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28 April 2025

Marlowe plc
("Marlowe" or the "Group")

FY25 Trading Update

Marlowe plc, the leader in business-critical services, provides a trading update ahead of publication of the Group's full year results for the year ended 31 March 2025 ("FY25").

The Group also announces the bolt-on acquisition of Sludge Tek Holdings Limited and one of its trading subsidiaries, Sludge Tek Limited (together "SludgeTek"), a leading specialist in wastewater services.

FY25 Trading Update

Marlowe has delivered strong financial and strategic progress in FY25. During the period, the Group successfully completed the divestment of selected Governance, Risk and Compliance ("GRC") software and service assets for an enterprise value of £430 million, and following this transaction, returned £150 million to Group shareholders by way of a special dividend paid on 5 July 2024. In addition, the Group launched a £75 million share buyback programme on 22 May 2024, which is now nearing completion.

In September 2024, the Group completed the demerger of its Occupational Health division, resulting in the formation of Optima Health plc, a separately listed entity. Following this transaction, Marlowe's continuing operations are now focused exclusively on the attractive Testing, Inspection and Certification ("TIC") markets, comprising market-leading businesses in both Water & Air Hygiene and Fire Safety & Security.

The Group's continuing operations are expected to deliver FY25 revenue of approximately £305.0 million and adjusted EBITDA¹ of approximately £32.5 million (after £4.2 million of head office costs), both in line with market expectations². Adjusted profit before tax¹ is expected to be ahead of market expectations² at approximately £18.5 million.

At 31 March 2025, Marlowe had a net cash position (excluding IFRS lease liabilities) of approximately £22 million, reflecting strong cash generation ahead of market expectations in the period and progress made on the share buyback programme which returned an aggregate of £66 million to Marlowe shareholders over the course of FY25. As at 31 March 2025, the Group's £50m debt facility remained undrawn.

As previously announced, the Group has made strong progress with its integration programme, with all restructuring activity and associated costs related to continuing operations concluded by 30 September 2024, in line with previous guidance. As part of the finalisation of this process, the Group undertook a detailed review of certain balance sheet items within the Water & Air Hygiene segment, which is expected to result in a revision of approximately £3.1 million in non-cash adjusting items at 31 March 2025. The revision primarily relates to the reassessment of the recoverability of certain aged balances, and while this will result in a one-off FY25 impact, there is no impact upon the ongoing trading performance or future cash generation of the business.

Acquisition of SludgeTek

As previously announced, the TIC service markets remain highly fragmented and notwithstanding the Group's primary focus in the near term remaining on driving margin enhancement and organic growth, bolt-on acquisitions continue to present an attractive route for the Group to deliver additional shareholder value.

The Company is therefore also pleased to announce the acquisition of SludgeTek for an expected enterprise value of

The Company is therefore also pleased to announce the acquisition of SludgeTek for an expected enterprise value of £6.2 million (the "Acquisition"). Headquartered in Andover and established in 2001, SludgeTek provides specialist services to the Waste Management and Manufacturing sectors.

In the year ended 30 September 2024, SludgeTek generated revenue and adjusted EBITDA¹ of £5.3 million and £1.7 million respectively and the consideration for the acquisition consists of an initial payment of £5.7 million, and deferred consideration of an estimated £0.5 million based on the completion of certain post-acquisition performance targets objectives.

The Acquisition further strengthens Marlowe's position as a leading provider of wastewater rental solutions and is highly complementary to the Group's existing capabilities. The business is expected to be easily integrated into the Group's operations, and Marlowe does not anticipate any associated restructuring costs to be reported in connection with the transaction.

The Group continues to actively assess further bolt-on acquisition opportunities across both Water & Air Hygiene and Fire Safety & Security, consistent with its strategy to build scale and consolidate market leadership in these attractive and resilient sectors.

¹Adjusted measures are presented before acquisition and disposal costs, restructuring costs, amortisation of acquired intangibles, share-based payments and legacy long-term incentives, as well as fair value losses in contingent consideration and the one-off revision to balance sheet items noted above.

²Analyst consensus prior to this announcement is for FY25 revenue of £306 million, adjusted EBITDA of £33 million and adjusted profit before tax of £16 million.

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About Marlowe plc

Marlowe is a leader in business-critical services which ensures compliance with strict regulations and insurance requirements across Fire Safety & Security and Water & Air Hygiene. The Group has a national footprint and serves approximately 27,000 customers across office complexes, high streets & leisure facilities, manufacturing plants and industrial estates, and include thousands of SMEs, local authorities, facilities management providers, multi-site NHS trusts and FTSE 100 companies.

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