

Mears Group PLC
("Mears" or the "Group" or the "Company")
Pre-Close Trading Update
Significant progress against all key strategic goals

Mears Group PLC, the leading provider of housing services to the public and regulated sectors in the UK, today announces a trading update for its financial year ended 31 December 2025 ('FY25'), in advance of announcing its final results on 26 March 2026.

Trading highlights

- On 8 December 2025, the Group referenced strong trading in the second half of 2025 and stated that adjusted profit before tax for FY25 would be at the top end of previous market guidance^[1].
- Mears expects to report Maintenance-led revenues for FY25 in excess of £610m (2024: £556m), reflecting organic growth of c.10%. This growth includes the full year impact of new contracts secured with North Lanarkshire Council and Moat Homes, underpinned by an outstanding period of contract renewals which has seen a near-100% retention rate.
- Mears expects to report Management-led revenues for FY25 in excess of £500m (2024: £577m), reflecting the reduction in Asylum Accommodation contract ('AASC') revenues. A further decrease in AASC revenues continues to be expected during 2026, although the speed of this reduction remains difficult to predict.
- The Company expects to report a FY25 Operating Margin (pre-IFRS 16) at levels broadly consistent with the prior year (2024: 5.6%), having absorbed additional investment in business development and IT capability, and adjusted profit before tax of no less than £62.5m (2024: £64.1m).

Business Development

- In September 2025, the Group announced the acquisition of Pennington Choices Limited (PCL). The integration of this business is on track. Since the acquisition, the business has enjoyed a strong period of securing orders with new clients. In addition, the Group has seen new opportunities created by the acquisition with both existing Mears and PCL clients, as a result of the increased scope of the Group's compliance capabilities and an enlarged customer list.
- The strong period of contract retentions has included the award of a new contract with Cross Keys Homes. ('CKH'). The contract will see the Group continue to deliver responsive and void repairs, gas compliance and planned maintenance, creating a strategic asset management partnership. CKH is one of the Group's longest standing relationships, and this new contract is valued at £250m over the initial 10-year term.

Balance Sheet

- Mears maintained an average daily net cash position during FY25 of £52.8m (2024: £59.6m) and expects to report a year end adjusted net cash position in excess of £50.0m (2024: £91.4m).
- During the year, EBITDA to Operating Cash conversion was around 80%, in line with previous guidance and reflecting a reversion to a more normalised working capital position at the close of FY25.
- The Company has utilised its balance sheet strength to fund property acquisitions to support its management-led activities. In December 2025, the Group completed a sale and leaseback on 199 properties, purchased for a cash cost of circa £24.6m. This transaction has seen the Group receive £18.0m in cash on completion, with the balance taking the form of an interest-bearing loan, combined with a continuing 25% equity interest in this investment vehicle.
- The Group has completed an amend and extend to its Revolving Credit Facility with Barclays and HSBC, which sees the £70m facility extended to December 2029, on improved pricing.

Note

1. Following the release of the Trading Update on 8 December 2025, market expectations for revenue and adjusted profit before tax increased to £1,106m and £60.6m respectively.

Lucas Critchley, Chief Executive Officer, commented:

"FY25 was a period of significant progress against all of the Group's key strategic goals. Delivering strong growth in our traditional Maintenance-led activities is a key achievement which continues to be underpinned by strong contract retention. We have extended the scope of our compliance offer both organically, and through acquisition; the addition of PCL in the second half of the year has been a particular highlight. We continue to maintain a robust and disciplined operational approach which drives both service excellence and strong commercial performance."

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About Mears

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

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

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

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