-Executive Directors receive a base fee and additional responsibility fees such as for undertaking the role of Senior Independent Director or for membership and/or chairmanship of certain Committees.</p> <p>In exceptional circumstances, if there is a temporary yet material increase in the time commitment for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload involved.</p> <p>The Chairman receives a single fee and does not receive any additional fees for membership and/or chairing of Committees.</p> <p>Non-Executives (excluding Employee Directors) are encouraged to build a meaningful shareholding in Mears Group.</p>	<p>Any increase in Non-Executive Director base fees or additional responsibility fees may be above the level awarded to other employees, given that they may only be reviewed periodically and may need to reflect any changes to time commitments or responsibilities.</p> <p>The Company will pay reasonable expenses incurred by Non-Executive Directors.</p>	<p>Non-Executive Director fees are not performance related.</p> <p>Non-Executive Directors do not receive any variable remuneration element.</p>



Report of the Remuneration Committee continued

Directors' Remuneration Policy continued

Other non-executive appointments

Executive Directors have an obligation to inform the Board, specifically the Remuneration Committee, of any non-executive positions held or being contemplated and of the associated remuneration package. The Remuneration Committee will consider the merits of any such external appointment on a case-by-case basis and will carefully consider the work and time commitment involved and the potential benefit to the Group. Whether the remuneration for any such external appointment is retained by the Executive or passed over to the Group will also be considered on a case-by-case basis.

Consideration of employment conditions elsewhere in the Group in developing policy

In setting the Remuneration Policy for Executive Directors, the Remuneration Committee takes into account Group and business unit performance, including both financial performance and safety improvements in the year. The Remuneration Committee also monitors pay trends and workforce conditions across the Group and takes this into account when formulating the policy for Executive Directors. The salary increase for the general workforce is a key reference point used by the Committee to inform its decisions on salary increases for senior executives.

Consideration of shareholder views

The Committee is committed to an ongoing dialogue with shareholders and seeks shareholder views when any significant changes are being made to remuneration arrangements. We remain sensitive to the views of shareholders and consult shareholders regarding any material changes to the Policy or to how it is being implemented. The Company will continue to monitor shareholder comments and retain an open dialogue as necessary.

The Committee undertook a comprehensive shareholder consultation prior to agreeing this Policy and is grateful for the constructive feedback provided by our largest shareholders and the major proxy voting agencies.

Remuneration framework – at a glance

The following section sets out our remuneration framework, a summary of how our Policy was applied in 2025 in the context of our business performance, and from pages 98 and 99 details of how the Committee intends to implement the Policy in 2026.

Strategic alignment of remuneration

The Committee believes it is important that, for Executive Directors and senior management, a significant proportion of the remuneration package should be performance related, and the performance conditions applying to incentive arrangements should support the delivery of the Company's strategy. The following table sets out how the annual bonus scheme and LTIP reflect the Group's strategic priorities:



Our strategy

1	2	3	4
Driving underlying growth	Placing the customer at the heart of all we do	Disciplined approach to improving standards and efficiency	Responsibility and sustainability

How we have measured progress against these objectives

Excellent health and safety performance, with the Group being awarded its 23rd consecutive RoSPA Gold Award and retaining its place on RoSPA's Order of Merit	Near-100% contract retention on re-bid, combined with excellent progression in operating profit margins	Strong customer satisfaction whilst noting that our key customer satisfaction measures have decreased from previously high levels	Top 10 in the Sunday Times Best Big Companies survey
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How our strategic objectives are linked to our incentive plan

Annual bonus (capped at 100% of salary: 75% paid in cash, 25% deferred shares; or 67% paid in cash, 33% deferred shares where shareholding requirement is not met)					
Adjusted profit before tax (40%)	Cash conversion (20%)	Operating profit margin (10%)	Customer satisfaction (10%)	Employee engagement (10%)	Accident frequency rate (10%)
LTIP (capped at 125% of salary with three-year performance targets)					
Total shareholder return			Earnings per share		



Report of the Remuneration Committee continued

Annual report on remuneration

This section of the Directors' Remuneration Report contains details of how the Company's Directors' Remuneration Policy was implemented during the financial year ended 31 December 2025 and how it will be implemented for the 2026 financial year.

Single total figure of remuneration (audited)

Executive Directors

The remuneration of Executive Directors showing the breakdown between elements and comparative figures is set out below. Figures provided have been calculated in accordance with the regulations.

Executive Director (£'000)	Year	Salary	Taxable benefits ¹	Pension ²	Fixed pay sub-total	Annual bonus ³	Long-term incentives ⁴	Sharesave ⁵	Variable pay sub-total	Total remuneration
L Critchley	2025	372	11	22	405	320	389	–	709	1,114
	2024	315	11	19	345	306	–	25	331	676
A C M Smith	2025	321	11	19	351	276	528	–	804	1,155
	2024	315	11	19	345	306	590	–	854	1,199

1 Benefits included a Company-provided car or an allowance in lieu, life assurance and private medical insurance.

2 Andrew Smith received a cash allowance in lieu of pension to the value of 6% of salary.

3 Full details of the annual bonus outcomes are set out in the section below. No discretion was used in determining the bonus outcome.

4 The 2024 long-term incentives figure reflects the value of LTIP awards that were granted on 11 April 2022 and which were based on performance for the three-year period ended 31 December 2024. As the vesting share price for these awards was not known at the time of signing off last year's report, the value of the awards was estimated using the three-month average share price to 31 December 2024 (365.2p). These awards have now been updated to reflect the share price on the actual date of vesting (11 April 2025 – 393p) and they also include the value of accrued dividends. The 2025 LTIP figure reflects the upcoming vesting of the May 2023 LTIP awards. These are based on EPS and relative TSR metrics and both measures have been met in full. As the vesting date for these awards takes place after this report is signed off, the 2025 LTIP value is estimated based on the three-month average share price for the period ending 31 December 2025 (351p). The actual vesting value at the date of vesting will be shown in next year's report. 41.0% of the estimated 2025 LTIP value is attributable to share price growth from the date of grant to 31 December 2025. No discretion was applied to the formulaic vesting outcome.

5 During 2024 Lucas Critchley was granted 6,352 options under a Sharesave/SAYE scheme at a 20% discount to market price during the year; this discount is included in the single total figure of remuneration above. In addition, Lucas Critchley exercised 6,851 SAYE options. The market price on exercise was 382.5p and the exercise price was 93p.



Non-Executive Directors' single total figure of remuneration

The remuneration of Non-Executive Directors showing the breakdown between elements and comparative figures is shown below. Figures provided have been calculated in accordance with the regulations.

Chairman and Non-Executive Director (£'000)	Year	Salary/fees	Taxable benefits	Fixed pay sub-total	Total remuneration
J Clarke	2025	173	–	173	173
	2024	170	–	170	170
A Lockwood	2025	82	–	82	82
	2024	80	–	80	80
N Wharton	2025	82	–	82	82
	2024	80	–	80	80

2025 annual bonus outcome (audited)

The performance measures and targets for the annual bonus for the year ended 31 December 2025 are detailed below.

The annual bonus measures for 2025 were dependent upon the achievement of a number of objectives detailed below; 70% of the annual bonus was linked to financial measures with the remaining 30% based on strategic objectives relating to customer satisfaction, monetary social value generated and health and safety. The actual performance achieved and annual bonus targets are summarised below.

Measure	Weighting % of salary	Threshold (20% payable)	Maximum (100% payable)	Actual performance for 2025	Bonus outcome % of maximum
Adjusted Group PBT ¹	50%	£48.5m	£53.6m	£63.5m	100%
Average daily net cash	20%	£44.4m	£49.0m	£52.8m	100%
Customer satisfaction ²	10%	86.0%	91.0%	85.0%	0%
Employee engagement ³	10%	671	690	680.4	60%
Accident frequency rate	10%	0.25	0.24	0.23	100%
Total					86%

1 Adjusted Group PBT is stated before the amortisation of acquisition intangibles and non-underlying items. There were no adjustments made to profits in FY25.

2 Customer satisfaction is based on the percentage of customers that rate Mears' service at 7 out of 10 or above, with methodology signed off by the independent Customer Scrutiny Board.

3 The employee engagement measure is set against the overall score awarded to the Group in the UK Best Companies award.

Adjusted Group PBT for the year of £63.5m was ahead of the maximum target set by the Committee and benefited from an improved operating margin. It is particularly pleasing to report further strengthening of operating margins given the emphasis that senior management has placed on this measure over the last five years. Mears fosters a strong "cash culture", whereby the Group's front-line operations understand that invoicing and cash collection are intrinsically linked, and that a works order is not complete until the monies are banked. This culture has underpinned strong cash performance over many years.

The non-financial measures were based on customer satisfaction, employee engagement and accident frequency rate. The customer satisfaction score of 85% was below the threshold, employee engagement of 680.4 was between threshold and maximum, accident frequency rate was lower than the maximum target. Overall, performance against the non-financial measures resulted in a payout of 16% out of 30%.

The annual bonus outcome resulted in an overall bonus of 86.0% of maximum. The Committee believes this outcome is a fair reflection of the strategic actions of recent years and Mears' resilient operating platform and market leadership. No discretion was used in determining the bonus outcome.



Report of the Remuneration Committee continued

Annual report on remuneration continued

2025 annual bonus outcome (audited) continued

The aggregate bonus entitlement across the two Executive Directors was £0.6m and is included within the single total figure of remuneration. Two-thirds of the bonus will be paid in cash and one-third of the bonus will be deferred in shares for a period of three years. The right to exercise typically terminates on cessation of service and shorter exercise periods apply to good leavers and in other circumstances.

	Bonus earned % of salary	Bonus earned £'000	Cash element £'000	Deferred element £'000
L Critchley	86.0%	320	214	106
A C M Smith	86.0%	276	185	91

2023 LTIP vesting (audited)

LTIP awards were granted to Executive Directors on 4 May 2023.

The awards were granted in the form of nominal cost options and are exercisable on 4 May 2026 subject to the achievement of relative total shareholder return (50%) and earnings per share (50%) performance conditions measured over the three-year performance period ended 31 December 2025. The performance outcomes for the 2023 LTIP are set out below:

	Weighting	Threshold	Maximum	Actual	% vesting (out of 100%)	% vesting (out of total award)
EPS (2025) ¹	50%	25.0p	28.0p	42.3p	100%	50%
Relative TSR ²	50%	Median rank	Upper quartile rank	TSR of 104.6% ranked at 7.99 out of 80 companies	100%	50%

1 The actual adjusted EPS for 2025 of 42.3p is based on the total number of shares in issue at the time the award was made and therefore excludes the impact of the share buyback programmes.

2 TSR was measured against the constituents of the FTSE SmallCap (excluding investment trusts, financial services and natural resource companies) as at the start of the performance period.

The EPS measure is also subject to the Committee's assessment of return on capital employed over the period expressed as a percentage of adjusted operating profit divided by average capital employed for the period. The Group's ROCE increased from 18.9% in 2022 to 34.5% in 2025. In light of this, the Committee determined that no adjustment to the EPS performance outcome was required.

Mears delivered a total shareholder return of 104.6% over the three-year performance period, which ranked the Group in the upper quartile of the peer group. Therefore, both performance metrics were met in full. No discretion has been used in determining the 2023 LTIP vesting outcome.

Details of the value of vested awards are set out below:

	Number of awards granted	Performance assessment	Value of shares at vesting ¹ £'000	Dividend equivalents £'000	Value of vested awards (single figure) ² £'000	Impact of share price growth £'000
L Critchley	98,295	100% vesting	345	44	389	140
A C M Smith	133,432	100% vesting	468	60	528	190

1 The value of shares at vesting is estimated using the three-month average share price to 31 December 2025 of 351.1p.

2 The gain on vested awards is £0.9m after deduction of the exercise price of 1p per share.

Vested awards are exercisable on 4 May 2026 and will be subject to a further two-year holding period.

The Committee believes this is a fair reflection of performance and no discretion has been applied to the formulaic outcome.



2022 LTIP vesting (audited)

In last year's report, we reported the vesting of the 11 April 2022 LTIP awards. The vesting value of these awards was estimated based on the three-month average share price to 31 December 2024. The single figure table value for the 2024 LTIP has been updated to reflect the actual share price on the vesting date (11 April 2025) of 393p. The LTIP values also include the value of dividends accrued over the three-year vesting period.

	Number of awards granted	Performance assessment	Value of shares at vesting ¹ £'000	Dividend equivalents £'000	Value of vested awards (single figure) £'000
A C M Smith	133,409	100% vested	522	68	590

¹ The value of shares at vesting is based on a share price of 393p on the vesting date, 11 April 2025. The exercise price of the options was 1p.

Share awards made during the year (audited)

The following LTIP awards were granted on 22 April 2025:

Director	Face value as % of salary	Face value ¹ £'000	Number of shares	Threshold vesting % of face value	Maximum vesting % of face value	End of performance period
L Critchley	100%	372	94,934	25%	100%	31 December 2027
A C M Smith	100%	321	81,929	25%	100%	31 December 2027

¹ The face value of the awards is based on a share price of 392.2p, being the three-day average share price directly prior to the grant of the award.

The awards have been granted in the form of nominal cost options and will normally become exercisable on 22 April 2028. Awards may become exercisable subject to the achievement of relative TSR (25%) and EPS (75%) performance conditions.

Description	Weighting	Calculation	Targets
Total shareholder return	25%	Relative TSR versus the constituents of the FTSE SmallCap (excluding investment trusts, financial services and natural resources companies) measured over a three-year performance period.	Threshold: median (25% vests) Maximum: upper quartile (100% vests)
Earnings per share	75%	Adjusted EPS target relating to the 2026 financial year. None of this part of the award will vest if 2025 EPS is less than 36p; 25% shall vest for EPS of 36p, increasing to full vesting for 44p or higher. The Committee will consider ROCE performance over the performance period and may reduce the EPS vesting outcome if the Committee is not satisfied that the level of EPS vesting is justified on account of the Group's ROCE over the performance period.	Threshold: 36p (25% vests) Maximum: 44p (100% vests)

In addition, the Committee retains discretion to reduce the overall LTIP vesting level if it considers that the underlying business performance of the Company does not justify vesting (taking into consideration a range of factors, including, for example, ROCE performance). If the Committee is not satisfied that the formulaic vesting outcome is aligned with underlying Group performance, then it may reduce (potentially to zero) the vesting outcome.

Awards granted to Executive Directors are additionally subject to a two-year holding period following the vesting date.

The following deferred bonus share awards were granted during the year in respect of bonus earned for performance relating to the 2024 financial year:

Director	Date of grant	Face value ¹ £'000	Number of deferred shares granted ¹	Vesting date
L Critchley	22 April 2025	101	25,791	22 April 2028
A C M Smith	22 April 2025	101	25,791	22 April 2028

¹ The face value of the awards is based on a share price of 392.2p, being the three-day average share price directly prior to the grant of the award.

Awards were granted in the form of nominal cost options and will vest subject to continued employment.



Report of the Remuneration Committee continued

Annual report on remuneration continued

Outstanding share awards (audited)

Director		Awards granted	Maximum award Number	Awards vested Number	Awards lapsed Number	Outstanding awards at 31 Dec 2025 Number	Market price at date of vesting p	Vesting date
L Critchley	LTIP shares	22 April 2025	94,934	–	–	94,934	–	22 April 2028
	LTIP shares	16 April 2024	85,520	–	–	85,520	–	16 April 2027
	LTIP shares	4 May 2023	98,295	–	–	98,295	–	4 May 2026
	CSOP ¹	26 October 2018	10,000	10,000	–	10,000	202	26 October 2021
	Deferred bonus	22 April 2025	25,791	–	–	25,791	–	22 April 2028
	Deferred bonus	16 April 2024	19,484	–	–	19,484	–	16 April 2027
A C M Smith	LTIP shares	22 April 2025	81,929	–	–	81,929	–	22 April 2028
	LTIP shares	16 April 2024	85,520	–	–	85,520	–	16 April 2027
	LTIP shares	4 May 2023	133,432	–	–	133,432	–	4 May 2026
	LTIP shares ²	11 April 2022	133,409	133,409	–	–	393	11 April 2025
	Deferred bonus	22 April 2025	25,791	–	–	25,791	–	22 April 2028
	Deferred bonus	16 April 2024	26,448	–	–	26,448	–	16 April 2027
	Deferred bonus	4 May 2023	38,114	–	–	38,114	–	4 May 2026
	Deferred bonus ²	11 April 2022	38,513	38,513	–	–	393	11 April 2025

1 The exercise price for the CSOP 2018 options is 300p.

2 The 2022 LTIP and deferred bonus awards vested on 11 April 2025. Both LTIP and deferred bonus awards were exercised on 6 May 2025. The share price on exercise was 398p and the exercise price was 1p per ordinary share. Subsequent to the exercise of the share options, on 8 May 2025, Andrew Smith sold 108,411 ordinary shares at an average price of 393p per ordinary share in order to satisfy tax liabilities resulting from the exercise of the above-mentioned options.

SAYE awards (audited)

	Share options at 1 Jan 2025	Granted in year Number	Grant price p	Lapsed during year Number	Exercised during year Number	Exercise price p	Market price on exercise p	Gains on exercise of share options £'000	Share options at 31 Dec 2025	Exercise price p	Earliest exercise date	Latest exercise date
L Critchley	6,352	–	–	–	–	–	–	–	6,352	292	1 July 2027	1 July 2034

Statement of Directors' shareholding and share interests (audited)

Directors' share interests as at 31 December 2025 are set out below:

Director	Number of beneficially owned shares	Options vested but not exercised	Options subject to performance conditions	Options in respect of unvested deferred bonus awards	Total interests held at year end	Shareholding guideline met?
L Critchley	21,859	–	295,101	45,275	362,235	Partially
A C M Smith	500,039	–	300,881	90,353	891,273	Yes

There were no changes to the holdings set out above from the period 31 December 2025 to the date of this report.

The current Executive Directors have a shareholding requirement of 200% of salary. Executive Directors are expected to build and maintain a shareholding to the minimum requirement and not to dispose of shares acquired through the vesting of options (except for the purposes of funding taxes on exercise) until the shareholding requirement is met.

As at 31 December 2025, based on beneficially owned shares, vested but unexercised LTIP awards (on a net of tax basis) and deferred bonus awards (on a net of tax basis), Lucas Critchley and Andrew Smith had shareholdings equal to 21% and 597% of their base salaries respectively (based on a 31 December 2025 share price of 358p).



Statement of Non-Executive Directors' shareholdings (audited)

Non-Executive Directors' share interests at 31 December 2025 are set out below:

Director	Number of beneficially owned shares
J Clarke	40,000
A Lockwood	6,480
N Wharton	–

There were no changes to the holdings set out above from the period 31 December 2025 to the date of this report.

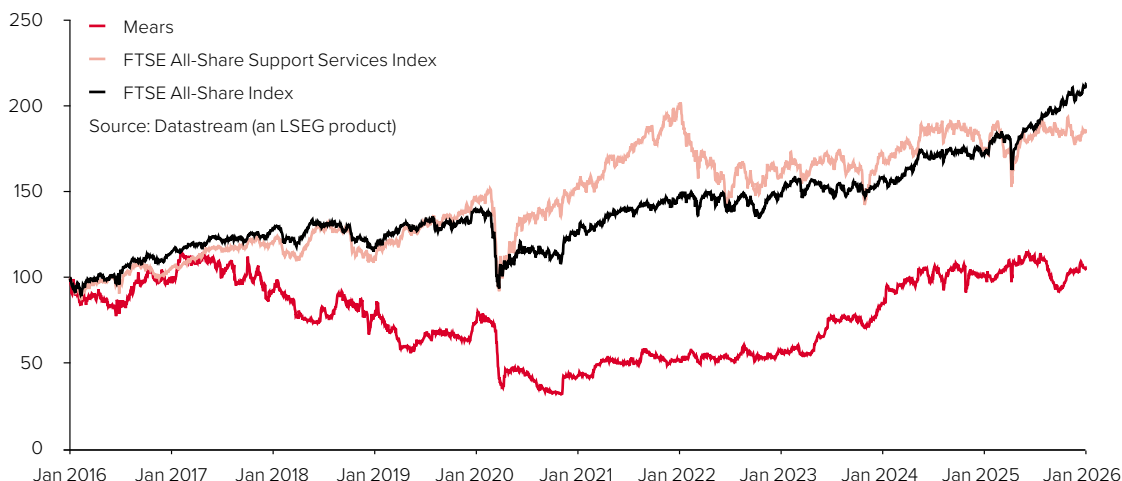
Shareholder dilution

In accordance with the Investment Association's guidelines, the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans. In addition, of this 10% the Company can issue 5% to satisfy awards under discretionary or executive plans. The Company operates all its share plans within these guidelines. The current dilution is 2.3% of issued share capital.

Performance graph and table

The graph below shows the Group's performance, measured by TSR, compared with the constituents of the FTSE All-Share Index and the FTSE All-Share Support Services Index over the past 10 years. The Company is a constituent of both indices and these peer groups are considered to provide relevant comparisons.

Total shareholder return



The table below shows the Chief Executive Officer's remuneration package over the past 10 years, together with incentive payout/ vesting as compared to the maximum opportunity.

Year	Name	Single figure of total remuneration £'000	Bonus payout as % of maximum opportunity	Long-term incentive vesting as % of maximum opportunity
2025	L Critchley	1,114	86.0%	100%
2024	L Critchley	676	97.3%	100%
2023	D J Miles	1,728	98.4%	100%
2022	D J Miles	863	96.2%	–
2021	D J Miles	838	88.0%	–
2020	D J Miles	600	46.6%	–
2019	D J Miles	469	–	–
2018	D J Miles	455	–	–
2017	D J Miles	443	–	–
2016	D J Miles	436	–	–
2015	D J Miles	436	–	20%



Report of the Remuneration Committee continued

Annual report on remuneration continued

Percentage change in remuneration of Directors compared with other employees

The table below compares the percentage change in the remuneration of the Directors with that of the wider employee population for the last five years.

	Remuneration														
	Salary/fee ³					Benefits					Annual bonus				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
L Critchley	18.2%	42.5%	41.1%	–	–	–	–	0.6%	–	–	4.6%	41.0%	100.0%	–	–
A C M Smith	2.0%	5.0%	11.1%	0.6%	2.0%	–	–	0.6%	–	22.0%	(9.8%)	3.7%	13.6%	10.0%	187.0%
J Clarke ¹	2.0%	5.0%	–	2.1%	–	–	–	–	–	–	–	–	–	–	–
A Lockwood ²	2.0%	5.0%	–	–	–	–	–	–	–	–	–	–	–	–	–
N Wharton ²	2.0%	5.0%	–	–	–	–	–	–	–	–	–	–	–	–	–
All employees' salaries	5.7%	7.2%	6.9%	3.7%	2.0%	–	–	–	–	–	–	–	–	–	–

1 Jim Clarke became Interim Chairman in June 2023 and Chairman in September 2023.

2 Angela Lockwood and Nick Wharton joined the Board in January 2022 and December 2023 respectively.

3 Percentage change in Non-Executive Director fees is adjusted to exclude the voluntary election in 2020 to take a 20% reduction in fees between April and October 2020 to reflect the challenges faced by the business from the Covid-19 pandemic. The percentage change reflects any change in entitlement as compared with the actual remuneration received.

CEO to employee pay ratio

The table below sets out the ratio between the total pay of the CEO and the total pay of the employees at the 25th, 50th (median) and 75th percentiles of the workforce.

Year	Method	25th percentile	Median	75th percentile
2025	B	34.1:1	30.5:1	29.8:1
2024	B	27.6:1	16.8:1	8.6:1
2023	B	60.6:1	36.4:1	29.6:1
2022	B	38.2:1	20.1:1	19.2:1
2021	B	29.7:1	27.8:1	22.1:1
2020	B	23.0:1	21.0:1	19.0:1
2019	B	24.0:1	23.0:1	16.0:1

The 25th, 50th (median) and 75th percentile ranked individuals have been identified using the gender pay gap survey data for 2025, i.e. as allowed for under method B of the UK reporting requirements. This was deemed to be the most reasonable and practical approach to identifying the relevant individuals for the purposes of this disclosure. The day by reference to which the 25th, 50th (median) and 75th percentile employees were determined was 1 October 2025. The CEO pay figure is the total remuneration figure as set out in the single figure table on page 90 and equivalent figures (on a full-time equivalent basis) have been calculated for the relevant 25th, 50th (median) and 75th percentile employees. The Remuneration Committee is comfortable that the resulting calculations are representative of pay levels at the respective quartiles.

The total pay and benefits figures used to calculate the ratios for each of the 25th percentile, 50th (median) and 75th percentile employees are £32,662, £36,465 and £37,367 respectively. The salary elements for each of these figures are £32,662, £35,585 and £37,367 respectively.

The higher CEO pay ratio for 2023 is largely due to the first LTIP award vesting in eight years and the increase in value of the 2021 LTIP awards from the strong share price performance in recent years. The Committee believes the ratio is reflective of the strong performance of the business and the pay mix across the Group which is weighted more towards variable pay for senior employees. The lower pay ratio for 2024 is a result of no LTIP award vesting for the current CEO who was not in post for the 2021 or 2022 LTIP awards. The Committee considers the median pay ratio to be representative of pay and progression policies at the Company.



Relative importance of spend on pay

The table below sets out the relative importance of spend on pay in the financial year and previous financial year compared with other disbursements from profit.

Significant distributions	2025 £'000	2024 £'000	% change
Total spend on employee pay	236,472	214,685	10.1%
Profit distributed by way of dividend ¹	14,909	14,194	5.0%
Operating profit before non-underlying items (continuing activities)	75,028	72,559	3.4%

¹ Profit distributed by way of dividend includes proposed final dividend of 11.90p in 2025 and 5.60p interim dividend per share paid in 2025.

Operating profit before non-underlying items is included as a further point of reference. Further information on this measure is included in the Financial Review within the Strategic Report.

Details of service contracts and letters of appointment

Director	Date of contract/letter of appointment	Notice period by Company or Director
Executive		
A C M Smith	June 2008	Twelve months
L Critchley	January 2023	Twelve months
Chairman/Non-Executive		
J Clarke	July 2019	Six months
A Lockwood	January 2022	Six months
N Wharton	December 2023	Six months

Payments to past Directors (audited)

David Miles stepped down from the Board on 31 December 2023. David remains an employee of the Group. Having worked the full 2023 financial year, he received an annual bonus for 2023 performance which was delivered as 67% in cash and 33% in deferred share awards. David held unvested deferred bonus shares which were retained and may continue to vest at their normal vesting dates. David's unvested LTIP awards were also retained and may continue to vest at their normal vesting dates, with vesting subject to performance and a pro-rata reduction to reflect his period of employment. The 2022 LTIP award, for which performance conditions were met, vested in April 2025. The 2023 LTIP award, for which performance conditions were met, will vest in May 2026. To the extent that awards vest, dividend equivalents will be payable and a further two-year holding period will apply. David received no LTIP awards after stepping off the Board. David received no payment for loss of office.

Alan Long stepped down from the Board on 31 December 2022. Alan remained an employee of the Group supporting the Executive team until 31 December 2024. Alan held unvested deferred bonus shares which were retained and may continue to vest at their normal vesting dates. Alan's unvested LTIP awards were also retained and were able to vest at their normal vesting dates, with vesting subject to performance and a pro-rata reduction to reflect his period of employment. The 2022 LTIP award, for which performance conditions were met, vested in April 2025. Alan received no payment for loss of office. Alan received no LTIP awards after stepping off the Board.

Details of the value of the vested LTIP awards are set out below:

	Number of awards granted	Performance assessment	Value of shares at vesting £'000 ¹	Dividend equivalents £'000	Value of vested awards (single figure) £'000	Impact of share price growth £'000
D Miles – LTIP 2022	199,692	100% vested	785	101	886	430
D Miles – LTIP 2023	179,708	100% vesting	631	82	713	256
A Long – LTIP 2022	109,296	100% vesting	429	55	484	235

¹ The value of LTIP 2023 shares at vesting is estimated using the three-month average share price to 31 December 2025 of 351.1p.

LTIP 2023 vested awards are exercisable on 4 May 2026 and will be subject to a further two-year holding period.



Report of the Remuneration Committee continued

Annual report on remuneration continued

Statement of implementation of Remuneration Policy in the 2026 financial year

Executive Directors

Base salary

The salary entitlements for the forthcoming year are set out below:

Executive Director	2026 £'000	2025 £'000	% change
L Critchley	384,400	372,300	3.25%
A C M Smith	331,742	321,300	3.25%

Lucas Critchley and Andrew Smith received a 3.25% salary increase on 1 January 2026 which is in line with the wider workforce increase.

Pension

Details of pay in lieu of pension contributions for the year commencing 1 January 2026 are set out below:

Executive Director	Pension
L Critchley	6%
A C M Smith	6%

The pension contribution rate is aligned with the average workforce rate across the Company.

Annual bonus 2026

The maximum bonus potential will be 100% of salary and will be dependent upon the following performance measures:

- adjusted profit before tax (40%);
- cash conversion (20%);
- operating profit margin (10%); and
- strategic objectives (30%) apportioned equally between customer satisfaction, employee engagement and accident frequency rate.

The Directors consider the exact performance targets to be commercially sensitive. These will be disclosed along with the outcome in the 2026 Annual Report.

Profit expansion remains a key metric for the business and the cash measure focuses on how those profits are converted into cash. The inclusion of operating margin as a performance measure, highlights the importance that the Board places on delivering a sustainable operating margin.

The strategic objectives are built around the Group's strategy for customer success which is supported by our independently chaired Customer Scrutiny Board. These measures reflect the Group's commitment to serving our clients and customers; to further developing our social value offer to add value in the communities we serve; to securing high levels of positive employee engagement through net promoter scores and validation by external accreditation; and to emphasise the importance of safety within our Group.

Health and safety remains as a discretionary underpin and, before any bonus becomes payable, the Committee will consider overall health and safety performance over the year and will have the power to reduce the bonus outcome if standards are below expectations.

Any bonus payable will be delivered in a mix of cash (75%) and deferred share awards (25%) where shareholding requirements have been met and a mix of cash (67%) and deferred share awards (33%) where shareholding requirements have not been met. Share awards will vest after three years from grant.



LTIP for 2026

It is intended that awards will be made at 125% of salary to each of the Executive Directors subject to approval of the policy at the 2026 AGM. In recent years, the LTIP population was increased to include senior Mears employees and this will continue in 2026. The Committee considers that this helps provide greater alignment with shareholders and Company goals. The measures will remain EPS and TSR targets. In 2026, the weighting on TSR has been increased from 25.0% to 33.3% with a commensurate reduction on the EPS weighting. The measures, weightings and targets will be as follows:

Description	Weighting	Calculation	Targets
Total shareholder return	33%	Relative TSR target against the constituents of the FTSE SmallCap (excluding investment trusts, financial services, and natural resources companies) measured over a three-year performance period.	Threshold: median (25% vests) Maximum: upper quartile (100% vests)
Earnings per share	67%	Adjusted EPS target relating to the 2028 financial year, i.e. the third year of the three-year performance period. The Committee will consider ROCE performance over the performance period and may reduce the EPS vesting outcome if the Committee is not satisfied that the level of EPS vesting is justified on account of the Group's ROCE over the performance period.	Threshold: 41.5p (25% vests) Maximum: 45.5p (100% vests)

The Remuneration Committee believes the use of TSR and EPS provides an appropriate balance between focusing on share price recovery and delivering financial returns. The EPS targets have been set by reference to internal forecasts and market consensus and, in the Committee's view, are a challenging range.

Vesting will be on a pro-rata basis between the threshold and maximum vesting figures. In addition, the Committee retains discretion to reduce the overall LTIP vesting level if it considers that the underlying business performance of the Company does not justify vesting (taking into consideration a range of factors, including, for example, ROCE performance). If the Committee is not satisfied that the formulaic vesting outcome is aligned with underlying Group performance then it may amend (potentially to zero) the vesting outcome.

Any shares which vest from this award will be subject to a two-year post-vesting holding period.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors (which are effective from 1 January of each year, and for the following 12 months):

	2026 £'000	2025 £'000	% change
Chairman fee	178,709	173,084	3.25%
Base fee	57,060	55,264	3.25%
Committee Chair fee	16,587	16,065	3.25%
Committee membership fee	5,529	5,355	3.25%

The NED fees were increased by 3.25% on 1 January 2026, which is in line with the wider workforce increase.



Report of the Remuneration Committee continued

Annual report on remuneration continued

Role of the Committee and activities

The Committee determines the total individual remuneration packages of each Executive Director of the Group and certain other senior employees (and any exit terms) and recommends to the Board the framework and broad policies of the Group in relation to senior executive remuneration. The Committee determines the targets for all of the Group's performance related remuneration and exercises the Board's powers in relation to all of the Group's share and incentive plans. The Terms of Reference of the Committee are available on the Company's website.

There is a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration of individual Directors.

The Remuneration Committee's responsibilities include:

- determining and agreeing with the Board the broad Remuneration Policy for:
 - the Chairman, the Non-Executive Directors and senior management; and
 - the Executive Directors' remuneration and other benefits and terms of employment, including performance related bonuses and share options; and
- approving the service agreements of each Executive Director, including termination arrangements.

No Director is involved in determining their own remuneration.

During the year the Committee addressed the following main topics:

- reviewed base salaries for the Executive Directors and senior executives;
- reviewed and approved the remuneration packages for our joining and departing Executive Directors;
- reviewed guidance from investor bodies and institutional shareholders;
- assessed whether our remuneration framework is appropriately aligned with our culture and values, and motivates our leaders to achieve the Group's strategic objectives;
- finalised the annual bonus payments for the 2024 financial year to the Executive Directors;
- received an update on the performance of in-flight LTIP awards including the 2023 award which is due to vest in May 2026; and
- determined the measures, weightings and targets for the 2026 annual bonus plan and for the 2026 grant of long-term incentive awards under the LTIP.

Composition of the Remuneration Committee

The members of the Committee during the year were Angela Lockwood, Jim Clarke and Nick Wharton.

Support to the Remuneration Committee

By invitation of the Committee, meetings are also attended by the Company Secretary (who acts as secretary to the Committee) and the HR Director, who are consulted on matters discussed by the Committee, unless those matters relate to their own remuneration. The Committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisers. During the year, the Committee was assisted in its work by FIT Remuneration Consultants LLP. FIT was appointed by the Committee following a tender process and has provided market updates on pay trends and governance, assisted with Remuneration Report drafting and provided advice on measures and target setting. Fees paid to FIT in relation to advice to the Committee in 2025 were £51,326 (excluding VAT). FIT also provided share plan implementation services to the Company. FIT is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it received from FIT is objective and independent.

Statement of voting at the Annual General Meeting

The table below shows the voting outcome in respect of the remuneration related resolutions.

Item	Votes for	%	Votes against	%	Votes withheld
To approve the Directors' Remuneration Policy (23 June 2023)	86,106,493	92.9%	6,546,645	7.1%	7,006
To approve the Directors' Remuneration Report (4 June 2025)	58,852,972	100.0%	13,569	0.0%	5,951

The Committee was pleased with the high level of support provided by shareholders at the 2025 AGM and for our Policy in 2023.



Report of the Directors

The Directors present their report together with the consolidated financial statements for the year ended 31 December 2025.

Principal activities

The principal activities of the Group are the provision of a range of outsourced services to the public and private sectors. The principal activity of the Company is to act as a holding company.

Business review

The Company is required to set out a fair review of the business of the Group during the reporting period. The information that fulfils this requirement can be found in the Strategic Report, Chief Executive Officer's Review and Financial Review. The results of the Group can be found within the Consolidated Income Statement. Information required to be disclosed in respect of emissions and future developments is included within the Strategic Report.

Dividend

An interim dividend in respect of 2025 of 5.60p per share was paid to shareholders in October 2025. The Directors recommend a final dividend of 11.90p per share for payment in July 2026. This has not been included within the consolidated financial statements as no obligation existed at 31 December 2025.

Corporate governance

Details of the Group's corporate governance are set out on pages 56 to 103.

Key performance indicators

We focus on a range of key indicators to assess our performance. Our performance indicators are both financial and non-financial and ensure that the Group targets its resources around its customers, employees, operations and finance. Collectively they form an integral part of the way that we manage the business to deliver our strategic goals. Our primary performance indicators are detailed on pages 14 and 15.

Directors

The present membership of the Board is set out with the biographical detail on pages 58 and 59.

In line with current practice, all of the Directors will retire and, being eligible, offer themselves for re-election at the Annual General Meeting (AGM) in June 2025. Any person appointed by the Directors must retire at the next AGM but will be eligible for re-election at that meeting.

The beneficial interests of the Directors in the shares of the Company at 31 December 2025 are detailed within the Remuneration Report on page 94.

The process governing the appointment and replacement of Directors is detailed within the Report of the Nominations Committee.

Amendment to Articles of Association

The Company's Articles of Association can be amended only by a special resolution of the members, requiring a majority of not less than 75% of such members voting in person or by proxy.

Share capital authorisations

The 2025 AGM held in June 2025 authorised:

- the Directors to allot shares within defined limits. The Companies Act 2006 requires directors to seek this authority and, following changes to Financial Services Authority (FSA) rules and institutional guidelines, the authority was limited to one-third of the issued share capital, a total of £288,148, plus an additional one-third of the issued share capital of £288,148 that can only be used for a rights issue or similar fundraising;
- the Directors to issue shares for cash on a non-pre-emptive basis. This authority was limited to 5% of the issued share capital of £43,222 and is required to facilitate technical matters such as dealing with fractional entitlements or possibly a small placing; and
- the purchase of up to 10% of the issued ordinary share capital of the Company. The resolution specified a maximum number of shares of 8,644,462 and also placed a minimum and maximum price at which they may be bought, based upon market pricing at the time of the transaction.

Further details of these authorisations are available in the notes to the 2025 Notice of AGM. Shareholders are also referred to the 2026 Notice of AGM, which contains similar provisions in respect of the Company's equity share capital.

Annual General Meeting

The 2026 AGM will be held in June 2026. A formal Notice of Meeting and Form of Proxy will be issued in advance. The ordinary business to be conducted will include the reappointment of all Directors.

Principal risks and uncertainties

Risk is an accepted part of doing business. The Group's financial risk management is based on sound economic objectives and good corporate practice. The Board has overall responsibility for risk management and internal controls within the context of achieving the Group's objectives. Our process for identifying and managing risks is set out in more detail within the Corporate Governance Statement. The key risks and mitigating factors are set out on pages 52 to 54. Details of financial risk management and exposure to price risk, credit risk and liquidity risk are given in note 21 to the consolidated financial statements.



Report of the Directors continued

Contracts of significance

The Group is party to significant contracts. The Group's largest single customer relationship is in respect of the Asylum Accommodation and Support Contract (AASC) with the Home Office. At the time that this contract was won, the Group expected to report annual revenues of around £120m, which would, under normal conditions, amount to around 15% of Group revenues. The AASC has experienced elevated volumes and, as a result, this customer relationship accounted for over 30% of Group revenues in 2025 and this elevated position has continued into 2026. In the longer term, this contract is expected to reduce back to a normal level. No other customer comprises more than 10% of reported revenue. The Directors do not consider that any single contract is essential in its own right to the continuation of the Group's activities. As detailed within the Strategic Report on pages 47 and 48, the Directors completed a long-term assessment of the Group's financial viability, and the loss of a number of key contracts was modelled as one possible downside scenario, but the Group remained viable in such an event.

Payment policy

The Company acts purely as a holding company and as such is non-trading. Accordingly, no payment policy has been defined. However, the policy for Group trading companies is to set the terms of payment with suppliers when entering into a transaction and to ensure suppliers are aware of these terms. Group trade creditors during the year amounted to 23 days (2024: 20 days) of average supplies for the year.

Capital structure

The Group is financed through both equity share capital and debt. Details of changes to the Company's share capital are given in note 26 to the consolidated financial statements. The Company has a single class of shares – ordinary 1p shares – with no right to any fixed income and with each share carrying the right to one vote at the general meetings of the Company. Under the Company's Articles of Association, holders of ordinary shares are entitled to participate in any dividends pro rata to their holding. The Board may propose and pay interim dividends and recommend a final dividend for approval by the shareholders at the AGM. A final dividend may be declared by the shareholders in a general meeting by ordinary resolution but such dividend cannot exceed the amount recommended by the Board.

Share purchases

The Directors completed the purchase and cancellation of 4,319,819 ordinary shares at an average price of 371p per share.

In addition, the Employee Benefit Trust (EBT) purchased 400,000 shares at an average price of 404p and sold 150,000 shares at an average price of 371p. When combined with previous purchases, the EBT holds 4,066,823 shares as at 31 December 2025 which are treated as treasury shares and will be utilised in the future to service new share allotments resulting from the Company's employee share schemes.

Substantial shareholdings

As at 28 February 2026 the Company has been notified of, or is aware of, the shareholders holding 2.5% or more of the issued share capital of the Company. These shareholders are detailed on page 64.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Disabled applicants are guaranteed an interview if the minimum criteria are met. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Greenhouse gas emissions

The Group's carbon emissions data for the year is provided within the Task Force on Climate-related Financial Disclosures (TCFD) section on page 39.

Employee information and consultation

The Group continues to involve its staff in the future development of the business. Information is provided to employees through a daily news email, the Group website and the intranet to ensure that employees are kept well informed of the performance and objectives of the Group.

CREST

CREST is the computerised system for the settlement of share dealings on the London Stock Exchange. CREST reduces the amount of documentation required and also makes the trading of shares faster and more secure. CREST enables shares to be held in an electronic form instead of the traditional share certificates. CREST is voluntary and shareholders can keep their share certificates if they wish. This may be preferable for shareholders who do not trade in shares on a frequent basis.

Going concern and financial viability

The Group's Going Concern Review can be found on pages 109 and 110. In making its going concern assessment, the Directors are required to consider whether there is reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least 12 months following the signing of these financial statements.

The Group's Viability Review can be found on pages 47 and 48. In assessing the Group's viability, the Directors have considered the Group's ability to manage realistic "what if" scenarios over the medium to longer term.

Auditor

PricewaterhouseCoopers LLP (PwC) offers itself for reappointment as auditor in accordance with Section 489 of the Companies Act 2006.

By order of the Board

Andrew Smith
Chief Financial Officer
25 March 2026



Statement of Directors' responsibilities

The Directors are required to prepare the financial statements for the Company and the Group at the end of each financial year in accordance with all applicable laws and regulations. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable;
- state whether the consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) and in conformity with the Companies Act 2006;
- state for the Company financial statements whether United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the consolidated financial statements, IFRS. The Directors are also responsible for the system of internal controls, for safeguarding the assets of the Group and the Company, and taking reasonable steps to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Report of the Directors, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board confirms that to the best of its knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

On behalf of the Board

Andrew Smith
Chief Financial Officer
25 March 2026