



Facilities Transformation

Mitie Group plc
Annual Report
and Accounts 2024





We are the UK's leading technology-led Facilities Transformation company.

A trusted partner to over 3,000 blue-chip customers across the public and private sectors, working with them to transform their built estates and the lived experiences for their people, and providing data-driven insights to inform decision-making.



In each of our core service lines of Engineering, Security and Cleaning & Hygiene we hold market leadership positions. We upsell Projects capabilities in the higher growth categories of Buildings Infrastructure, Decarbonisation, Fire & Security and Telecoms Infrastructure.



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Record year of delivery.

All medium-term targets achieved

Mitie delivered a record performance and further strategic progress in the year ended 31 March 2024. In this final year of our previous Three-Year Plan (FY22 – FY24), we have demonstrated a strong track record of achievement, having met or significantly exceeded all of our medium-term targets. Our new Three-Year Plan (FY25 – FY27) pivots the business from traditional Facilities Management to technology-led Facilities Transformation, with ambitious targets to accelerate growth and enhance shareholder returns.

Financial

Revenue, including share of JVs and associates



£4,511m

+11%

FY23: £4,055m

Operating profit before other items^{1,2}



£210m

+30%

FY23: £162m

Basic earnings per share before other items¹



12.3p

+29%

FY23: 9.5p

Dividend per share



4.0p

+38%

FY23: 2.9p

Group revenue

£4,445m

+13%

FY23: £3,945m

Operating profit²

£166m

+42%

FY23: £117m

Free cash flow

£158m

+£92m

FY23: £66m



Average daily net debt



£161m

+£77m

FY23: £84m

Non-Financial

Employee engagement



63%

+6ppt

FY23: 57%

Net Promoter Score



+60

+18pt

FY23: +42

Employee turnover



13%

-6ppt

FY23: 19%

Carbon emissions³



290,207

-10%

FY23: 322,553

+ Details of our full KPIs on pages 32 to 35

Customer type

Revenue, including share of joint ventures and associates



Total order book £11.4bn

Including share of joint ventures and associates



Total pipeline

£18.6bn

27% growth year-on-year

Alternative Performance Measures (APMs)

The Group's performance measures continue to include some measures which are not defined or specified under IFRS. A reconciliation of the APMs to the equivalent IFRS measures is provided in the Appendix – Alternative Performance Measures on pages 228 to 231.

1. Other items are as described in Note 4 to the consolidated financial statements.
2. Operating profit includes share of profit after tax from joint ventures and associates.
3. Scope 1, 2 and 3 global carbon emissions (tonnes CO₂e), net of 4,500 carbon credits.

A compelling investment case. Creating value

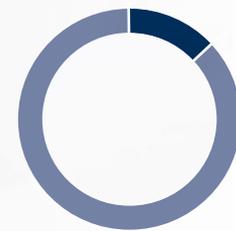
We are the leader in our industry, with a loyal and diverse blue-chip customer base and a core set of capabilities that are differentiated by our technology and people. Our new Three-Year Plan is expected to extend our market leadership position. It targets the delivery of high single-digit revenue growth annually, an operating margin of at least 5% and sustainable free cash flow of c.£150m per annum by FY27. We will also maintain a return on invested capital (ROIC) of >20%.

1 Strong track record of delivery

- Met or significantly exceeded all medium-term targets in previous Plan
- Total Shareholder Return of 80% from FY22 to FY24 (#10 in FTSE 250)
- Proven track record of winning and retaining contracts, and improving contract profitability
- Added value to acquisitions through demonstratable revenue/cost synergies
- Eliminated off balance sheet financing and built a robust balance sheet

2 Scale and market leadership

- Clear UK market leader with 13% share (twice that of next competitor)
- Market leadership in each of our core service lines
- Unique offer of transformational Projects alongside technology-led Integrated Facilities Management (IFM)
- Expertise across a wide range of sectors and in critical environments
- Diversified customer base with inflation protection on the majority of contracts



13%
Mitie's market share
Frost & Sullivan, 2023

3 Attractive market dynamics

- Operating in the largest and most dynamic Facilities Management (FM) market in Europe
- Integrated/bundled contracts the norm and growing faster than wider market
- Exposure to high growth sectors (e.g. data centres, defence, healthcare, life sciences and TMT)
- Capabilities underpinned by positive macro-trends (e.g. decarbonisation, modernisation of the built environment and regulatory changes)

4 Technology innovation

- Data-driven 'intelligent' solutions enabled through investment in the Mitie Digital Platform
- Capabilities being enriched by Artificial Intelligence/Machine Learning (AI/ML), for example to deliver predictive maintenance and risk-based security resource deployment
- Strategic partnerships with global IT companies (e.g. Microsoft, Vodafone)
- Industry-leading cyber security credentials (e.g. 4.1 NIST rating)

5 ESG leadership

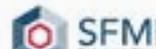
- Recognised as a global Environmental, Social and Governance (ESG) leader
- Ambitious Net Zero targets validated by the Science Based Targets initiative
- One of the UK's largest fleets of electric vehicles (EVs)
- Industry-leading benefits packages for all our colleagues
- Top Employer for the sixth consecutive year, and a record 63% of surveyed colleagues 'fully engaged'



Low risk: 10.5



A List



Platinum



Score: AA

Chairman's statement

A year of significant progress



We see the changing landscape as a world of opportunity in which we are well positioned to benefit. I would like to thank our exceptional Mitie colleagues for their dedication to our success this year.

Derek Mapp
Chairman



Dear Mitie Shareholder

This has been another year of significant progress for your company. Our customers are at the heart of everything we do, and we have been on the front foot in responding to their changing needs as a trusted partner. In October 2023, we set out our new Three-Year Plan (FY25 – FY27), pivoting from traditional Facilities Management to technology-driven Facilities Transformation, with ambitious financial targets that will continue to drive growth and shareholder returns.

We see the changing landscape as a world of opportunity, in which we are well positioned to benefit. Our competitive advantage lies in the technology that we have invested in over the past six years, coupled with our market-leading position in each of our core service lines and our transformational Projects work.

This unique approach enables us to work hand in hand with our customers to transform their built estates, and enhance the lived experience for their own colleagues and customers. As a result, I am delighted to report that our Net Promoter Scores – what our customers really think of Mitie – are at record levels.

It goes without saying that none of this would be possible without the enduring commitment and hard work of our talented colleagues. Collectively, we have not only faced into challenges during the year, given the ongoing geopolitical and macroeconomic uncertainties, but also celebrated success, with many colleagues benefiting significantly from our Save As You Earn schemes.

I am extremely proud of the resilience your company has shown. In this final year of our previous Three-Year Plan (FY22 – FY24), we have demonstrated a strong track record of achievement, having met or significantly exceeded all of our stretching financial targets, and delivered an 80% Total Shareholder Return (#10 in FTSE 250) over the three-year period.

The delivery of these targets and significant value creation for shareholders has been reflected in the 92.5% vesting of the 2021 Enhanced Delivery Plan.

FY24 revenue and operating profit before other items reached the record levels of £4,511m (FY23: £4,055m) and £210m (FY23: £162m), respectively, resulting in an operating margin of 4.7% (FY23: 4.0%). Earnings per share before other items increased by 29% to 12.3p.

As we enter our new Facilities Transformation Three-Year Plan (FY25 – FY27), the Board will continue to both support and challenge the executive leadership team to drive growth and returns, while ensuring that we maximise our positive contribution to the environment and the communities we serve.

One Mitie

In visiting a number of our sites across the UK and Gibraltar, my admiration for our 68,000 colleagues across the business has continued to grow. Through the collaborative 'One Mitie' way of working that is embedded in our culture, our people have gone the extra mile to overcome numerous challenges and deliver outstanding results. I would like to thank each of them for their dedication to our success this year.

Attracting, retaining and developing talent is a top priority. We offer industry-leading benefits packages to our people, which includes the provision of free shares to all employees, for the fourth year running, and we were delighted to be recognised as a Top Employer for the sixth consecutive year, and one of the most diverse. This commitment to our people is reflected in a record 63% (FY23: 57%) of surveyed employees 'fully engaged'.

ESG leadership

Sustainability and social value are fundamental to our business, and I am delighted that we continue to be recognised for our leadership.

We received validation from the Science Based Targets initiatives (SBTi) in April 2023 for our commitment to ambitious Net Zero targets, which will see us become carbon neutral for our operations by the end of 2025.

In February, we secured a place on the CDP's Climate Change A List for exemplary carbon reporting and environmental management, a distinction awarded to only 2% of the 21,000 organisations assessed annually. We have also retained our Platinum status in the Sustainable Facilities Management Index (SFMI) for the third consecutive year and, shortly after year end, we had our Low risk rating reconfirmed by Sustainalytics.

Stakeholder engagement

The Board has a duty to understand the needs of all our stakeholders and to act on their feedback, and one of the many ways we do so is through an extensive programme of engagement. For our colleagues – many of whom work on the frontline – the Board members undertake a range of listening sessions to hear their views and ensure the lines of communication are always open. Board members also attend equality diversity and inclusion (ED&I) events run by our diversity networks across Mitie and participate in our annual Team Talk Local events.

It has been my pleasure to not only engage with shareholders on my annual Chairman's governance roadshow, but to join Jennifer Duvalier, Chair of the Remuneration Committee, in an extensive consultation on our new remuneration policy, ahead of its submission for approval at our 2024 AGM.

During FY24, we started work on a new materiality assessment, to ensure that we are responsive to our stakeholders' views on all ESG matters, and we expect to share the initial findings in our 2024 ESG Report.

Board composition

We feel passionately that the composition of our Board should reflect wider society and comprise a diverse range of skills and experience to promote strong governance. Currently, 44% of Board positions are held by women and 22% are ethnically diverse. This goes together with our proactive approach to succession planning, both at Board level and across the executive leadership team.

We were delighted to welcome Penny James to the Board as a new Non-Executive Director in February 2024. Penny brings extensive financial services experience, strong leadership skills and financial and risk expertise. She has joined the Audit and Nomination Committees and is expected to become Chair of the Audit Committee when Mary Reilly steps down following the completion of the FY25 Annual Report and Accounts.

Shareholder returns

Our capital allocation policy prioritises a progressive dividend, the market purchase of all shares to fulfil employee incentive schemes, strategic infill M&A in high growth markets and the return of surplus funds to shareholders. It is underpinned by a target leverage range of 0.75x to 1.5x (average net debt/EBITDA).

Within this context, the Board is recommending a final dividend of 3.0p per share which, when added to the 1.0p interim dividend paid in respect of the first six months of the year, takes the total dividend for FY24 to 4.0p per share. This is a 38% increase on the prior year (FY23: 2.9p) and represents a payout ratio of 33% (FY23: 30%). The final dividend will be paid on 5 August 2024, following approval at the 2024 AGM.

During FY24, we completed our second £50m share buyback programme and, in aggregate, we have returned £173m to shareholders through buybacks and dividends over the past two years. Our free cash flow generation and strong balance sheet support our latest £50m share buyback programme, which was launched in April 2024.

Closing remarks

I am tremendously proud to have been a part of Mitie's journey over the past seven years. Your company has embraced immense change and tackled challenges with agility and resilience, to emerge as the market leader in Facilities Transformation in the UK, with significant growth opportunities ahead.

I would like to thank my fellow Board members, alongside our shareholders, customers, colleagues and partners, for their unwavering support and commitment to shaping Mitie for this exciting next stage of the journey.

Derek Mapp
Chairman

Further reading

Facilities Transformation Three-Year Plan (FY25 – FY27)

➤ See pages 24 to 25

Stakeholder engagement

➤ See pages 38 to 41

Financial performance

➤ See pages 49 to 53

Our environment and social value framework

➤ See pages 54 to 77

Governance report

➤ See pages 92 to 109

Directors' remuneration report

➤ See pages 126 to 148

Our customers' needs are changing

We create and deliver innovative technology-led solutions to meet the evolving needs of our customers and help them to respond to new regulatory, social, environmental and operational challenges.

Customer needs



Optimising asset performance and maximising productivity

Our customers seek to reduce the downtime of their critical assets to improve productivity, de-risk operations and reduce costs. They look for a partner that can predict, prevent and fix issues with minimum intrusion, provide a holistic view of asset performance and recommend areas for improvement to achieve 'best in class' across their estates.



Transforming estates, workplaces and customer experience

We work with our customers to transform the 'lived' experience across their estates; to create a 'Great Place to Work'. Our customers are increasingly prioritising user-centric, collaborative spaces that are commute-worthy, space-optimised and flexible, to engage with their customers, attract talent and optimise hybrid working.



Creating healthier and more sustainable spaces

Our customers look for efficient, flexible and reliable cleaning solutions that adjust to daily and seasonal usage and demand patterns, provide proof of service and cleanliness, use eco-friendly products and scale with their future business needs. We also work with our customers to maximise the reuse of resources and minimise waste.

How we are helping

- Building automation
- Remote monitoring
- Predictive maintenance
- De-risking operations
- Workplace consulting & design
- Building fitouts and retrofits
- Connected technologies
- Space optimisation
- Real-time tracking & spill detect
- Demand-led robotics
- Eco-friendly cleaning solutions
- Circular economy



Engineering Maintenance spotlight

+ See page 17



Projects spotlight

+ See page 19



Cleaning & Hygiene spotlight

+ See page 23

Customer needs



Protecting people, property and assets

Assurance of safety and security is imperative to our customers and this requires intelligence, technology and skilled people. Our customers need to be able to make rapid, informed decisions in response to evolving threats and rising levels of business crime. They must also prepare for tightening building safety and Martyn's Law legislation.



Accelerating the path to Net Zero

In their quest to decarbonise assets and fleets, our customers need a trusted partner that can help them achieve Net Zero targets by assessing their current environmental impact, identifying opportunities for improvement and delivering practical solutions to reduce carbon emissions, save costs and secure energy supplies.

How we are helping

- Risk assurance
- Perimeter hardening
- AI video analytics
- Biometrics
- Carbon data capture/reporting
- Renewable power and storage
- Energy independence
- Network optimisation



Security spotlight

+ See page 21



Projects spotlight

+ See page 19

Positive macro-trends

Our service lines and sectors have attractive growth prospects that are underpinned by positive macro-trends, ranging from decarbonisation and the circular economy to the modernisation of the built environment and changes in the regulatory landscape.



£22bn

UK Infrastructure Bank fund

Link to business areas: ● ● ● ●

Decarbonisation

Investment in public and private sector renewable energy projects has increased significantly in recent years. For example, the UK Infrastructure Bank is providing £22bn of infrastructure finance to tackle climate change and support regional and local economic growth.

According to the World Economic Forum, c.40% of all global carbon emissions come from the built environment.

In the UK, over 80% of commercial buildings do not currently meet the Minimum Energy Efficiency Standards required by 2030.

These regulatory requirements, alongside our customers' own Net Zero ambitions and appetite for modern and sustainable spaces, are creating a wave of demand for building modernisation and decarbonisation works that is expected to accelerate over the years ahead.

Repurposing the electricity grid

The nation's energy infrastructure is becoming increasingly reliant on renewable sources, requiring substantial investment to modernise and upgrade the UK's Grid infrastructure and build sufficient storage capacity. To meet these needs, National Grid is investing up to £54bn in its infrastructure network by 2030.

£54bn

National Grid Upgrade Programme

Link to business areas: ●



£8bn p.a.

UK data centre investments

Link to business areas: ●

Increasing data centre investment

The UK data centre market is expected to see investment of £8bn per annum by 2029 (Arizton). Major cloud service providers are expanding their UK data centre presence, with future growth being driven by the Internet of Things, high

performance computing and developments in Artificial Intelligence (AI). Additionally, the UK Government is actively promoting digital infrastructure through initiatives such as its national AI strategy, aimed at accelerating investment and positioning Britain as a global leader in this area.

Evolving workplaces

We continue to see an increasing proportion of capital budgets being channelled into the redesign of workspaces, as organisations embrace hybrid working and focus on amenities, collaborative spaces, technology enablement, wellness and sustainability to attract and retain talent. According to the Building Controls Industry Association, the UK market for building control systems installations was worth £600m in 2023.

£600m

UK addressable market

Link to business areas: ● ● ●



Business areas

● Engineering Maintenance ● Security ● Cleaning & Hygiene ● Projects ● Waste ● Care & Custody



£5.0bn
addressable UK market

Link to business areas: ●

Private sector as first line of defence

Tragic events such as the Manchester Arena bombing have catalysed the forthcoming Martyn's Law legislation, which places the responsibility to protect public safety with business owners. Mitie has played a meaningful role in shaping this legislation and is proactively engaging with customers to develop and

implement security best practice, ahead of what is perceived to be the most significant piece of legislation to impact the industry in decades.

Simultaneously, the UK Government is increasingly outsourcing security services to the private sector. According to Frost & Sullivan, the security services market, excluding equipment, was worth £5.0bn in 2023.



£880m
UK capital deployed

Link to business areas: ●

Circular economy

The circular economy is a growing part of many of our customers' ESG agendas. It aims to keep resources in use for as long as possible, maximise their lifecycle value and reuse them at

the end of their useful life. According to BDO, £880m of capital has been invested in the UK circular economy in areas such as building retrofits, waste recycling and environmental advisory services.



£75bn
increase in UK defence spend over next six years

Link to business areas: ● ●

Increasing defence spending

The Ministry of Defence (MoD) has stated that the UK's defence capability must evolve from one designed for major conflict and war to one designed for permanent and sustained global engagement. The UK Government has announced

that it will increase defence spending to 2.5% of GDP by 2025, resulting in an additional £75bn invested over the next six years. The MoD has c.130,000 built assets in the UK and overseas territories. Around a third of the UK estate needs modernisation, while the wider estate must adapt to meet the sector's decarbonisation agenda.



£3.3bn
annual cost of retail crime

Link to business areas: ●

Increasing business crime

Rates of theft, fraud, insider threats and cyber crime have accelerated in recent years as a result of the cost-of-living crisis, among other factors. The retail sector has been particularly affected by this, alongside acts of violence and abuse towards shop

floor colleagues. According to the British Retail Consortium, the total cost of retail crime more than doubled year-on-year to £3.3bn in 2023. Mitie recently led the way in creating Pegasus, part of a new specialist police unit funded by retailers, to provide a national response to organised crime. Read more on page 21.

Evolving response to immigration

According to the Home Office, more than 84,000 people applied for asylum in 2023 and more than 29,000 arrived in the UK by crossing the English Channel in small boats. With the continued high numbers of people arriving in the UK, immigration will remain a political priority requiring significant investment and further support from the private sector.

29,000
small boat arrivals

Link to business areas: ●



Growth in 5G

5G availability in the UK remains low, ranking 39th out of 56 advanced and developed markets according to Opensignal. We see pent-up demand for the deployment of new 5G infrastructure across the UK, the ongoing decommissioning of Huawei equipment and the Shared Rural Network initiative, a joint venture between the UK Government and the big four mobile network operators to provide 4G coverage to 95% of the UK.

£1bn
addressable UK market

Link to business areas: ● ●



Our expertise. Accelerated by technology...

At the heart of everything we do are our people and a commitment to technology that enables us to deliver smarter services to our customers across the broad sectors we serve. More efficiently. More effectively.

Technology

Our competitive advantage is embedded in our people and industry-leading technology, and this has been a key contributor to a record Net Promoter Score of +60.

Through our ongoing investment in technology and strategic partnerships with global IT companies, we continue to enhance our unique Mitie Digital Platform and deliver transformative, 'intelligent' solutions to meet the changing needs of our customers.

These solutions leverage our deep capabilities to aggregate workflow and workforce data across the built environment through our data lake and are increasingly being enriched by the application of Artificial Intelligence and Machine Learning (AI/ML).

Our cyber-security credentials are industry leading. We consistently score above A90 on the SecurityScorecard (an independently assessed measure), we are a Cyber Essentials Plus and ISO 27001 certified company and we have a NIST maturity rating of 4.1.

Read more about our 'intelligent' core capabilities on pages 16 to 23.

Strategic partnerships



Our core capabilities

Intelligent Engineering Maintenance

We help customers to optimise the performance and productivity of their assets through an extensive suite of engineering services that enable predictive maintenance and remote monitoring. We have the UK's largest team of trained engineers, implementing solutions to ensure that buildings comply with regulations, and infrastructure and systems remain fully operational.

[+ See page 16](#)

Intelligent Projects

We bring together technology and expertise from across the Group to offer an unrivalled breadth and depth of self-delivery capability to consult, design and deliver projects that transform our customers' estates, workplaces and experiences, and accelerate their path to Net Zero. We continue to build our capabilities both organically and through infill acquisitions.

[+ See page 18](#)

Intelligent Security

We protect our customers' property and assets and keep people safe. Our delivery is underpinned by leading risk and threat intelligence, technology and a team of fully vetted, highly trained security professionals at our Security Operations Centres, working together with our front-of-house colleagues.

[+ See page 20](#)

Intelligent Cleaning & Hygiene

We create healthier and more sustainable spaces for our customers, using technologies such as sensors, spill detect computer vision and our Merlin Connect operating platform to deliver demand-led cleaning solutions. These provide customers with assurance over cleanliness and drive efficiency and productivity gains.

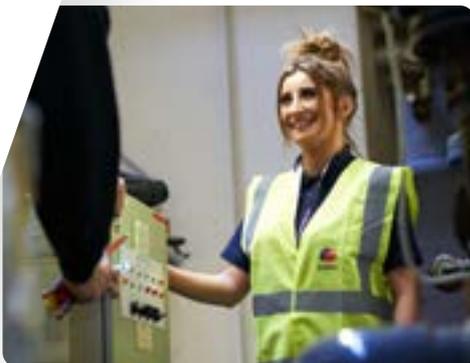
[+ See page 22](#)

Our divisions

Our core capabilities are delivered through four divisions: Business Services (including Spain, Waste and Landscapes); Technical Services; Central Government & Defence; and Communities (including Care & Custody).

[+ See Operating review on pages 45 to 48](#)

...and our exceptional colleagues



We have a loyal and diverse blue-chip customer base...

Retail and logistics



Transport and aviation



Public sector and defence



Manufacturing



Healthcare and life sciences



Corporate and professional services

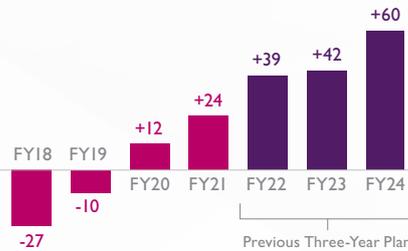


...that recognises our people and innovative solutions

Record customer satisfaction

Customer satisfaction

NPS



Exceptional response rate

59%

Compared with 24% average B2B response rate

84%

of customers are satisfied with Mitie technology

86%

of customers say Mitie brings new ideas and innovation

900+

employees recognised with Mitie Stars based on customer nominations

How our customers describe us

Collaborative

The Mitie team are collaborative and accessible for any issues. They adopt our values and seem to genuinely care about the service they are delivering.

Atomic Weapons Establishment (AWE)

Exceptional

Mitie's Integrated Facilities Management delivery has been exceptional, supporting us during testing and fluid conditions.

National retail company

Innovative

Mitie's technical expertise and innovative solutions have consistently exceeded expectations. Mitie's proficiency, reliability and forward-thinking approach make them the standout choice for anyone seeking unparalleled engineering solutions.

International logistics company

OUR CORE CAPABILITIES

Intelligent Engineering Maintenance

Customer need:
Optimising asset performance and maximising productivity

Our position

#1 in UK

The largest provider of technology-led engineering (hard) services

Our revenue

£1.8bn

FY24 revenue
 (includes Projects revenue, other than Advisory, Design & Build)

Growth drivers

- Tighter building codes, environmental regulations and health and safety requirements
- Demand for predictive maintenance and remote monitoring to reduce asset downtime and increase productivity
- Requirements to extend asset lifecycles through proactive and intelligent maintenance
- Increased public infrastructure investments to narrow regional differences and meet climate challenge
- Net Zero ambitions to reduce waste, energy usage and carbon emissions

What sets us apart

Scale and capability
 We have the largest national mobile engineering workforce and self-delivery engineering capability in the UK.

Technology
 We create intelligent buildings through sensor technology and remote monitoring, turning big data into insights, transforming facilities, reducing asset downtime and saving energy and money for our customers.

People
 We are one of the UK's largest employers of trained and multi-skilled engineering professionals. We attract and retain the best talent with expertise in all core asset classes and from across multiple industries.

Key statistics

- 1,000+ locally based mobile engineers covering every postcode
- 2.5m assets maintained for our customers
- 6.3m square feet of critical space maintained
- 1.75m planned maintenance visits per year
- 15% energy and maintenance savings achieved
- 95% remote fix for connected assets

Market size

£9.4bn

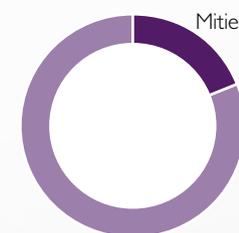
Mitie market share

19%

Projected market growth

4% p.a.

UK Engineering market

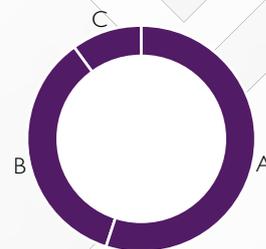


Competitors

Top three competitors

- CBRE
- OCS
- JLL/Integral

Mitie Engineering revenue by division



A. Technical Services	55%
B. CG&D	35%
C. Communities	10%

Market data source: Frost & Sullivan 2023

ENGINEERING MAINTENANCE SPOTLIGHT

Optimising asset performance in critical environments

The challenge

In critical environments such as national infrastructure, healthcare settings, data centres and manufacturing, asset downtime and sub-optimal performance can compromise productivity and security and, in some circumstances, materially impact on the smooth running of UK society and the economy.

For many of our customers, the associated costs are too high to allow for reactive maintenance, and unnecessary engineer visits often disrupt business-critical operations. Organisations are increasingly looking to technology-enabled predictive asset and building infrastructure management to address these constraints.

Our solution

Mitie's Intelligent Engineering solutions are the smart response to asset performance, lifecycle and productivity challenges.

We help our customers to optimise asset performance, meet compliance standards, increase productivity and enhance working environments.

We use building sensor technology and remote monitoring to collect and analyse real-time data that can be used to improve the energy efficiency and sustainability of buildings, reduce costs and extend asset lifecycles through predictive maintenance, optimise space utilisation and improve indoor air quality to enhance the comfort and safety of employees and customers.

We also build digital twins to monitor, analyse and optimise buildings and the equipment inside them.

Artificial Intelligence and Machine Learning is increasingly being used to detect anomalies, trigger actions and generate recommendations using complete asset histories based on log notes and past work orders.

We are developing diagnostic dashboards to predict failures and remote fix issues, reducing the number of engineer visits required to customer sites.

The outcome

We have installed more than 30,000 sensors in c.700 buildings, and we are transforming estates for customers across diverse environments.

For a large retail bank, we now identify c.25% of heating and cooling issues before they reach the helpdesk. For a manufacturer, we have reduced faults on its critical machinery by 70%.

For our healthcare customers, we remotely monitor drug storage temperatures to provide early warning of fluctuations and support drug efficacy. We also monitor water tap usage by remotely measuring temperature and flow rates to prevent contamination with legionella. This supports digitised compliance and optimises NHS resources by allowing infrequently used systems to be flushed on demand.



Mitie's technical expertise and innovative solutions have consistently exceeded expectations. The seamless integration of cutting-edge technologies and a commitment to sustainable practices further cements their position as market leader.

National retail customer



OUR CORE CAPABILITIES

Intelligent Projects

Customer needs

Transforming estates, workplaces and customer experience



Accelerating the path to Net Zero



Our position

By bringing together our capabilities across the Group, we are a leading UK projects business, serving both public and private sector customers.

Our revenue

£1.1bn
FY24 revenue

Growth drivers

- Investment in workplaces to make them more user-centric and commute-worthy
- Decarbonisation of real estate portfolios to meet regulatory requirements and Net Zero ambitions
- Capital deployment into asset lifecycle upgrades to improve performance
- Accelerated growth in sectors such as data centres, healthcare and logistics
- Significant upgrades to Grid networks and investment in battery solutions
- Continued roll-out of 5G and decommissioning of Huawei equipment

What sets us apart

Full asset lifecycle approach

We offer an unrivalled range of services across all asset classes through the full cycle of consult, design, build and maintain. We solve big picture challenges for our customers, from decarbonisation strategies to workplace programmes and building technology solutions.

Technology and innovation

Our Projects Centre of Excellence drives innovation and productivity. It oversees operational standards and manages our Projects technology platform which includes design technologies, BIM models, project management tools and building sensor technologies.

Scale

We leverage our national scale and leadership position in the UK to upsell projects work as we continue to grow our capabilities organically and through strategic infill M&A.

Operational highlights

- Projects Centre of Excellence
- 2,200 highly skilled project managers
- 300 consulting professionals
- 4,000+ projects delivered annually
- c.80% of revenue from core Mitie customers
- £100k – £150k typical project value
- 1–3 months typical length of project

Building infrastructure

£12bn
Market size

Mitie revenue (£m)

+14%
CAGR

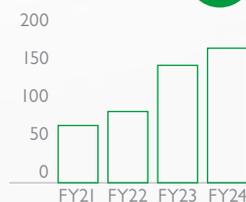


Decarbonisation technologies

£3bn
Market size

Mitie revenue (£m)

+33%
CAGR

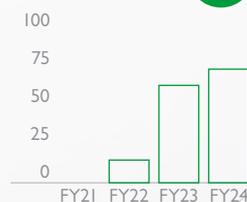


Telecoms infrastructure

£1bn
Market size

Mitie revenue (£m)

+124%
CAGR

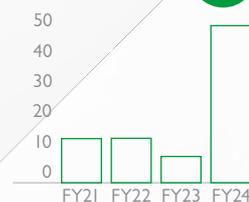


Fire & Security

£3bn
Market size

Mitie revenue (£m)

+53%
CAGR



Representative competitors

- CBRE
- NG Bailey
- TClarke
- Dalkia
- Briggs & Forrester

Sources: ONS, Deloitte, Solar Energy UK, Verdantix, DCMS, AMA Research

PROJECTS SPOTLIGHT



Best-in-class data centre delivery

KLON-02 is the second of four planned data centres at the Kao Data Campus in Harlow, Essex. Based on our successful track record with KLON-01, Mitie was appointed to provide strategic advice, design and project management. The three-storey structure houses substantial c.850 square metre data halls, switch, pump and security rooms, plant areas and office space.

The project was successfully delivered on time and within budget. All Mechanical & Electrical testing and commissioning was carried out to industry standards and overseen by independent commissioning managers. The Considerate Constructors Scheme rated the work as Excellent, and the project is expected to achieve a BREEAM Excellent rating.



Mission-critical turbine engine assembly hall

We recently completed the full refurbishment and fit out of a 100-year-old manufacturing facility in Derby for Rolls-Royce. The facility was identified for reconfiguration and infrastructure development to accommodate Rolls-Royce's mission-critical turbine engine assembly and off-wing maintenance activities.

The scope of the project included the replacement of the entire concrete floor slab, remediation of structural steelwork, and the installation of new mechanical & electrical and fire & safety equipment and high-level gantry cranes. We also developed new office and welfare areas and improved local access routes.

We have provided Rolls-Royce with a state-of-the-art production facility and modern office space, that is expected to improve productivity and help to attract the best talent for our customer.



Decarbonising and modernising the UK's Defence estate

Mitie's projects across the Defence estate continue to lead the way in innovative, technology-enabled and sustainable works.

Our air source heat pump programme at Glencorse Barracks in Scotland won an Army Sustainability Award, and our hangar heating technique at RAF Lossiemouth was recognised as best in class – ensuring these vast buildings are only heated in the areas in which troops operate. We have also commenced work on the refurbishment of housing for Service families across the estate.

Meanwhile, at the MoD's overseas locations, we continue to support operational activity, completing the construction of a new bulk fuel installation in Cyprus and supporting humanitarian and military operations in the region.

OUR CORE CAPABILITIES

Intelligent Security

Customer need

Protecting people, property and assets



Our position

#1 in UK

Leading converged security services provider

Our revenue

£0.9bn

FY24 revenue
(includes Projects revenue)

Growth drivers

- Shift towards a more holistic approach in response to the evolving threat landscape
- Increasing business crime, with theft, burglary, fraud and antisocial behaviour all on the rise
- Advances in complex, integrated security and building systems with cloud-based solutions and remotely managed services
- Demand for data analytics, automation and AI-enabled systems and services
- Tightening legislation, including the Building Safety Act 2022, the Fire Safety Act 2021 and Martyn's Law

What sets us apart

Intelligence

Our team of dedicated analysts review large-scale data sets from intelligence software platforms and open source data feeds to monitor crime and incident trends, enabling our customers to make informed decisions and implement appropriate security measures.

Technology

Through our ISOCs, we lead in the delivery of sophisticated, technology-led solutions to support our customers' complex security needs and changing risk profiles. Alongside our proprietary intelligence software, Merlin 24/7, Protect, our new cutting-edge technologies include AI video analytics and biometrics.

People

We attract the best people, including former police officers and military and intelligence professionals, with a deep understanding of operational intelligence and the expertise to win, retain and transform large security contracts.

Key statistics

- 21,000 security professionals
- 250 intelligence analysts and assurance representatives
- Two Intelligence Security Operations Centres (ISOCs) in Northampton and Craigavon
- 11 dedicated customer Security Operations Centres (SOCs) within our ISOCs
- 73,000 Fire & Security systems maintained
- 17,000 CCTV and alarm systems monitored
- 120,000 lone workers protected by our systems

Market size

£7.8bn

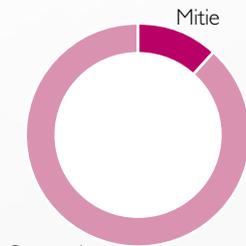
Mitie market share

12%

Projected market growth

4% p.a.

UK Security market

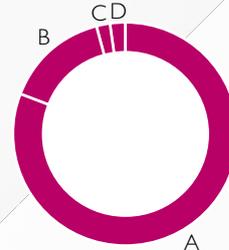


Competitors

Top three competitors

- G4S
- OCS
- Bidvest Noonan

Mitie Security revenue by type



A. Security services/SOCs	81%
B. Fire & Security	15%
C. Emergency response	2%
D. Intelligence services	2%

Note: substantially all of Mitie's Security revenue is delivered through the Business Services division

Market data sources: Frost & Sullivan 2023, AMA Research

SECURITY SPOTLIGHT

Delivering converged security solutions to combat retail crime and grow our sector leadership

The challenge

According to the British Retail Consortium, the total cost of retail crime was c.£3.3bn in 2023, almost twice that of the prior year. There were more than 1,300 violent or abusive incidents against shop workers every day. A total of 8,800 incidents resulted in injury, although only around a third of these were reported to the police and a very small number were prosecuted.

Our solution

Mitie is the leading provider of security services to the UK retail sector, with c.30% market share. We serve major brands, including Sainsbury's, M&S and the Co-operative Group, and we have expanded our relationships with Landsec and Westfield to protect their destination shopping centres and retail parks.

Our converged security offering is centred on intelligence, technology and people. We employ industry-leading sector specialists, and we have strong connections with law enforcement. Through our ISOCs, our software harnesses millions of data points to help our customers understand the frequency, location and timing of threats.

We also analyse thousands of incidents daily to identify patterns and secure convictions, with a focus on Organised Criminal Groups (OCGs).

The outcome

Against a backdrop of escalating business crime, our converged security solutions are filling a widening gap in the provision of public sector assurance and policing.

For a national food retailer, we have recorded and managed 1.2m incidents and secured over 37,000 arrests by store detectives, resulting in c.4,000 weeks in prison for prolific offenders. Overall, we delivered a £48m return on its investment through reduced shrinkage and contract efficiencies.

More widely, with the support of the Policing Minister and the Home Office, Mitie worked with Katy Bourne OBE, the Association of Police and Crime Commissioners' (APCC) lead for business and retail crime, to spearhead the creation of Pegasus, a business and police partnership, in 2023.

Pegasus radically improves the way retailers can share intelligence with the police to better understand the tactics of OCGs and identify more offenders. It includes the development of a new information-sharing platform and training for retailers. We are the only private security company playing a role in this initiative, providing industry leadership alongside intelligence, technology and people.



I am very grateful to all the contributors to Pegasus and to Mitie in particular for helping to get Pegasus airborne.

Katy Bourne OBE,
APCC Lead for Business and Retail Crime



OUR CORE CAPABILITIES

Intelligent Cleaning & Hygiene

Customer need
 Creating healthier and more sustainable spaces



Our position

#1 in UK

The largest UK provider of Cleaning & Hygiene services

Our revenue

£0.7bn

FY24 revenue

Growth drivers

- Improving user experience through healthier working environments to create commute-worthy workplaces
- Customers aligning with partners focused on delivering social goals, energy management and carbon reporting
- Demand for eco-friendly cleaning products and greener estates
- Advances in robotics and sensors enabling organisations to maximise cleaning productivity
- Big data and advanced analytics creating opportunities to deliver greater value at lower cost

What sets us apart

Research & Development

At our Cleaning & Hygiene Centre of Excellence, we develop technology-enabled solutions (e.g. disinfection systems and antimicrobial surface protectants). We use this centre to showcase our capabilities, experienced colleagues and commitment to innovation.

Technology

We combine sensor technology, cleaning robots, spill detect computer vision and our proprietary platform, Merlin Connect, to deliver flexible, demand-led cleaning solutions, improve cleaning quality, ensure compliance and increase efficiency and productivity for our customers.

Sustainability

We use eco-friendly cleaning products and our demand-led solutions reduce energy and water usage for our customers.

Operational highlights

- 25,000 highly trained colleagues
- Cleaning & Hygiene Centre of Excellence
- 40 NHS trusts supported
- 20m sq ft of retail space cleaned every day
- 1,000+ cleaning robots
- UK's largest robotic cleaning fleet at Heathrow airport

Market size

£8.3bn

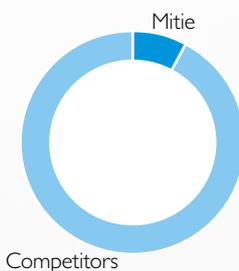
Mitie market share

8%

Projected market growth

3% p.a.

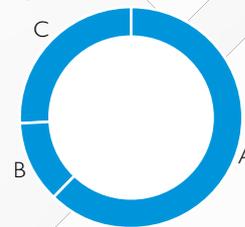
UK Cleaning & Hygiene market



Top three competitors

- ISS
- OCS
- Sodexo

Mitie Cleaning & Hygiene revenue by division



A. Business Services	63%
B. CG&D	12%
C. Communities	26%

Source: Frost & Sullivan 2023

CLEANING & HYGIENE SPOTLIGHT

Delivering demand-led and flexible cleaning services

The challenge

Our customers are increasingly looking for demand-led and flexible services to improve the quality and effectiveness of cleaning, support business growth and variability, mitigate rising labour costs and inflation, reduce the environmental footprint of cleaning products and vehicle fleets, and increase employee engagement and retention.

Our solution

Our technology platform, Merlin Connect, is unique to Mitie. It significantly improves the quality of the cleaning we provide and allows our customers to verify this through proof of presence, paperless audits and a real-time customer dashboard. The platform supports incident escalation and reactive task allocation, risk assessments, electronic cleaning schedules, health and safety standard operating procedures and real-time visibility of delivery to specification.

Simultaneously, the platform enables efficiency gains by analysing the data it generates to match service to demand, eliminate downtime and benchmark our teams. It is increasingly being adopted across a range of critical environments, including operating theatres, server rooms and pharmaceutical laboratories.

The outcome

For an international e-commerce company, we support 54 sites across the UK with 1,200 cleaning technicians. From the outset, we worked with the customer to understand its needs, including its focus on staff retention, drive to reduce costs and requirement for significant operational flexibility.

Together we have designed a service solution that includes a bespoke engagement programme, where we train our day and night shift cleaning colleagues to support our customer's 24/7 operations.

We also implemented Merlin Connect to monitor footfall and occupancy across the customer's distribution centres and office spaces. Our software has identified efficiency gains of 10% and enables peak demand planning to better manage the seasonality of our customer's business.

The outcomes are impressive. Our staff attrition rate of 10% and Net Promoter Score of 100 are industry-leading, helping us to increase our revenue from this customer by 50% year-on-year by expanding our cleaning services and cross-selling engineering and projects work.



Mitie's meticulous attention to detail ensures a spotless environment, surpassing industry standards. Their dedication to maintaining a pristine and safe space showcases an unwavering commitment to customer satisfaction, making them my unequivocal choice for superior cleaning services.

Large logistics customer



OUR NEW THREE-YEAR PLAN (FY25 – FY27):

Facilities Transformation

Our Facilities Transformation Three-Year Plan (FY25 – FY27) will enhance the built environment and ‘lived’ experience for our customers and their people, by improving productivity, security and cleanliness, while reducing their carbon footprint. It is centred on three key pillars of growth and sets out ambitious financial targets.

Key pillars of growth

Infill M&A

- Participate in high-growth, high-margin adjacencies
- Enhance existing capabilities
- Provide access to Mitie customers, systems and funding
- Maintain high-performing and entrepreneurial culture

Projects upsell

- Market-leading consult/design/build capabilities
- Access to Mitie’s large, diverse blue-chip customer base
- Standards and technology through Projects Centre of Excellence
- Full asset lifecycle/upgrade approach

Key Account growth

- High win rates, renewal rates and IFM penetration
- Stable, inflation-linked revenues; strong order book
- Clear leadership positions in all core services
- Significant economies of scale
- Investment to maintain technology leadership

➕ See pages 26 to 31



Our medium-term financial targets (FY25 – FY27)

Strong financial performance



High single digit revenue growth

Operating margin >5% (FY27)

EPS growth > revenue growth

FCF generation c.£150m p.a. (FY27)

+ See pages 26 to 31

Disciplined capital allocation



ROIC >20%

Progressive dividend policy (30% – 40% dividend payout ratio)

Proactive capital allocation

Average leverage 0.75x – 1.5x

+ See page 30



Chief Executive's review

A record year of delivery



We are pleased with our strong performance in FY24, having delivered record revenue, operating margin expansion and a good return on invested capital. Mitie is a cash generative business with a robust balance sheet, and we are committed to investing in accelerated growth, as well as returning surplus funds to shareholders via share buybacks.

Phil Bentley
Chief Executive Officer



Our divisions are all performing well, with Technical Services, Central Government & Defence and Communities delivering double digit revenue growth, and Business Services more than replacing all of the revenue from certain short-term public sector contracts.

As a result of this positive outcome, we have met or significantly exceeded all of the financial targets set out in the previous Three-Year Plan (FY22 – FY24), and this has been reflected in Mitie's Total Shareholder Return over the period (80% TSR; #10 in FTSE 250).

We have now started to execute our new Facilities Transformation Three-Year Plan (FY25 – FY27), through which we expect to accelerate growth and extend Mitie's market leadership position. Our confidence in achieving this is underpinned by a record £19bn pipeline of opportunities, through which we will add further Key Accounts and deliver transformational Projects in higher growth categories, as well as by strategic M&A, which will add to our existing Projects capabilities.

We have secured a number of new contracts and projects in the fourth quarter of FY24 and first quarter of FY25, which give us good business momentum and we expect to offset, in the medium-term, the contracts lost and ending in FY24. Margin enhancement initiatives are also expected to deliver further benefits in the current year, and we will continue to generate strong cash flows and enhanced shareholder returns.

My appreciation goes to our 68,000 colleagues. Through their hard work, allied to our technology-led approach, Mitie is transforming the built environment and the lived experience for thousands of public and private sector customers and their colleagues.

FY25 will be another year of delivery towards our medium-term targets and meeting our high single digit revenue growth expectations for the year.

+ Our Facilities Transformation Three-Year Plan (FY25 – FY27), pages 24 to 25

We have met or significantly exceeded all of the targets in our previous Three-Year Plan (FY22 – FY24)

Metric	Target	Achievement in FY24
Annual revenue growth	Mid-to-high single digit	11%
Operating profit margin	4.5% to 5.5%	4.7%
EBITDA	£200m	£268m
Free cash flow	£100m per annum	£158m
Average leverage	1.0x maximum	0.6x
ROIC	>20%	26.4%

Overview

Mitie delivered a strong financial performance and made further strategic progress in the year ended 31 March 2024. Revenue (including share of JVs and associates) grew by 11% to a record £4,511m (FY23: £4,055m), operating profit before other items grew by 30% to £210m (FY23: £162m) and basic EPS before other items grew by 29% to 12.3p (FY23: 9.5p).

We achieved an operating profit margin before other items of 4.7% (FY23: 4.0%) in the full year, which included a margin of 5.3% in the second half of the year. Sustainable margin improvement was a key pillar of our previous Three-Year Plan (FY22 – FY24), and, building on the successful delivery of this, we have a clear path to achieving an operating margin of at least 5% by FY27.

Based on the equivalent statutory measures, Group revenue increased by 13% to £4,445m (FY23: £3,945m), operating profit increased by 42% to £166m (FY23: £117m) and basic EPS increased by 44% to 9.8p (FY23: 6.8p). The increase in basic EPS reflected improved profitability and a £5m reduction in other items after tax to £32m (FY23: £37m). Further details are set out in the Finance review.

Our strategy and targets

Our achievements against all of the targets (based on alternative performance measures) in the previous Three-Year Plan (FY22 – FY24) are highlighted on page 26.

Our new Three-Year Plan (FY25 – FY27) pivots the business from traditional Facilities Management to technology-driven Facilities Transformation. Mitie is the market leader in the UK, with deep capabilities to aggregate workflow and workforce data across the built environment, and a trusted partner to thousands of blue-chip public and private

sector organisations. We have advanced our core capabilities through targeted investments in technology and strategic M&A, alongside the work of our exceptional colleagues, to meet the changing needs of our customers.

Our customers are looking for asset optimisation, a reduced carbon footprint and higher levels of assurance for security and cleanliness, whilst embracing hybrid-working and creating a 'Great Place to Work'. This all requires cyber-secure data driven insights to inform better decision-making.

These needs for transformation are underpinned by attractive macro trends, including decarbonisation, the modernisation of the built environment, and changes in legislation and the regulatory landscape, that benefit both our core service lines and Projects business.

Our ambitious financial targets (based on alternative performance measures) for our new Facilities Transformation Three-Year Plan are set out below and are designed to deliver enhanced shareholder returns over the period.

- High single digit revenue compound annual growth rate
- >5% operating margin by FY27
- EBITDA >£300m by FY27
- EPS growth above that of revenue growth, despite higher corporation tax rates
- £150m annual free cash flow by FY27



Accelerating growth

Our technology-led Facilities Transformation strategy is expected to deliver accelerated growth through the key pillars of: 1) Key Account growth; 2) Projects upsell; and 3) Infill M&A. We are targeting high single digit revenue growth annually.

In FY24, organic growth through Key Accounts (net wins and contract growth) and Projects upsell contributed 7% to revenue growth, inclusive of contract re-pricing of 4%. Infill M&A completed since 1 April 2022 contributed a further 4% of inorganic growth.

Key Account growth:

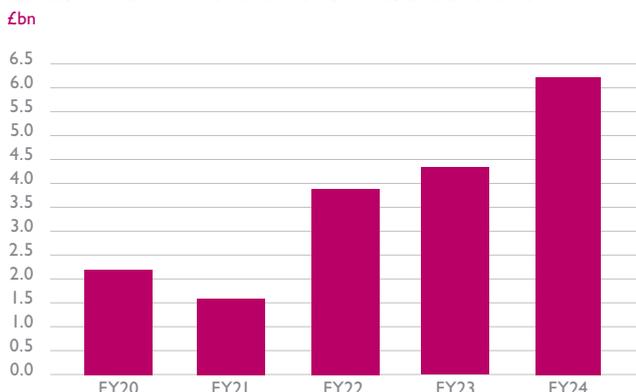
New contract wins, scope increases and extensions/renewals totalled £6.2bn Total Contract Value (TCV) in FY24 (FY23: £4.3bn). New and expanded Key Accounts of £4.4bn TCV included: Aena in Spain; further Amazon sites; the Defence Infrastructure Organisation (DIO) overseas estate in Germany and wider Europe; Department for Transport (DfT); Future Defence Infrastructure Services (FDIS) Service family housing refurbishment projects work; Home Office immigration services; Landmarc scope increases; Landsec additional cleaning and security; and Phoenix Group.

Notable extensions/renewals of £1.8bn TCV included: the Department for Work and Pensions (DWP); the Foreign Commonwealth & Development Office (FCDO); GSK; HMRC; the Home Office and Ministry of Justice; JLL; Landsec; Lloyds Banking Group (LBG); Network Rail; and Sky.

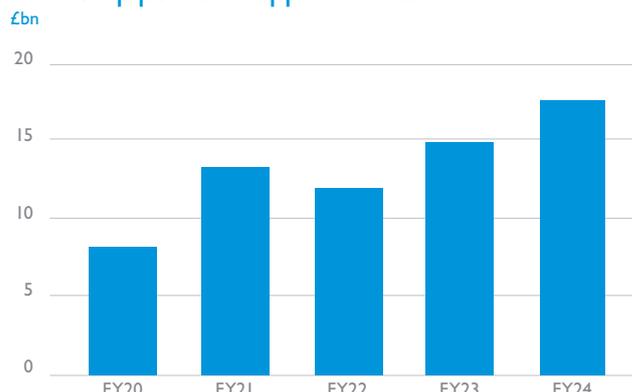
Mitie's renewal rate reduced to 79% (FY23: >90%). We have a large, diversified portfolio of customers, and contract renewals are therefore completed on a rolling basis throughout each year. During FY24, two notable contracts with a combined c.£70m per annum secured contract value were not renewed (one due to pricing and the other seeking an international provider), and this was reflected in the renewal rate. Both contracts were handed over towards the end of FY24, although we will continue to provide sub-contracted Security, Waste and Landscaping services for one and expect to continue delivering higher margin Projects work for both.

Key Account growth – record wins and renewals/extensions, and pipeline of new opportunities

£6.2bn TCV wins and renewals/extensions



£18.6bn pipeline of opportunities



Chief Executive's review
continued

Our total order book increased by 18% to £11.4bn (FY23: £9.7bn), including an increase of £0.5bn TCV from the consolidation of Landmarc. Our pipeline of new opportunities stands at a record £18.6bn.

Projects upsell:

In FY24, we continued to see sustained demand from our customers for transformational projects across their estates and, as a result, Projects revenue across the Group increased by 37% to £1.1bn (FY23: £0.8bn).

The largest driver of this growth was buildings infrastructure work, including lifecycle upgrades to improve asset efficiency, the design and build of inspirational workplaces, and retrofits to ensure buildings meet evolving regulatory requirements. This work accounted for over 70% of Projects revenue and grew by c.40% year-on-year. We continue to see demand for decarbonisation technologies, such as solar, electric vehicle (EV) charging and battery storage, whilst data centre fitouts have also been an area of growth as major cloud-service providers expand their UK presence. We have enhanced our expertise in this area through the acquisitions of JCA Engineering and GBE Converge.

Projects are delivered across all of our divisions, with the largest contributors to revenue growth in FY24 being Central Government & Defence and Technical Services (see Operating Review for further details by division).

Our projects are typically short in duration (one to three months, on average), individually £100k - £150k on average, and around 80% of revenue is delivered through Key Accounts upsell. Whilst some projects are one-off in nature, we often work with customers on rolling programmes, such as the refit of branches for LBG, solar panel installations at David Lloyd Clubs and the refurbishment of housing for the DIO.

Underpinning our work is the Mitie Projects Centre of Excellence (PCoE), driving innovation and productivity, and managing the operating platform including construction, design & management regulations, the project management playbook, and QHSE standards and training. The PCoE also serves as a knowledge centre to support our 2,500 Projects employees across the business.

Infill M&A:

During FY24, Mitie completed seven acquisitions for a combined consideration of £66m, net of cash acquired and excluding employment-linked earnouts.

Our position as a leader in the intelligence and technology-led Fire & Security market has been enhanced by the acquisitions of RHI Industrials (May) – a leading installer of high-tech security and access controls, and GBE Converge (November) – a leading independent provider of fire, security and information and communications technology solutions. Smaller security acquisitions included Linx International (April) – a leading risk management and consulting business, and Biservicus (September) – a Spanish security business.

Enhancing our Mechanical & Electrical (M&E) engineering credentials, we acquired JCA Engineering (September) – a leading principal contractor for complex engineering projects across the UK, with a particular focus on critical environments such as data centres, healthcare and life sciences. We also purchased the assets of G2 Energy (via a liquidation process in July) – a leading high voltage and battery energy storage contractor, and Cliniwaste (October) – a specialist in treating plastic waste.

Additionally, in November, Mitie completed an agreement with its joint venture partner in the 'Landmarc' military training estate to amend the shareholders' agreement. This resulted in Landmarc being consolidated as a subsidiary of Mitie from this date and enables Landmarc to benefit from the wider capabilities of our business.

 **Operating margin progression**

We have a clear path to a target operating profit margin before other items of at least 5% by FY27. This will be achieved through our ongoing programme of margin enhancement initiatives and operational leverage, alongside the contribution from higher margin infill M&A and Projects works. We expect these management actions to more than offset the continued impact of inflation and pressure on contract pricing in a highly competitive environment.

Projects upsell – one of the largest UK Projects businesses, with broad capabilities

£1.1bn
Projects revenue
+37% y-o-y

c.80%
of revenue from
core customers

£150k
typical project value

1-3mths
typical project length












David Lloyd – solar PV installations



Rolls-Royce – production hall refurb



KAO – data centre fitout



Pillswood – battery storage

0.7ppt
operating profit margin expansion to 4.7%

£40m
savings through margin enhancement initiatives

£158m
Free cash flow generation

In FY24, the Group achieved the final target in its previous Three-Year Plan (FY22 – FY24), reaching an operating profit margin before other items of 4.7%. This represents an increase of 0.7ppt on the prior year (FY23: 4.0%), and an increase of 2.4ppt since the start of the Plan (FY21: 2.3%). Consistent with the previous year, our H2 performance exceeded that of H1, both for revenue and operating profit, resulting in an operating profit margin of 5.3% in the second half of FY24.

The increase across the year reflects improved underlying trading and the delivery of £40m of savings through margin enhancement initiatives, more than offsetting the net impact of cost inflation that we were unable to pass through to customers (£6m) and the completion of certain short-term public sector contracts (£16m).

Approximately £28m of these savings were delivered through our Target Operating Model (TOM) programme, optimising our organisational structure, centralising transactional finance teams, outsourcing certain back-office functions and consolidating systems and processes. The balance of savings were delivered through further Interserve synergies (£5m), Operational Excellence initiatives (£4m), and the continued roll out of the Coupa digital supplier platform across the divisions (£3m). The costs associated with the delivery of margin enhancement initiatives are included in 'cash other items'.

We expect to complete the TOM initiatives during FY25. Over the new Facilities Transformation Three-Year Plan (FY25 – FY27), the focus for margin enhancement initiatives will shift towards operations and contract efficiencies, including an optimised organisational structure within customer accounts, improved contract productivity, and an increase in the use of Artificial Intelligence (AI) analytics to drive efficiencies in the deployment of resources and raise customer engagement.

Sustainable free cash flow generation

Mitie is cash generative, a function of strong profitability, tight working capital control and a disciplined approach to capex. In FY24, the Group generated £228m of cash from operations (FY23: £117m), leading to a free cash inflow of £158m (FY23: £66m). This free cash inflow reflected growth in operating profit, alongside working capital process improvements that contributed a one-off benefit of c.£25m in the year.

The Group is targeting free cash flow generation of c.£150m per annum by FY27, as we expect increased profitability and continuing working capital process improvements to offset structural headwinds from growth in the Projects business and customers demanding longer payment terms. Strong free cash flow generation, combined with our robust balance sheet, underpins the proactive and disciplined capital allocation of our financial resources.

Infill M&A – enhancing our Projects capabilities in higher growth segments

Our customers' changing needs (see pages 8 and 9)

Optimising asset performance and maximising productivity

Transforming estates, workplaces and customer experience

Creating healthier and more sustainable spaces

Protecting people, property and assets

Accelerating the path to Net Zero

Expertise acquired over our previous Three-Year Plan (FY22 – FY24)



Future M&A targets



Proactive and disciplined capital allocation

Our capital allocation policy prioritises a progressive dividend (within a target payout range of 30-40%) and the purchase of all shares to fulfil employee share schemes to mitigate shareholder dilution. We will also continue to pursue strategic infill M&A, primarily targeting higher growth, higher margin projects businesses in the key areas of Buildings Infrastructure, Decarbonisation and Fire & Security. Excess funds will be returned to shareholders through share buybacks.

Consistent with this approach, the Board is recommending a final dividend of 3.0p per share which, when added to the 1.0p interim dividend paid, takes the total dividend for FY24 to 4.0p per share. This is a 38% increase on the prior year (FY23: 2.9p) and represents a payout ratio of 33% (FY23: 30%). The final dividend will be paid on 5 August 2024, following approval at the 2024 AGM.

During FY24, we completed a £50m share buyback programme, net of £8m cash proceeds received from the vesting of the 2020 Save As You Earn (SAYE) scheme (c.30m shares were purchased via the buyback to fulfil this scheme). We also purchased 20m shares at a cost of £20m for employee incentive schemes, and we invested £66m in the seven infill acquisitions outlined on page 28.

Over the past two years (FY23 and FY24), we have purchased a total of 127m shares (of which 95m have been cancelled) for £100m net cost via share buybacks and 70m shares for £57m into our trusts for employee incentive schemes. The average price per share for these combined share purchases was 80p.

We commenced our current £50m share buyback programme on 15 April 2024. We will hold c.10m shares in treasury to fulfil the 2021 SAYE scheme, vesting in January 2025, and cancel all shares purchased in excess of this. Within the current programme we have purchased 7m shares at an average price of 119p.

Strong balance sheet

Closing net debt of £81m (FY23: £44m) reflects our strong free cash flow generation being more than offset by capital deployment actions totalling £150m, alongside a £45m increase in lease obligations as we continue to transition our fleet to electric vehicles (EV) and extend the duration of leases. Average daily net debt was £161m in FY24 (FY23: £84m) and leverage was 0.6x average net debt / EBITDA (FY23: 0.4x). We are targeting a leverage range of 0.75x to 1.5x in our new Facilities Transformation Three-Year Plan (FY25 – FY27).



Recognised
industry leader

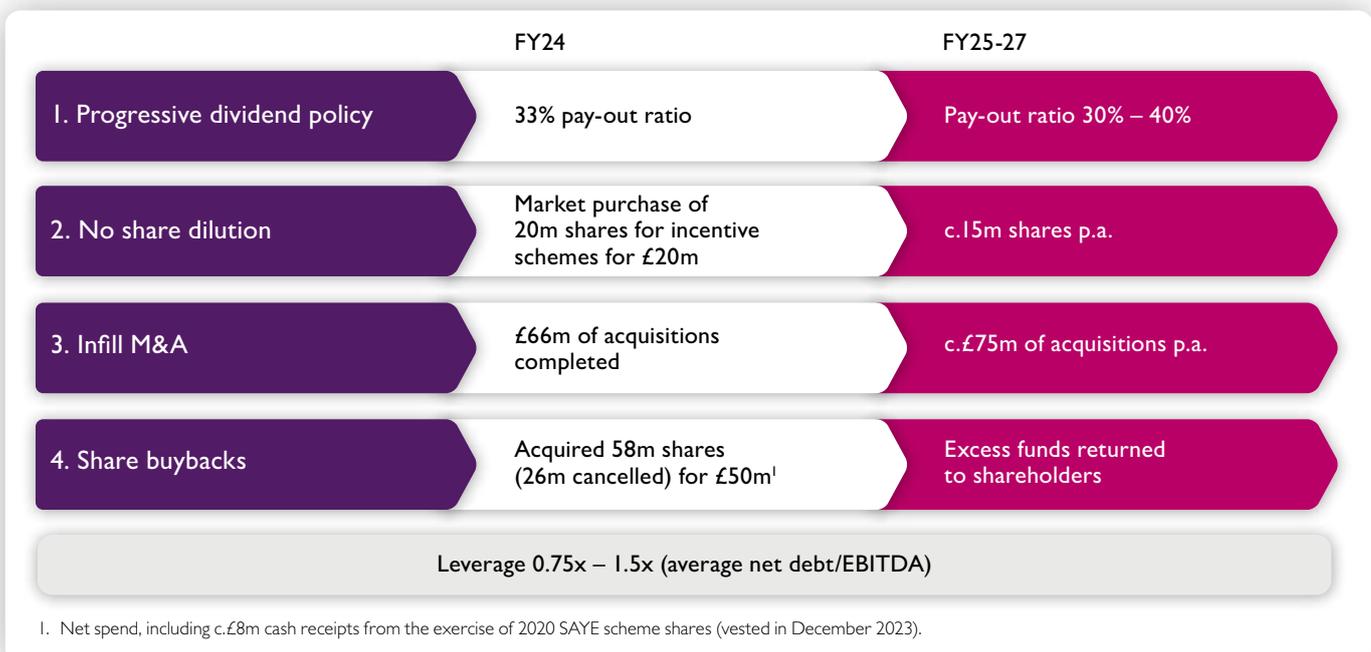
Technology leadership

Our competitive advantage is embedded in our people and industry-leading technology, and this has been a key contributor to a record Net Promoter Score of +60. Through ongoing investment, we continue to enhance our unique Mitie Digital Platform and deliver transformative, data-driven, 'intelligent' solutions to meet the changing needs of our customers.

This includes Intelligent Engineering – where we are leading in predictive and preventative maintenance; Intelligent Security – where we are pioneering the deployment of resources in response to risk and threat intelligence; Intelligent Cleaning & Hygiene – where we are delivering demand-led cleaning via our sensor technology; and Intelligent Projects – where our new Emissions Intelligence service will enable the automation of emissions data capture and reporting, and the creation of Net Zero pathways for our customers.

These solutions leverage our deep capabilities to aggregate workflow and workforce data across the built environment through our data lake and are increasingly being enriched by the application of Artificial Intelligence and Machine Learning (AI/ML).

Capital allocation – investment in growth and increasing shareholder returns



During FY24, we have been developing Mitie's GenAI diagnostic dashboards (Mosaic) in each of our core service lines, using real-time data to increase visibility across our customers' estates and inform decision-making. Through our predictive analytics capabilities, we are evolving our service delivery to demand-led cleaning and front of house services, threat intelligence and carbon reporting, and predicting and resolving asset issues before they fail.

We are also developing GenAI benchmarking dashboards to compare the performance of customer estates to industry standards and competitors, in areas such as energy consumption, to identify opportunities for improvement. These dashboards are being piloted on several Key Accounts in the retail, distribution and financial services sectors.

Smart Workplaces was launched in H1, to consult, design and deliver workplaces that improve the 'lived' experience and, through the adoption of smart technologies, optimise occupancy levels, footprint and the provision of wider services within the building. It includes our digital twin offering, which enables 3D visualisation, experiential design simulations and building information modelling (BIM), to help customers reimagine their workplaces of the future.

Our strategic partnerships with global IT companies such as Microsoft, Vodafone, ServiceNow and Wipro are also developing. In March 2024, we launched our 'Emissions Intelligence' service in partnership with Salesforce.com to provide carbon reporting and reduction tools, complementing our existing suite of Plan Zero services.

We are also leveraging our partnership with Microsoft (MS) to deliver increasingly predictive and preventative solutions to our customers and enhance internal processes. During FY24, we fully integrated Azure ChatGPT into Aria/ESME (which allows customers to report issues via an app), delivering improved customer communications and raising case accuracy to 97%. MS Copilot is delivering efficiency savings, and we are implementing AutoGenAI to continue enhancing bid quality and response times.

Our cyber security credentials are industry leading. We consistently score above A90 on the Security Scorecard (an independently assessed measure), we are a Cyber Essentials Plus and ISO27001 certified company and we have a NIST maturity rating of 4.1.

Environment, Social and Governance (ESG) leadership

Mitie is recognised as a leader in ESG among global industry peers. These initiatives form a key part of how we do business, ensuring we grow sustainably and responsibly. Our leading credentials also enable us to work with our customers to realise their own sustainability and Net Zero ambitions.

During FY24, we secured a place on the CDP Climate Change A List, placing us among only 2% of 21,000 organisations that are assessed annually. We received a Platinum rating from the Sustainable Facilities Management Index (SFMI) for the third consecutive year and, shortly after the year end, we received a 'Low' risk rating from Sustainalytics of 10.5 (previously 12.4) placing us on the threshold of their 'Negligible' risk band.

We have ambitious targets to achieve Net Zero for our operations by the end of 2025, and across our supply chain by 2035, and received validation from the Science Based Targets initiative (SBTi) in April 2023. Our largest carbon emissions relate to our vehicles, and we transitioned a further c.1,900 from diesel to electric vehicles (EVs) in FY24. Our fleet of over 5,000 EVs is one of the largest in the UK and we won Transport/Fleet Management Project of the Year (edie) for our ambitious EV transition plan, among other awards.

We continue to offer career development opportunities and industry-leading benefits to our colleagues in order to attract and retain the best talent. During FY24, we supported over 1,200 colleagues through apprenticeships and expanded our offer to over 90 technical, professional and managerial courses across a diverse range of areas from heat pump engineers and data technicians to security officers, business administrators and project managers.

We were named in the top 100 Apprenticeship Employers for the third consecutive year, in addition to being recognised as a Top Employer UK and an Inclusive Top 50 UK Employer for the sixth consecutive year.

+ Our environment and social value framework, pages 54 to 77

2025

Ambitious target to achieve Net Zero for our operations



>5,000

Our fleet of EVs is one of the largest in the UK



Key performance indicators

Monitoring our progress

Mitie's key performance indicators (KPIs) are reviewed by the Board and Executive Committee to monitor performance against the Group's most important priorities.

These include measures for evaluating financial and non-financial performance and balancing the interests of all stakeholders, including our shareholders, customers and colleagues.

Our record results in FY24 demonstrate the resilience of the business and our strong track record of delivery. We have made further progress against all KPIs and have met or significantly exceeded all of the targets in the final year of our previous Three-Year Plan (FY22 – FY24). We are well positioned to deliver our new Facilities Transformation Three-Year Plan (FY25 – FY27) and ambitious financial targets.

A detailed review of performance can be found in the Chief Executive's review and the Finance review.

Financial

Revenue (£m)

From continuing operations, including share of joint ventures and associates



FY24	£4,511m
FY23	£4,055m
FY22	£3,997m
FY21	£2,529m
FY20	£2,103m

11%

increase from previous year

Description

Revenue growth reflects new and expanded Key Accounts, the ability to upsell Projects and the contribution from strategic infill M&A, alongside Mitie's broader reputation in the sector. Our target is to achieve high single digit revenue growth annually over the medium term.

Our achievement

Revenue, including share of joint ventures and associates of £4,511m, a new record for the Group, reflects 11% growth compared with the prior year. This was achieved through Key Accounts (including net wins and re-pricing), Projects upsell and the contribution from recent acquisitions (despite the completion of certain short-term public sector contracts).

[+ Find out more on page 49](#)

Basic EPS before other items (p)

From continuing operations



FY24	12.3p
FY23	9.5p
FY22	9.2p
FY21	3.1p
FY20	7.3p

29%

increase from previous year

Description

Basic earnings per share (EPS) before other items represents our profit after tax and before other items, divided by the weighted average number of shares in the year. Our strategy focuses on creating value for shareholders and is expected to drive EPS growth above that of revenue growth over the medium term.

A reconciliation of basic EPS before other items to the equivalent statutory measure is provided in Appendix – Alternative Performance Measures on pages 228 to 231. EPS for FY20 has been restated for the bonus element of the 2020 Rights Issue.

Our achievement

Basic EPS before other items increased by 29% to 12.3p, reflecting the increase in operating profit before other items, reduction in net finance costs and benefit from share buybacks, which more than offset an increase in the underlying corporation tax rate compared with the prior year.

[+ Find out more on page 51](#)

Operating profit (£m) and margin (%) before other items

From continuing operations



FY24	£210.2m	4.7%
FY23	£162.1m	4.0%
FY22	£166.9m	4.2%
FY21	£58.8m	2.3%
FY20	£78.1m	3.7%

4.7%

Operating margin FY23 4.0%

Description

Operating profit and the operating profit margin before other items reflect the profit we generate after deducting the cost of goods sold and operating expenses. Profitability can be enhanced by delivering higher-margin projects work, improving operational efficiencies and reducing our cost base. Our target is to achieve an operating margin of at least 5% by FY27. A reconciliation of operating profit before other items to the equivalent statutory measure is provided in Appendix – Alternative Performance Measures on pages 228 to 231.

Our achievement

Operating profit before other items increased by 30% to £210.2m, driven by strong revenue growth alongside the benefits from margin enhancement initiatives and the lower than anticipated impact of inflation. The operating margin increased by 0.7ppt to 4.7%.

[+ Find out more on pages 49 and 50](#)

Dividend per share (p) and payout ratio (%)

From continuing operations



FY24	4.0p	33%
FY23	2.9p	30%
FY22	1.8p	20%
FY21	0p	0%
FY20	0.7p	10%

38%

increase from previous year

Description

Dividend per share (DPS) represents the amount of our profit after tax and before other items that is paid out to shareholders (as an interim and final dividend), divided by the weighted average number of shares in the year. The dividend payout ratio reflects the percentage of Basic EPS before other items that is paid out as dividends. We are targeting a progressive dividend with a payout ratio of 30% – 40% over the medium term.

DPS for FY20 has been restated for the bonus element of the 2020 Rights Issue.

Our achievement

DPS increased by 38% to 4.0p, reflecting growth in our profitability and a payout ratio of 33%. The dividend payment is consistent with our wider capital allocation policy, and reinforces our confidence in continuing to deliver against our strategic priorities, including the ability to generate sustainable free cash flow.

[+ Find out more on page 7](#)

Linked to our strategic pillars



Accelerating growth



Operating margin progression



Cash generation



ESG leadership



Linked to remuneration

Free cash flow (£m)



FY24		£157.6m	£91.9m increase from previous year
FY23		£65.7m	
FY22		£146.6m	
FY21		£(24.5)m	
FY20		£30.5m	

Description

Free cash flow represents the cash we generate from our operations, after movements in working capital, that is available to reinvest in our business for organic and acquisition-led future growth or to return to shareholders. Our target is to deliver free cash flow of c.£150m annually by FY27.

A reconciliation of free cash flow to the equivalent statutory measure is provided in Appendix – Alternative Performance Measures on pages 228 to 231.

Our achievement

Free cash flow of £157.6m is £91.9m above the prior year, reflecting the increase in operating profit, alongside working capital process improvements that contributed a one-off benefit of c.£25m in the year, following the consolidation of activities into the shared service centre among other factors.

[+ Find out more on page 52](#)

Average daily net debt (£m) and leverage ratio (x)



FY24		£160.7m	0.6x	£76.4m increase from previous year
FY23		£84.3m	0.4x	
FY22		£24.7m	0.1x	
FY21		£47.1m	0.5x	
FY20		£327.6m	2.7x	

Description

Average daily net debt reflects how much we owe our debt providers. The leverage ratio is calculated as average daily net debt divided by EBITDA before other items. We are targeting a leverage ratio of 0.75x - 1.5x, through cash generation, working capital discipline and appropriate capital allocations.

Our achievement

Average daily net debt of £160.7m increased by £76.4m compared with the prior year, reflecting strong free cash flow generation being reinvested into planned capital deployment actions, including returns to shareholders (through share buybacks and dividends paid), strategic acquisitions and share purchases for employee incentive schemes.

[+ Find out more on page 52](#)

Return on invested capital (%)

From continuing operations



FY24		26.4%	1.0ppt increase from previous year
FY23		25.4%	
FY22		29.9%	
FY21		8.2%	
FY20		22.3%	

Description

Return on invested capital (ROIC) is calculated as operating profit before other items and after tax divided by invested capital. It is a measure of how efficiently the Group utilises its invested capital to generate profits. We are targeting a ROIC of >20% annually over the medium term.

The ROIC calculation and a reconciliation of the Group's net assets to invested capital are provided in Appendix – Alternative Performance Measures on pages 228 to 231. The ROIC metric used for the purposes of the Enhanced Delivery Plan requires further adjustments under the detailed rules agreed with shareholders.

Our achievement

ROIC of 26.4% remains above our target of >20%. The 1.0ppt increase from the prior year is a result of the increase in profit, partially offset by an increase in invested capital driven by the strategic acquisitions completed in FY24.

[+ Find out more on page 51](#)

Total order book (£bn)

Including retentions and new wins



FY24		£11.4bn	18% increase from previous year
FY23		£9.7bn	
FY22		£9.5bn	
FY21		£9.3bn	

Description

Total order book includes secured fixed-term contract work, and projects and variable work (including estimated unsecured work). The total order book reflects our success at winning and retaining customers, and upselling our services. Improved customer service, market share gains and qualifications on public sector frameworks are expected to increase the total order book in the medium term.

See Note 3 to the consolidated financial statements for analysis of the secured order book (which excludes unsecured projects and variable work).

Our achievement

The total order book increased by 18% to £11.4bn, driven by new wins, scope increases and extensions/renewals across each of the divisions. This includes an increase of £0.5bn TCV arising on the consolidation of Landmarc.

[+ Find out more on page 4](#)

Key performance indicators

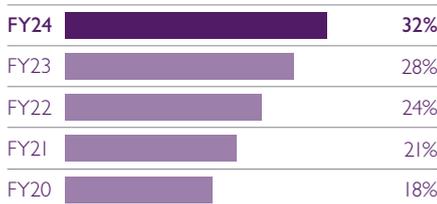
continued

Linked to our strategic pillars

				
Accelerating growth	Operating margin progression	Cash generation	ESG leadership	Linked to remuneration

Non-Financial

Females in senior leadership team (%)



4ppt
increase from previous year

Description

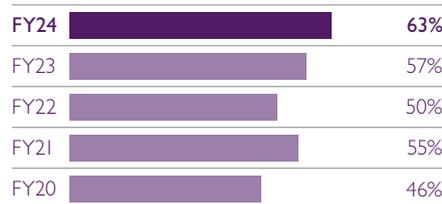
Mitie measures the number of females in the senior leadership team against the total headcount of the senior leadership team. The senior leadership team includes the MGX (Executive Committee) and those on the MLT (Mitie Leadership Team).

Our achievement

We have increased the number of females in the senior leadership team by 4ppt to 32%. We have a well-developed ED&I strategy at Mitie, and we continue to focus on increasing the representation of women in senior roles across the business, and supporting their ongoing career progression.

[+ Find out more on page 57](#)

Employee engagement (%)



6ppt
increase from previous year

Description

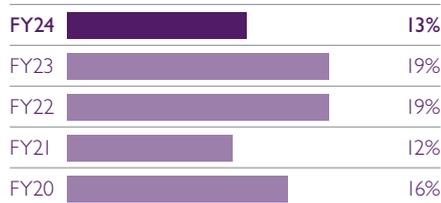
The Group's success is underpinned by the way Mitie leads and engages with its people. The employee engagement (MyVoice) survey asks colleagues at Mitie how they feel about working within the organisation, and what improvements could be made. Beyond the annual survey, the Board and senior management regularly travel to UK and overseas locations to engage with all employees, including our frontline colleagues.

Our achievement

The most recent annual MyVoice survey took place in April 2024. The participation rate increased by 6ppt to 60% of colleagues compared with the prior year. The overall employee engagement score rose by 6ppt to a record high of 63% of surveyed colleagues 'fully engaged' in the year.

[+ Find out more on page 60](#)

Employee turnover (%)



6ppt
reduction from previous year

Description

Mitie measures the number of employees leaving us voluntarily over a 12-month period against our overall headcount. Voluntary attrition has been a focus area for a number of years as we strive to create a 'Great Place to Work' and become the employer of choice in our industry.

The data for FY21 and earlier is for Mitie prior to the acquisition of Interserve.

Our achievement

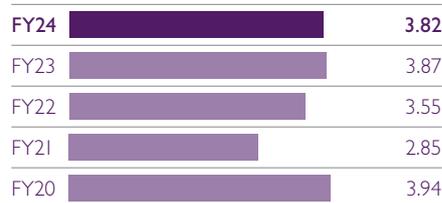
Employee turnover reduced by 6ppt to 13%. We provide our colleagues with a comprehensive industry-leading benefits package, including free shares, virtual GP access for all colleagues and those in their household, and life assurance for all colleagues. We also host a range of events attended by the Board and leadership team to promote diversity and inclusion, and ensure our colleagues have their say.

[+ Find out more on page 56](#)

Lost time injury frequency rate



Per million hours worked



0.05
decrease from previous year

Description

Mitie's efforts to keep its people safe are of great importance and Mitie continues to focus on improving safety performance. Our overarching objective is to make Mitie the safest place to work, because we care, value and protect our people, the environment and society. Our injury rate is just one measure to monitor our progress towards zero harm and includes all injury severities.

Our achievement

Mitie's commitment to ensuring near-misses and hazardous conditions are reported has helped to maintain a low number of injuries. It means potential risks can be identified and addressed before matters escalate. Accident rates have reduced compared with the prior year.

[+ Find out more on page 59](#)

Net Promoter Score (index)

Rebased to include Interserve



FY24		+60
FY23		+42
FY22		+39
FY21		+24

18pt

increase from previous year

Description

Customer Net Promoter Score (NPS) is a widely used measurement derived by asking customers how likely they are to recommend a company's products and services to others. NPS continues to be an important metric for Mitie, to understand our customers' overall satisfaction with the quality of services provided and their willingness to recommend our products and services.

Our achievement

Mitie's overall NPS score has reached a record +60, a meaningful 18pt improvement on the prior year and more than double the score reported in FY21, shortly after the acquisition of Interserve. Supplementary to the main NPS question, we ask a number of questions to understand how our customers feel about partnering with Mitie. The responses recognise our collaborative approach and the innovation and technology we are bringing to our customers. The FY24 survey captured feedback from over 1,000 customers.

[+ Find out more on page 15](#)

Carbon emissions (Scope 1, 2 and 3) (tonnes CO₂e)



FY24		290,207
FY23		322,553

10%

reduction from previous year

Description

Mitie has set ambitious targets to reach Net Zero operational carbon emissions by the end of 2025, with non-operational emissions targeted by 2035. Mitie will eliminate emissions from power and transport, eradicate non-sustainable waste and enhance inefficient buildings to meet the highest environmental standards. In April 2023, Mitie received validation from the SBTi.

Mitie first reported Scope 3 global emissions data in FY23. Only UK emissions data is externally verified at present.

Our achievement

Mitie's Scope 1, 2 and 3 global emissions reduced by 10% to 290,207 tonnes CO₂e in FY24 (inclusive of 4,500 verified emissions reduction carbon credits). Within this, Scope 1 and 2 global emissions reduced by 5% to 21,371 tonnes CO₂e (excluding the 4,500 carbon credits), largely reflecting a reduction in gas consumption as we remove fossil fuel heating systems, and the continued transition of the fleet to EV. We have continued to enhance our Scope 3 data capture and reporting, and also benefited from suppliers reducing their own carbon emissions.

[+ Find out more on pages 70 to 75](#)

Our business model

Creating value for stakeholders

Our customers expect us to deliver outstanding working environments that are welcoming, efficient and safe. Buildings and workspaces are about the people in them, the progress they enable, the environment they influence and the communities they serve. Our business is focused on delivering the exceptional, every day, and creating value for our colleagues, customers and wider stakeholders.

Our resources and capabilities

Our people

We know that our people give their best when we show them we care. Our success is underpinned by the way Mitie inspires, motivates and engages with its people, who in turn take personal pride in their work and deliver exceptional service to our customers.

See pages 56 to 60

Our technology

We are enhancing our unique Mitie Digital Platform and delivering transformative solutions through technology investment. We build operational excellence through efficiencies and automation and create value by improving the customer experience. This Platform differentiates us in the market, creating compelling and frictionless experiences and driving adoption, loyalty and retention.

See page 12

Our expertise

We are a trusted partner because of our market-leading service and because we place customers at the heart of our business.

We use our expertise to improve efficiency, deliver innovative, technology-led solutions and make a valuable, measurable difference.

See page 12

Our scale and reach

We are the UK market leader for our industry and in each of our core service lines. We also hold leading sector positions, including in central government, defence, retail, manufacturing, transport and logistics. The scale of our operations allows for extensive self-delivery, and our national reach enables us to service large customers with a presence throughout the UK.

See pages 16 to 23

Our strategy

Our strategy is focused on margin-accretive growth and enhanced shareholder returns. We will continue to build on our core business and extend our market leadership. Our growth will be accelerated by the key pillars of Key Accounts wins and retentions, Projects upsell and strategic infill M&A.

See pages 24 to 25

Our commitment to society

Our vision is to make a lasting positive impact on society by delivering long-term benefits for the environment, developing a skilled workforce to support a brighter future for all and leaving a legacy for the communities in which we operate.

See page 54

Our financial position

We have a strong balance sheet, low leverage and an investment grade credit rating. We are focused on generating sustainable free cash flow, which will enable us to deliver enhanced shareholder returns and improved outcomes for all of our stakeholders.

See page 49 to 53

Our core service lines

We deliver exceptional service, every day. We provide our customers with integrated FM, bundled or single line services, underpinned by technology to improve the customer experience and deliver efficiencies across service lines and sectors.

Intelligent Engineering Maintenance



See page 16

Intelligent Projects



See page 18

Intelligent Security



See page 20

Intelligent Cleaning & Hygiene



See page 22

How we do it

Recognising that every customer is different, our approach is tailored to each customer's unique needs and is designed to deliver continual improvements throughout the life of the contract.



Diligence, innovation and design

We start by engaging with a new or existing customer to understand its needs or any changes to its requirements. Using our strategic frameworks to help link operational objectives to the bigger picture, we design an innovative solution, leveraging our expertise, knowledge and technology.



Mobilisation, transition and transformation

We look to mobilise our contracts in the most efficient way. Once in operation, we are continually looking for opportunities to remove cost, drive efficiencies, expand our offering where it would be of benefit to customers and become a valued strategic partner.



Insights to drive value and continuous improvement

Using our proprietary technology, we continuously collect and analyse information about our customers' buildings and assets, and the wellbeing of their employees, to drive greater value and continuous improvement.

The value we create



Customers

We are a trusted partner for our customers, helping them create exceptional workplaces.

See page 38

Customer NPS

+60



Colleagues

We are creating a 'Great Place to Work', showing our colleagues that we care. We inspire, motivate and engage with our people, providing industry-leading benefits alongside enhanced training and development to upskill them.

See page 40

Employee engagement

63%



Suppliers

We are committed to ensuring a responsible supply chain by requiring our suppliers to comply with our Procurement Policy and Supplier Social Value Policy. In turn, our suppliers get access to more prestigious customers.

See page 39

Supplier NPS

+14



Communities and environment

Mitie's vision is to generate social value through everyday operations, leaving a legacy for the communities in which we work to support a brighter future for all.

See page 41

MSCI rating

AA



Equity shareholders and debt holders

Creating value through growth and margin enhancement, while delivering sustainable free cash flow, will deliver higher returns.

See page 38

ROIC

26.4%



Government

Mitie is a significant contributor of tax to the UK Exchequer, including UK corporation tax and employer's National Insurance contributions.

See page 41

Taxes paid

£963m

Stakeholder engagement

Playing a crucial part in our strategy

Equity shareholders and debt holders

Our equity shareholders range from global institutions to small retail investors, including all of our frontline colleagues to whom we have gifted free shares. We also have international debt holders.

Why we engage

Access to capital from supportive, long-term investors (the owners of our business) is vital to our success. We also need access to sources of liquidity and other banking services. Our priority is to ensure our stakeholders understand and support Mitie's strategy, performance and culture.

How the Group engages

- Annual Report and Accounts
- Stock Exchange announcements and press releases
- AGM (hybrid to maximise shareholder participation)
- Corporate website, including Investors section
- Results presentations and post-results engagement (roadshows)
- Capital market events and site visits
- Ad hoc analyst and investor interactions

How the Board engages and is kept informed

- Annual Chair roadshow (also attended by NEDs)
- Ad hoc investor engagement with the Chair and NEDs
- Board consideration of, and responses to, investor feedback and queries
- Investor Relations report is a standing agenda item for the Board

Key issues

- Financial performance, including growth in revenue and profit
- Free cash flow generation and balance sheet strength
- Capital allocation, including strategic infill M&A, dividends and share buybacks
- Remuneration policy and executive remuneration
- Governance and transparency
- Sustainability (ESG) performance
- Our approach to our people and how it defines our culture

Actions taken in FY24

- 106 investor and bank sales team meetings with executive management
- 27 meetings and emails between Chair/NEDs and shareholders (including remuneration policy consultation)

- Two formal results presentations with Q&A
- Capital Markets Day to introduce our Facilities Transformation Three-Year Plan (FY25 - FY27) and new targets
- Ongoing engagement with revolving credit facility (RCF) providers, private placement noteholders and credit rating agency
- Discussions with our RCF providers to extend the facility (completed in October 2023)
- Ongoing engagement with the trustees of Mitie's defined benefit pension schemes, including to agree the latest triennial valuation and amend the schedule of contributions for the main scheme (to reflect the reduced deficit)

Measurement (link to KPI)

- Revenue
- Operating profit and margin
- EPS
- Dividend
- ROIC
- Total order book
- Free cash flow
- Average daily net debt and leverage
- Carbon emissions

Customers

Our large blue-chip customers across both the private and public sectors include critical national infrastructure, manufacturing, healthcare, retail, professional services, transport and logistics organisations.

Why we engage

To grow profitably and sustainably, we need strong relationships with a loyal customer base that will increase their spend over time and recommend Mitie. Customer engagement helps us to develop these relationships and improve the customer experience.

How the Group engages

- Regular engagement by senior leadership with customers
- Customer experience and satisfaction surveys
- Contractual measurement through KPIs
- Participation in industry forums and events
- Regular communications, including press releases, website and social media
- Newsletters, articles, thought leadership and case studies

How the Board engages and is kept informed

- Customer experience survey results
- Regular Board updates on customer views
- Accounts health and performance reviews

Key issues

- Technology and innovation
- Health, safety and sustainability
- Quality assurance and insights
- Economic outlook, i.e. inflationary rises, cost of living and geopolitical uncertainty
- Regulatory compliance, governance and transparency
- Decarbonisation
- Energy security

Actions taken in FY24

- Annual customer experience programme measuring Net Promoter Score (NPS)
- Over 1,000 actions identified through the annual NPS programme, focusing on customer priorities, innovation and service delivery

- User experience surveys, bespoke to service delivery and customers
- VIP strategic conversation programme – insights from top 20 customers
- Incorporated Cabinet Office biannual survey results into joint Cabinet Office and Mitie commitments across strategic public sector accounts
- Hosted and attended topical industry events
- Customer engagement programme to showcase our centres of excellence in Birmingham, Manchester and Northampton

Measurement (link to KPI)

- Customer satisfaction (customer NPS)
- User experience surveys
- Helpdesk user surveys
- 360 feedback from Cabinet Office supplier survey
- Satisfaction ratings for individual contract performance
- Engagement and satisfaction with events management



Engagement in action Capital Markets Day – October 2023

In October 2023, the Mitie senior leadership team hosted a Capital Markets Day at its head office in The Shard. The event was attended by over 50 guests, including institutional investors, sellside equity research analysts, lending relationship banks, Cabinet Office representatives and corporate advisors.

During the afternoon, 10 members of the leadership team, including the CEO and CFO, introduced Mitie's new Facilities Transformation Three-Year Plan (FY25 – FY27). They outlined how our customers' needs are changing, explained how Mitie is differentiated from its competitors and set out how the Group will achieve the ambitious new financial targets that have been set for the period.

The event featured a series of presentations and showcased Mitie's leading technologies in action in its newly launched Transformation Hub.

This Hub continues to be used for technology demonstrations to a range of stakeholders, including customers, journalists, investors, and other debt and equity market participants.

Suppliers

Mitie has a broad supply chain, generating a spend of more than £2bn per annum and actively promoting SMEs, VCSEs and diversely owned businesses.

Why we engage

Over 8,000 suppliers make a vital contribution to Mitie's performance. We encourage our suppliers to work collaboratively and responsibly, to ensure continual improvement in our operations. We are committed to ensuring a responsible supply chain.

How the Group engages

- Supplier NPS survey of Mitie's Preferred Supplier List (PSL)
- Supplier Management Programme, on to which Mitie suppliers are inducted
- Communications through various channels, including MitieSuppliers.com and Coupa (our digital supplier platform)

How the Board engages and is kept informed

- Chief Procurement Officer updates are provided at Board meetings
- A report is issued for every Board meeting, highlighting key developments affecting the business, including the impact of inflation, latest deals with suppliers and progress against targets
- Monthly business reviews are conducted with each business division and internal stakeholder group

Key issues

- Economic outlook, i.e. inflationary rises, cost of living and geopolitical uncertainty
- M&A and subsequent integration and standardisation of processes within acquired entities
- High standards of product quality and service delivery
- Continuous operational improvement and cost control
- Responsibility and integrity, including ESG matters, trust and ethics

Actions taken in FY24

- Improved www.mitiesuppliers.com, the platform through which suppliers can access key information
- Development of a robust suite of PowerBi dashboards and reports to monitor performance
- Continued as a corporate member of Minority Supplier Development UK
- Supported Social Enterprise UK, encouraging local enterprises into Mitie supply chain
- Re-launch of the Supplier Management Programme, defining five core values all Preferred Suppliers will be measured against
- Launch of a new Preferred Supplier List optimisation initiative

Measurement (link to KPI)

- Average daily net debt and leverage ratio
- Carbon emissions
- Supplier satisfaction score (supplier NPS)
- Diversity in the supply chain (e.g. VCSE, SME, racial diversity, disabled and women-owned)

Colleagues

Mitie's exceptional and diverse colleagues work around the clock, caring and supporting each other, our customers and the communities we serve.

Why we engage

Mitie is a destination employer within the Facilities Management industry. We promise to provide our people with a place of work where they can thrive and be their best every day, and to create a diverse and inclusive workplace where every colleague can reach their full potential.

How the Group engages

- Regular employee engagement surveys with action taken on feedback
- A mix of online and offline communications, campaigns and channels
- MyMitie – our Employee Value Proposition campaign
- Recognition of our exceptional and long-service colleagues through Mitie Stars
- Town Hall company updates, CEO updates, podcasts and videos
- Annual performance reviews, and learning and development training
- Career development through MyCareer
- Confidential whistleblowing service
- Senior leadership outreach events

How the Board engages and is kept informed

- Colleague listening sessions: engaging with and responding to feedback from colleagues at events throughout the year, led by Jennifer Duvalier, the designated NED for workforce engagement and attended by Board members (two to three per session)
- Direct access to the CEO via 'Grill Phil', his interactive feedback channel

Key issues

- Culture and values
- Reward and recognition
- Tools to do the job: systems, processes and technology
- Health, safety and wellbeing
- Equality, diversity and inclusion
- Learning and development
- Rising cost of living
- People manager engagement
- Ability to attract, recruit and retain key talent

Actions taken in FY24

- Awarded 20,000 Mitie Stars and invested £66,580 prize money in reward schemes, as showcased at the Mitie Recognition Event
- Awarded free shares to all colleagues for the fourth year in a row
- Delivered 20 diversity network events, with our six flagship events having over 500 colleagues attending
- Launched carer's leave 12 months earlier than government guidelines
- Expanded our apprenticeship offer to more than 90 technical, professional and managerial courses, including a Senior Women in Leadership Level 7 course in partnership with Corndel
- Delivered 14 Board listening events with Board members, both in the UK and overseas
- Delivered 371 leadership events through the Team Talk Local initiative

Measurement (link to KPI)

- Females in senior leadership
- Racial diversity in senior leadership
- Employee turnover
- Lost time injury frequency rate
- Number of apprentices
- Employee engagement



Engagement in action Board listening sessions

Board listening sessions are firmly established in our annual engagement calendar and form a core part of the MyVoice pillar of our Employee Value Proposition. During these sessions, small diverse groups of 10–20 colleagues from across the business, particularly those working on the frontline, meet with Board members to share their views on what it is like to work at Mitie.

The discussions create a cycle of feedback; helping to inform decision-making related to our people strategy and ensuring that colleagues hear about the actions that have been taken in response to their feedback to help drive engagement and trust. They also support our commitment to ensuring that Mitie's Board and executive leadership team are visible and accessible to colleagues.

During FY24, Board members participated in 14 listening sessions at locations across the UK, including to meet with colleagues in our newly acquired businesses, and in Cyprus, the Falkland Islands (virtual), Gibraltar and Spain. Board members also joined a further three diversity network events. Session summaries are presented at Board meetings, and actions are assigned and tracked through to completion, with participating colleagues being kept informed of progress.



Communities

Our communities comprise those who live and work locally to our operations and those who represent the needs of the communities we operate in, including charities, independent bodies and local government.

Why we engage

Building positive relationships with local communities is important for our performance and helps us to recruit and retain talented people. We support our communities through a wide range of volunteer and fundraising initiatives.

How the Group engages

- Employee volunteering
- The Mitie Foundation programmes
- Careers events hosted in the local communities where we work
- Local charity fundraising events
- Local community events
- Giving Back volunteering days
- Meeting local politicians

How the Board engages and is kept informed

- Mitie's ESG Committee is chaired by a NED
- The ESG Committee oversees new initiatives and monitors progress on priorities, including volunteering, mental health and the Armed Forces Covenant
- Each priority has an agreed target, with performance reported via Mitie's Social Value dashboard
- The Committee Chair provides an update at each Board meeting

Key issues

- Jobs and investment
- Local operational and environmental impact
- ESG performance
- Rising cost of living

Actions taken in FY24

- 24,626 volunteering hours delivered
- Volunteering events undertaken with Poppy Appeal, Macmillan coffee mornings, NSPCC and Career Ready Plus
- Introduced sponsored internships with Mencap and DFN Project SEARCH
- Mitie sponsoring and promoting the Army Rugby Union
- Contributed £110,000 to good causes

Measurement (link to KPI)

- Carbon emissions
- Volunteer hours
- Community investment



Government

The services we provide on behalf of the UK Government affect the lives of thousands of people every day. Public sector work accounts for over half of our revenue annually.

Why we engage

The UK Government sets the regulatory framework, and our continued engagement enables us to support in shaping new policies, regulations and standards. The decisions of government and other regulators can have a major impact on our business, our customers and the wider community.

How the Group engages

- Responses to government consultations
- Participation in industry forums
- Conferences and speaking opportunities
- Annual Report and Accounts
- Attendance at events with Parliamentary stakeholders
- Letters to and meetings with policymakers to share relevant updates
- Engagement with relevant All-Party Parliamentary Groups

How the Board engages and is kept informed

- Regular updates in Board papers
- Material issues discussed at Board meetings

Key issues

- Mitie's financial performance
- Major business updates
- Mitie's ESG performance
- Mitie's governance processes and transparency
- How existing or anticipated legislation is impacting or may impact our business
- Mitie's experience of public sector procurement processes

Actions taken in FY24

- Regular executive meetings with the Cabinet Office (CO) and CO Director for Markets and Suppliers
- Annual, quarterly and monthly Partnership Executive Meetings with the CO and government department representatives

- Submitted annual strategic review for Mitie to the CO for its assessment
- 24 meetings and events with senior government stakeholders
- Hosted panel session at the Labour Party Conference on how the Apprenticeship Levy could evolve to boost green skills
- Working with our external public affairs consultants, we foster senior stakeholder relationships and lobby across the public sector and the political spectrum

Measurement (link to KPI)

- Customer satisfaction (customer NPS)
- Satisfaction ratings for individual contract performance
- Meetings with policymakers
- Evidence submissions and engagements related to policy

Section 172 statement

Considering our stakeholders in key business decisions

We believe that considering our stakeholders in key business decisions is not only the right thing to do but is fundamental to our ability to drive value creation over the longer term. Balancing the needs and expectations of our stakeholders has never been a more important or challenging task. Board Directors are bound by their duties under the Companies Act 2006 (the Act) to promote the success of the Company for the benefit of our members as a whole. In doing so, however, we must have regard for the interests of all of our stakeholders, to ensure the long-term sustainability of the Company. The Board is therefore responsible for ensuring that it fulfils its obligations to those impacted by our business, in its stakeholder consideration

and engagement. Stakeholder consideration is embedded throughout the business, with the Board and senior management actively engaged in a wide range of communication and engagement initiatives.

The following pages comprise our Section 172(1) statement, setting out how the Board has, in performing its duties over the course of the year, had regard to the matters set out in Section 172(1) (a) to (f) of the Act, alongside examples of how each of our key stakeholders has been considered and engaged. Further information can also be found throughout the Strategic report and in our exploration of key strategic decisions made in the Governance report.

Details of Mitie's key stakeholders, how the Group has engaged with them during FY24 and the outcomes of that engagement are set out on pages 38 to 41. Engagement activities specifically carried out by the Board collectively and individually can be found on page 100.

The Board made various decisions during the year, promoting the Company's purpose, strategy and long-term sustainability. All Board decisions are made having considered the matters set out in Section 172(1) of the Act, and here we analyse some of these decisions and considerations in detail.

Key decisions in the year

New three-year plan (FY25 – FY27)

In September 2023, the Board approved Mitie's new Facilities Transformation Three-Year Plan (FY25-FY27), which sets out ambitious financial targets. The plan will enhance the built environment of Mitie's customers by improving productivity, working environments, security and cleanliness, while reducing their carbon intensity.

When reviewing the plan, during its development, the Board considered the UK Facilities Management market, margin enhancement initiatives, financial targets and divisional growth plans, as well as the key role of technology and talent.

Employees

- Focus on simplifying and improving our employees' experience; and
- Empowering Mitie's people to best serve our customers and use their voice to improve our business.

Shareholders

- M&A strategy focused on driving facilities transformation; and
- Mitie's strong balance sheet and low leverage provides a good platform from which to invest in growth and increase shareholder returns.

Customers

- M&A strategy focused on driving facilities transformation; and
- Investing in technology, creating an integrated ecosystem of connected technologies.

Community and environment

- Accelerating the path to Net Zero.

Actions taken by the Board

- The Board considered detailed papers prepared by management on the plan at the July 2023 Board meeting and September strategy day; and
- Held a Capital Markets Day in October to present the Plan.

Outcome and impact of the decision

The Board approved the plan at the strategy day in September 2023. The plan will extend Mitie's market leadership positions in the UK – the largest and most dynamic FM market in Europe – and will enable Mitie to reach its full potential, both financially and through Mitie's positive contribution to the environment and society.

Key decisions in the year

Acquisitions

Mitie completed seven strategic acquisitions during FY24: Linx International (April), RHI Industrials (May), the purchase of the assets of G2 Energy via a liquidation process (July), JCA Engineering (September), Biservicus (September), Cliniwaste (October) and GBE Converge (November). Mitie also completed the step acquisition of Landmarc in November 2023, when the Group obtained control of the business.

When considering each proposed acquisition, the Board considered the strategic benefits and risks for stakeholders.

Employees

- New colleagues benefit from becoming part of a larger, more profitable company;
- They also benefit from our established engagement mechanisms, culture and values, substantial learning and development opportunities, technology and innovation, benefits and rewards;
- Potential employee synergies on consolidation; and
- Talent flight risk from new colleagues.

Customers and suppliers

- Opportunities to enhance our portfolio of services, enabling us to deliver new and complementary services to existing customers as well as new customers;
- Roll-out of our customer-facing technologies to the customers of the acquired business, improving those customers' experience; and
- Risk of renegotiation or early termination of customer contracts.

Shareholders

- Impact on EPS and return on invested capital;
- Potential cost synergies, as well as the possibility of unexpected liabilities and costs or inaccurate assumptions and estimates relating to benefits and synergies;
- Expected stronger financial profile supporting a progressive dividend policy; and
- Possible difficulties integrating the acquired business.

Community and environment

- Impact on our social value agenda and Plan Zero targets and milestones.

Actions taken by the Board

- Consideration of detailed Board papers prepared and presented by divisional management and the output from a comprehensive due diligence process;
- Consideration of the proposed acquisitions in the context of Mitie's strategy; and
- Discussion and decision on the structure and timing of post-investment reviews, based on learnings from previous acquisitions.

Outcome and impact of the decision

After due consideration of the matters set out in Section 172 of the Act, related risks and opportunities, and the impact on wider stakeholders, the Board approved the acquisitions. These acquisitions enhanced Mitie's position as leader in the intelligence and technology-led Fire & Security market (Linx, RHI, GBE and Biservicus) and Mitie's Mechanical & Electrical (M&E) engineering credentials within the Buildings Infrastructure segment of the Projects business (JCA Engineering). The acquisition of Cliniwaste enhanced Mitie's self-delivery capabilities in support of its existing clinical waste contract with the NHS, as well as helping to achieve its sustainability targets.

Key decisions in the year

Share buyback and purchase of shares for all employee incentive schemes

In April 2023, Mitie announced a share buyback programme up to a maximum consideration of £50m, split into two tranches of £25m. The announcement also confirmed the Board's decision to purchase shares for all employee incentive schemes to eliminate the otherwise dilutive effect to shareholders of issuing new shares to fulfil the schemes.

When discussing the proposal, the Board considered the cash flow generated during FY23 and the strength of the balance sheet, as well as the ability to support future growth opportunities and increased returns to shareholders in relation to the capital allocation policy.

Shareholders

- Return of value to shareholders and offsetting of any dilution from new share issues in connection with Mitie employee incentive schemes;
- Impact on distributable reserves and ability to pay dividends; and
- Impact on capital available for future M&A activities.

Debt holders and rating agency

- Ability to stay well within financial covenant ratios and maintain financing headroom, ensuring RCF banks and private placement noteholders were not disadvantaged.

Pension scheme

- Ensuring the Mitie Group pension scheme was not unfairly treated as a result of implementing the buyback programme.

Employees, customers and suppliers

- Launch of buyback programme sends a positive signal that the Company is doing well and has a strong balance sheet; and
- Save As You Earn (SAYE) schemes to be satisfied with Treasury shares rather than shares held by the Mitie Group plc Employee Benefit Trust, mitigating unnecessary stamp duty expenses for employees.

Actions taken by the Board

- Consideration of detailed Board papers prepared and presented by management on Mitie's capital allocation policy, including updates on financial performance and liquidity;
- Discussions on the rationale for a buyback programme, including the quantum and methodology, governance and affordability, level of distributable reserves, mechanics, execution and the timing of such purchases; and
- Consideration of detailed Board papers prepared and presented by management on proposed share plan funding, including cash cost and affordability.

Outcome and impact of the decision

During the year, a total of 58.6m shares were purchased under the buyback programme, of which 32.5m were bought back into treasury to satisfy Mitie's 2020 SAYE scheme which vested in December 2023. The remaining shares were cancelled. As at 31 March 2024, 27.4m 2020 SAYE options had been exercised by employees, resulting in Mitie receiving £7.5m from the 27.3p option price paid. This cash was used towards the funding of the shares cancelled under the share buyback programme, resulting in a net outlay of £50m for the return of value to shareholders.

Further information on our discretionary share plans, including the outcome of the July 2021 Enhanced Delivery Plan, can be found in the Directors' remuneration report, which begins on page 126.

The Company has since launched a further £50m buyback programme for FY25 as part of the capital allocation policy.

Mitie Group plc Pension Scheme

Following the completion of the latest triennial valuation of the Mitie Group plc Pension Scheme (the Scheme), which showed a material reduction in the Scheme deficit, the Board considered several recommendations from management to reduce the annual deficit repair contributions and/or accelerate the exit from Mitie's obligations under the Scheme. When discussing the proposal the Board considered:

Shareholders

- Significant cash saving creating headroom in free cash flow.

Pension scheme

- Ability to continue to meet Mitie's 2021 commitment to reach a fully funded position on a long-term funding basis by 2030; and
- Maintain a secure funding position for the Scheme within regulatory parameters, thereby ensuring that Scheme members' interests continue to be protected.

Actions taken by the Board

- Consideration of detailed Board papers prepared and presented by management setting out background, current position, options and recommendations for the Scheme.

Outcome and impact of the decision

Improved market conditions, together with Mitie's contributions, had materially reduced the Scheme deficit and Mitie's consequent exposure to the Scheme and provided the opportunity to begin planning for extinguishing Mitie's overall liability.

In January 2024, the Board approved a proposal for management to seek an agreement with the trustee of the Scheme to reduce near-term cash contributions as part of discussions to finalise the March 2023 valuation. This resulted in a reduction in deficit contributions from c.£14m to c.£7m per annum.

A full settlement could be considered in due course.

Operating review

Our divisional performance

Business Services

Business Services is the UK's largest provider of technology-led Security and Cleaning & Hygiene services across c.2,000 contracts, with sector expertise in Retail, Transport, Central Government and Financial & Professional services. It also provides Landscaping and Waste services, and Mitie's Spanish business is reported within the division.

Performance highlights

Business Services, £m	FY24	Restated ¹ FY23	Change
Revenue	1,490	1,414 ²	5%
Security	823	782	5%
Cleaning	407	390	4%
Spain	114	102	12%
Waste	77	74	4%
Landscapes	69	66	5%
Operating profit before other items	97.0	92.3 ²	5%
Operating profit margin before other items	6.5%	6.5% ²	–
Total order book	£2.5bn	£1.8bn	39%
Number of employees	39,157	38,124	3%

1. Restated to reflect the change to divisional reporting from H1 FY24 to include Spain, Waste and Landscapes.

2. Includes £15m revenue and £7.0m operating profit from Covid contracts. Excluding this, the underlying operating profit was £85.3m and the operating profit margin was 6.1%.

5%

Revenue growth

5%

Operating profit growth

£2.5bn

Total order book

Performance highlights

- Revenue increased by 5% to £1,490m (FY23: £1,414m), reflecting contract re-pricing, acquisitions, increased projects work, and net wins, partially offset by the completion of higher margin short-term public sector works
- Operating profit before other items increased by 5% to £97.0m (FY23: £92.3m), largely reflecting margin enhancement initiatives and the contribution from acquisitions
- £2.2bn TCV of contract wins, scope increases and extensions/renewals (FY23: £1.3bn) resulted in a 39% increase in the total order book to £2.5bn (FY23: £1.8bn)
- Five acquisitions completed, building on the division's leading position in the UK intelligence and technology-led Fire & Security market, and expanding its security offering in Spain
- Awards include: six British Security Awards 2023; three Fire & Security Matters Awards 2023; one UK Outstanding Security Performance Award 2024; Pro-Landscaper Sustainable Company of the Year; and four Retail Risk Fraud Awards 2023

Operational performance

Business Services delivered a resilient performance in FY24, with revenue benefiting from contract re-pricing, the contribution from acquisitions, increased project works, and net wins. This growth was partially offset by the completion of higher margin, short-term public

sector works, such as the Afghan Relocations and Assistance contract, and residual Covid works.

The division secured £2.2bn TCV of contract wins, scope increases and extensions/renewals primarily in the Critical National Infrastructure (CNI), financial services, and retail sectors.

Wins and scope increases included for Aena in Spain, further Amazon sites, expanded security provision for the Home Office, expanded cleaning and security services across Landsec's estate, Lloyds Banking Group (LBG) projects work, London South Bank University, and Phoenix Group. The largest extensions were LBG, Landsec and Network Rail, while other notable renewals and extensions included HMRC, JLL and Sky.

Margin enhancement initiatives continued at pace and offset the impact of the completion of the higher margin, short-term public sector works. The initiatives primarily focused on operational excellence and productivity improvements, including enhancing the Workplace+ workforce management app, in order to optimise workforce productivity, and to improve workflows across core services.

Mitie's Fire & Security business has further strengthened its position as a leading integrated systems provider through organic growth, and through the acquisitions of RHI Industrials (May 2023) and GBE Converge (November 2023). These businesses have broadened the scope of the division's fire protection, electronic security and remote monitoring services to encompass

perimeter security, civil engineering, and IT networking & managed services capabilities. They have also boosted the division's projects pipeline in CNI growth markets, including numerous perimeter security projects for National Grid and National Gas, and c.£30m of data centre fitout projects.

Mitie also acquired Linx International (April 2023), the Biservicus security business in Spain (September 2023), and Cliniwaste (October 2023), a specialist in treating single use plastic waste in clinical environments.

Spain revenue increased by 12%, with new contract wins more than offsetting the completion of Covid work in the prior year. New wins included Aena (airport operator), Dirección General de Racionalización y Centralización de la Contratación (Ministry of Finance) and Administrador de Infraestructuras Ferroviarias (state owned railway company).

Waste revenue increased by 4%, primarily through organic contract growth. Waste benefited from Group contract wins including DIO and Phoenix Group and extensions including Covent Garden, JLL, Landsec and LBG.

Landscapes revenue increased by 5%. New wins included Amazon, Canal and River Trust, Scottish Power and Yorkshire Water, whilst contract extensions were secured with the DfT, LBG and Network Rail. Within Landscapes, Biotecture (living walls specialist) secured notable projects with Mace Group, McLaughlin & Harvey and Rybrook Group.

Technical Services

Technical Services is the UK's largest provider of Engineering and Maintenance services, serving c.350 contracts. Through existing capabilities and infill M&A, the division also delivers transformational engineering projects in the high-growth categories of Buildings Infrastructure, Decarbonisation and Telecoms Infrastructure.

Performance highlights

Technical Services, £m	FY24	FY23 ¹	Change
Revenue	1,326	1,154	15%
Maintenance	795	770	3%
Projects	531	384	38%
Operating profit before other items	44.3	34.1	30%
Operating profit margin before other items	3.3%	3.0%	0.3ppt
Total order book	£1.5bn	£1.6bn	(6)%
Number of employees	9,552	9,841	(3)%

1. Projects revenue restated to include £230m of projects delivered for customers as part of large FM contracts (previously reported in Maintenance).

15%
Revenue growth

30%
Operating profit growth

£1.5bn
Total order book

Performance highlights

- Revenue increased by 15% to £1,326m (FY23: £1,154m), benefiting from continued growth in projects work, acquisitions, contract re-pricing, and prior year contract wins
- Operating profit before other items increased by 30% to £44.3m (FY23: £34.1m), reflecting contract growth, margin enhancement initiatives, and acquisitions, partly offset by unrecoverable cost inflation
- £1.2bn TCV of contract wins, scope increases, extensions/renewals (FY23: £1.0bn) resulted in a 6% reduction in the total order book to £1.5bn (FY23: £1.6bn), due to contract losses
- JCA Engineering and G2 Energy acquired, expanding the division's engineering projects capabilities
- Awards include: Best Low Carbon Solution – Telca 2023; Net Zero Strategy – Energy Management Awards; People Management & Talent Retention – IWFM Awards 2023; Project of the Year – CN Specialist Awards (Custom Solar); UK Partner in Safety/National Award for Safest Contractor – INEOS

Operational performance

Technical Services delivered a strong revenue performance as a result of the continued growth in project works, growth in the recent acquisitions, contract re-pricing and prior year contract wins (e.g. Dublin Airport Authority, National Grid and NATS).

Notable contract wins and scope increases in FY24 included Amazon, BAE Systems, LBG projects work, Phoenix Group and the Scottish Government. Extensions were secured with LBG, Mitie's largest private sector customer, with the division continuing to benefit from project work related to its branch refurbishment programme. Contracts were also renewed with GSK, Network Rail and Sky.

Margin enhancement initiatives were delivered across the Target Operating Model and Operational Excellence programmes, as well as through divisional overhead cost savings. During FY24, a new helpdesk Optimiser tool was launched to further improve the efficient deployment of engineers. The division is also investing in Gen AI Mozaic to build customisable dashboards and provide data-led insights using Artificial Intelligence.

The Technical Services operating margin increased by 0.3ppt to 3.3% in FY24 (FY23: 3.0%). It remains below that of the Group as a whole due to factors including: 1) the division absorbing the management cost of IFM contracts; 2) a higher depreciation charge relating to investments in technology; 3) a higher exposure to non-recoverable cost inflation; and 4) the investment required in recent infill acquisitions, and underperformance in the Telecoms business, where the terms of certain frameworks are being renegotiated.

Approximately half of Mitie's £1.1bn Projects revenue is delivered through Technical Services. During FY24, Technical Services enhanced its projects capabilities, including in design, mechanical and engineering works, and in high-tech building infrastructure (such as data centres), through the acquisitions of JCA Engineering and G2 Energy (assets purchased in July through a voluntary liquidation process). There have been notable early successes, with JCA winning a significant project for Kao at its Harlow data centre campus, and G2 winning a contract for Mytilineos Energy & Metals to deliver high voltage electrical infrastructure.

The division has benefited from continued growth in a wider range of projects delivered to customers including the BBC, the Scottish Government, LBG and Deloitte. One of the largest projects completed in FY24 was the full refurbishment and fitout of a 100-year-old manufacturing facility for Rolls Royce to support mission-critical turbine engine assembly.

Central Government & Defence (CG&D)

The CG&D division is one of the UK's largest providers of services to the MoD and other UK Government departments, providing hard and soft services and transformational projects. CG&D delivers services across 24 contracts and 27 government departments and agencies, at over 3,000 locations in the UK and overseas.

Performance highlights

CG&D, £m	FY24	FY23 ¹	Change
Revenue including share of JVs and associates	938	828	13%
Central Government	524	439	19%
Defence	414	389	6%
Operating profit before other items	80.4	59.8	34%
Operating profit margin before other items	8.6%	7.2%	1.4ppt
Total order book	£3.2bn	£2.4bn	33%
Number of employees	6,879	5,576	23%

1. No change following the change to divisional reporting effective from HI FY24.

13%
Revenue growth

34%
Operating profit growth

£3.2bn
Total order book

Performance highlights

- Revenue grew by 13% to £938m (FY23: £828m), benefiting from increased project works, the consolidation of Landmarc, and contract re-pricing, partly offset by net contract losses
- Operating profit before other items grew by 34% to £80.4m (FY23: £59.8m), largely reflecting the delivery of margin enhancement initiatives and increased levels of higher margin projects and variable work
- £1.7bn TCV of contract wins, scope increases, extensions/renewals and the Landmarc consolidation (FY23: £1.7bn) resulted in a 33% increase in the total order book to £3.2bn (FY23: £2.4bn)
- Awards include: Gold (Ascension, DWP, Gibraltar and Hestia) – RoSPA; 12th consecutive President's Gold (Cyprus) – RoSPA; 17th consecutive Gold (Project Armada) – RoSPA Order of Distinction

Operational performance

CG&D performed well in FY24, with revenue growth driven by sustained demand for higher margin transformational projects across contracts such as the Department for Work and Pensions (DWP) and the Ministry of Defence (MoD), through Landmarc (consolidated as a subsidiary from November 2023), and Future Defence Infrastructure Services (FDIS), as well as from pricing. These increases more than offset the loss of revenue from two contracts that ended during the year (one lost due to pricing and one which was strategically not re-bid due to its fragmented operations across European sites). A further notable contract was lost (also on pricing) and terminated at the end of FY24.

During the year, the division secured £1.2bn TCV of contract wins, scope increases, extensions/renewals and £0.5bn TCV from the consolidation of Landmarc. Notable wins included the Defence Infrastructure Organisation overseas estate in Germany and wider Europe, hard services and projects work for the DfT, and soft services for the Government Property Agency's Central region. Notable contract extensions included the Foreign Commonwealth & Development Office, the DWP, and the Home Office and Ministry of Justice.

Projects work continued to grow, with the most significant being a c.£100m programme to support the DWP Critical Security Infrastructure project to upgrade all security related assets at c.600 sites across their estate. Approximately two thirds of the programme was delivered in FY24, with the balance expected to be completed during FY25. Critical projects work to support the MoD's defence estate included the delivery of housing refurbishments for Service families, refurbishment of runways and taxiways at the Mount Pleasant Complex airfield in the Falkland Islands, and construction of a new bulk fuel installation facility at RAF Akrotiri, Cyprus.

CG&D continued to roll out and benefit from the new technologies initially introduced in FY23, such as Aria and Mozaic, and completed the implementation of Mitie's Azure Secure Cloud infrastructure. The division saw ongoing improvements in the utilisation levels of mobile engineers and has introduced the Coupa digital supplier platform across a number of contracts to streamline the purchasing process. The 'Mitie First' strategy to insource services resulted in an additional £16m of cross-selling revenue synergies in FY24.

Communities

The Communities division delivers sustainable outcomes as a trusted partner to the public sector across Local Government & Education, Healthcare and Care & Custody. The division operates over 100 PFI and traditional commercial contracts.

Performance highlights

Communities, £m	FY24	Restated ¹ FY23	Change
Revenue including share of JVs and associates	757	659	15%
Local Government & Education	265	240	10%
Healthcare	275	250	10%
Care & Custody	217	169	28%
Operating profit before other items	39.1	31.4	25%
Operating profit margin before other items	5.2%	4.8%	0.4ppt
Total order book	£4.2bn	£3.9bn	8%
Number of employees	12,384	10,634	16%

1. Restated to reflect the change to divisional reporting from HI FY24 to include Care & Custody. Local Government & Education was previously reported as Education and Campus & Critical.

15%
Revenue growth

25%
Operating profit growth

£4.2bn
Total order book

Performance highlights

- Revenue increased by 15% to £757m (FY23: £659m), primarily benefiting from higher volumes in Care & Custody, projects and variable works and contract re-pricing which more than offset net contract losses
- Operating profit before other items increased by 25% to £39.1m (FY23: £31.4m) reflecting reduced losses on one particularly challenging PFI contract, margin enhancement initiatives and contract growth
- £1.1bn TCV of contract wins, scope increases and extensions/renewals (FY23: £0.3bn) resulted in an 8% increase in the total order book to £4.2bn (FY23: £3.9bn)
- Awards include Estates & Facilities Team of the Year and Highly Commended for Healthcare Supplier of the Year – Institute of Healthcare Engineering & Estates Management (IHEEM)

Operational performance

Communities delivered strong revenue and profit growth in FY24, driven by an increase in the provision of services for the Immigration Escorting Services contract, projects and variable works (including increased lifecycle projects in healthcare and education settings and work to remove reinforced autoclaved aerated concrete from public buildings), contract re-pricing and operational efficiencies.

The division continues to make progress in driving transformation and implementing margin enhancement initiatives. This helped to deliver an improved performance on one particularly challenging PFI contract, reducing losses to £3.9m in FY24 (FY23: £8.4m). We continue to expect this contract to achieve profitability in FY26, after further productivity improvements and re-sets to pricing.

In FY24, £1.1bn TCV of contract wins, scope increases and extensions/renewals were secured. This included new contracts with London South Bank University to deliver IFM services across multiple sites, as well as an increase in the provision of services for the Immigration Escorting Services contract. The increase in the order book also reflects indexation on long-term contracts and an increase in projects volumes being delivered as the performance of certain PFI contracts continues to improve. Notable contract extensions were awarded for the Heathrow Immigration Removal Centre and for King George Hospital.

Shortly after the year end, the division was awarded a 10-year £329m TCV contract to operate HMP Millsike, the UK's first all-electric prison. When opened in 2025, the Category C prison will hold 1,500 people who will spend their sentences learning the skills needed to find work on release.

Communities has continued to develop its technology capabilities. FY24 saw successful trials of Mitie's Merlin for Cleaning application in a healthcare setting and a new partnership with Vodafone using IoT to track the location of non-static assets, such as wheelchairs, in hospital settings. Further technology roll outs are planned in FY25.

Finance review

A strong financial performance



Financially, FY24 has been a good year. Revenue and operating profit have reached new highs, with the operating margin boosted by ongoing margin enhancement initiatives. Strong free cashflow generation underpins our continued investment in growth and returns to shareholders.

Simon Kirkpatrick
Chief Financial Officer



Alternative Performance Measures

In addition to presenting statutory measures, the Group presents its results before other items. Management believes this is useful for users of the financial statements, providing both a balanced view of the financial statements, and relevant information on the Group's financial performance. Accordingly, the Group separately reports the cost of restructuring programmes, acquisition and disposal related costs (including the amortisation of acquisition related intangible assets), gains or losses on business disposals, and other exceptional items as 'other items'.

Financial performance

The reported Income Statement is set out below:

£m unless otherwise specified	FY24	FY23
Revenue including share of joint ventures and associates	4,510.7	4,055.1
Group revenue	4,445.2	3,945.0
Operating profit before other items	210.2	162.1
Other items	(44.5)	(45.1)
Operating profit	165.7	117.0
Net finance costs	(9.4)	(11.5)
Profit before tax	156.3	105.5
Tax	(25.4)	(14.4)
Profit after tax	130.9	91.1
Profit attributable to non-controlling interest	(4.6)	–
Profit attributable to owners of the parent	126.3	91.1
Basic earnings per share before other items	12.3p	9.5p
Basic earnings per share	9.8p	6.8p

Revenue

Revenue for FY24 of £4,511m, including share of revenue from joint ventures and associates, has improved by 11.2% compared to last year (FY23: £4,055m). Of this growth, 7.1% was organic, driven by net new wins, organic growth on existing contracts, and organic projects growth (totalling £194m), as well as pricing of £177m, offset by the completion of short-term public sector contracts (£81m). Strategic acquisitions contributed £166m of growth in the year.

Revenue growth from net wins included NATS, John Lewis, and Phoenix Group, and growth on existing contracts included higher revenue in Business Services in response to the heightened levels of retail crime.

Organic projects growth was £189m in the year, and was driven by Technical Services, from a range of works across large key accounts, and by CG&D from various large Central Government contracts, as well as FDIS.

Organic growth also includes headwinds from the completion of short-term, high margin public sector contracts in FY24, including the Covid contracts and the wind down of the Afghan Relocations and Assistance contract, which reduced revenue by £81m year on year, as well as contract losses.

The impact of the repricing of revenue for inflation in FY24 was £177m (+4%) (FY23: £163m), and inorganic growth was £166m (+4%), primarily related to projects, through the acquisitions of JCA Engineering, RHI Industrials and GBE Converge, but also from the Landmarc step acquisition, which is explained below.

Total projects revenue for the year, including acquisitions, was £1.1bn (FY23: £0.8bn).

Operating profit

Operating profit before other items was £210.2m (FY23: £162.1m), an increase of £48.1m (+29.7%) in the year. The improvement was driven by margin enhancement initiative savings of £40.3m, net wins, projects and other trading (£19.9m), and strategic acquisitions (£9.7m), including the step acquisition of Landmarc which is explained below. The completion of high margin short-term public sector contracts provided a headwind of £15.6m, and inflation had a negative impact on operating profit of £6.2m.

Finance review continued

Of the incremental £40.3m of profit from margin enhancement initiatives, the TOM programme contributed £27.9m through initiatives such as the outsourcing of finance activities, optimisation of the Group's organisational structure, and helpdesk consolidation. The final Interserve cost synergies contributed £4.6m, taking the total synergies to £56m, and there were savings from the Digital Supplier Platform and Operational Excellence programmes of £7.8m.

The net wins, projects and other trading increase of £19.9m was primarily driven by organic projects growth. All divisions made a positive contribution, but projects profit was particularly strong in Technical Services and CG&D. Margin on this organic projects growth was higher than the Group average, despite underperformance in the Telecoms business, where the pricing of certain frameworks is being renegotiated.

Of the £9.7m of profit growth from strategic acquisitions, £5.1m came from the step acquisition of Landmarc, and £4.6m from the other acquisitions. The most significant contributions were from JCA Engineering and RHI Industrials, partially offset by £2.9m of year one losses from G2 Energy, which is rebuilding its order book after being acquired through a liquidation process.

Through the contractual protections that we have in place, and our strong customer relationships, we were able to recover 97% of cost inflation from customers in the period. The element that we were not able to recover resulted in a reduction in operating profit of £6.2m.

Operating profit after other items was £165.7m (FY23: £117.0m), a year on year improvement of 41.6%. This included net charges from other items of £44.5m (FY23: £45.1m), which are explained below.

Landmarc step acquisition

Landmarc has historically been reported as a joint venture within the Group results. However, on 16 November 2023, amendments to the shareholder agreement were approved which gave Mitie control of Landmarc. As a result, Landmarc has been consolidated into the Group as a subsidiary from that date.

A change of this nature is known as a 'step acquisition', which requires the Group's interest in the joint venture to be fair valued at the date on which it becomes a subsidiary. The credit related to this fair value uplift for Landmarc must be recognised in the income statement, and has been reported as a £17.9m gain within other items, given that it is acquisition-related and is material. Further details are set out in Note 29 to the consolidated financial statements.

The Group has reported a year on year increase in revenue (including share of JVs and associates) of £34.1m from Landmarc, comprising £42.6m from the step acquisition offset by a net £8.5m organic reduction related to a change in revenue mix. Operating profit before other items from Landmarc increased by £10.2m, comprising £5.1m from the step acquisition and £5.1m from organic growth. The increase in operating profit reflects a change in revenue mix in FY24 towards higher margin services.

The consolidation of Landmarc also gives rise to the recognition of a minority interest deduction, which represents the non-controlling interest's (49%) share of Landmarc's profit after tax. In FY24 the deduction is £4.6m. As a result of this minority interest deduction, whilst the step acquisition of Landmarc does benefit operating profit (and profit after tax) for the Group, it has no impact on earnings per share before other items.

Corporate overheads

Corporate overheads represent the costs of running the Group and include costs for central functions such as commercial and business development, finance, marketing, legal and HR, as well as the Board governance obligations of a publicly listed company. Corporate overhead costs have reduced by 9% to £50.6m (FY23: £55.5m), reflecting overhead savings across functions and shared services.

Other items

£m	FY24	FY23
Target Operating Model (TOM)	(20.4)	(7.9)
Digital supplier platform (DSP)	(3.7)	(3.4)
Margin enhancement initiatives	(24.1)	(11.3)
Employment-linked earnout charges	(9.5)	(0.2)
Other acquisition related costs	(4.0)	(3.5)
Acquisition related costs before non-cash items	(13.5)	(3.7)
Landmarc step acquisition gain	17.9	–
Amortisation of acquisition related intangible assets	(24.8)	(21.4)
Acquisition related costs	(20.4)	(25.1)
Workflow optimisation (Project Forté)	–	(8.7)
Total other items	(44.5)	(45.1)

The Group incurred £44.5m of other items in FY24 (FY23: £45.1m). This included a net £6.9m (FY23: £21.4m) of non-cash items, comprising £24.8m (FY23: £21.4m) of amortisation of acquisition related intangible assets, partially offset by the £17.9m (FY23: £nil) fair value gain from the Landmarc step acquisition, which is explained above.

The remaining other items of £37.6m (FY23: £23.7m) are cash in nature. These cash other items comprise the costs of delivering the Group's margin enhancement initiatives of £24.1m (FY23: £11.3m) and acquisition related costs of £13.5m (FY23: £3.7m).

The increase in the margin enhancement initiative costs primarily relates to the TOM programme, reflecting the ramp up of activities and significant increase in savings to £28m in FY24 (FY23: £6m).

The largest element of the acquisition related costs is employment-linked earnout charges (£9.5m), of which JCA Engineering is the most significant. These earnout payments will be made if post acquisition performance targets are hit, and employment conditions are satisfied. Although the vast majority of the earnout charges were not paid in FY24 (they will be settled in future periods, at the end of the relevant performance periods), they have been classified as 'cash' other items because they will ultimately be settled in cash.

Within the £4.0m of other acquisition related costs is a net £1.1m charge within the Communities division, related to movements on balance sheet provisions recognised on the acquisition of Interserve. The net charge includes an additional £9.0m provision on a PFI contract, where Mitie is liable for rectifying latent defects in the construction by a third party. This has been largely offset by progress on other contracts, resulting in provisions of £7.9m being released. The additional charge and releases have been classified as other items as they relate to liabilities that were inherited with the Interserve acquisition and are material, one-off adjustments.

Net finance costs

Net finance costs improved (decreased) by 18% to £9.4m in FY24 (FY23: £11.5m).

Finance costs benefited from the improved interest rates negotiated for the US Private Placement (USPP) notes, which became effective from December 2022 (£0.9m benefit), together with the termination of the Group's customer invoice discounting facility (£0.5m benefit). The £9.4m includes a £1.4m increase in the interest charge on lease liabilities, reflecting the transition of the fleet to more expensive electric vehicles (EVs), the related increase in the average duration of the leases, and the expansion of the fleet through acquisitions.

Finance income improved, mainly due to increased interest rates on deposited funds (£1.5m benefit).

Tax

The tax charge for the year was £25.4m (FY23: £14.4m), at an effective tax rate (ETR) of 16.3% (FY23: 13.6%). The £25.4m is the net of the tax charge on profit before other items, and the tax credit on other items.

The tax charge on profit before other items was £37.9m (FY23: £22.6m), at an ETR of 18.9% (FY23: 15.0%). This is lower than the standard corporation tax rate of 25%, primarily due to the benefit of a tax credit of £8.8m (FY23: £5.3m) related to the recognition of deferred tax assets for losses acquired with the Interserve business. Excluding the impact of this benefit, the ETR before other items would have been 23.3% (FY23: 18.5%).

Offsetting the £37.9m charge was a tax credit for other items of £12.5m (FY23: £8.2m) at an ETR of 28.1% (FY23: 18.2%), which is higher than the standard tax rate primarily due to the fair value gain from the Landmarc step acquisition not being taxable.

Mitie is a significant contributor of revenues to the UK Exchequer, paying £962.8m of taxes in the year (FY23: £850.1m). Of this total, £173.8m (FY23: £158.5m) relates to taxes borne by Mitie (principally UK corporation tax and employer National Insurance contributions) and £789.0m (FY23: £691.6m) relates to taxes collected by Mitie on behalf of the UK Exchequer (principally VAT, income tax under PAYE and employee National Insurance contributions).

The Group paid corporation tax of £16.9m (FY23: £19.8m) in the year, of which £12.7m (FY23: £14.0m) was paid in the UK, and £4.2m (FY23: £5.8m) overseas.

Joint ventures and associates

Operating profit includes Mitie's share of the profit after tax for its joint ventures and associates of £6.4m (FY23: £8.3m). These profits primarily relate to Landmarc. The year on year reduction reflects the step acquisition of Landmarc from a joint venture to a subsidiary in November 2023, from which point its profits were no longer classified as being from joint ventures and associates. The Landmarc step acquisition is explained above.

Earnings per share

Basic earnings per share before other items increased by 29% to 12.3p (FY23: 9.5p). This improvement is due to the increase in operating profit in the year (+3.6p), the reduction in net finance charges (+0.1p), and the reduction in the weighted average number of shares as a result

of the ongoing share buyback programme (+0.6p). These improvements were partially offset by the increased tax charge (-1.1p), which was driven by the increase in the UK corporation tax rate to 25%, and the new non-controlling interest deduction arising from the step acquisition of Landmarc (-0.4p). As noted above, the step acquisition of Landmarc increases operating profit for the year, but after related deductions for tax and minority interest, it has no overall impact on earnings per share before other items.

Basic earnings per share increased by 44% to 9.8p (FY23: 6.8p). This included an improvement related to the lower other items after tax (+0.2p). Whilst the level of other items within operating profit is largely unchanged year on year, the ETR on other items is higher in FY24 due to the fair value gain from the Landmarc step acquisition not being taxable.

Return on invested capital (ROIC)

£m unless otherwise specified	FY24	FY23
Operating profit before other items	210.2	162.1
Tax ¹	(39.7)	(24.3)
Operating profit before other items after tax	170.5	137.8
Invested capital	645.0	543.1
ROIC %	26.4%	25.4%

1. Tax charge has been calculated on operating profits before other items using the ETR for the year of 18.9% (FY23: 15.0%).

ROIC (before other items) has improved by 1.0ppt to 26.4% in FY24 (FY23: 25.4%) as a result of the increase in operating profit, partially offset by increases in the ETR and invested capital. The increase in invested capital has been driven by the acquisitions completed in FY24.

Balance sheet

£m	FY24	FY23
Goodwill and intangible assets	645.1	564.9
Property, plant and equipment	204.7	156.9
Interests in joint ventures and associates	0.9	8.8
Working capital balances	(200.1)	(179.2)
Provisions	(113.2)	(111.4)
Net debt	(80.8)	(44.1)
Net retirement benefit liabilities	(0.8)	(0.2)
Deferred tax	7.9	20.4
Other net assets	10.0	5.6
Total net assets	473.7	421.7

As at 31 March 2024 the Group's reported net assets stood at £473.7m, an increase of £52.0m since 31 March 2023. Net debt increased to £80.8m (FY23: £44.1m), mainly as a result of the planned capital allocation actions and the increase in lease liabilities, both of which are discussed further below (in the 'Cash flow and net debt' section).

Goodwill and intangible assets have increased by £80.2m as a result of acquisitions undertaken in the year, including the step acquisition of Landmarc (explained above). These acquisitions resulted in additional goodwill of £49.4m and acquired intangible assets of £55.5m, with the increase partially offset by the amortisation of intangible assets during the year.

Property, plant and equipment increased by £47.8m, due to the continued transition of our leased fleet to more expensive EVs, the related increase in the average duration of the leases, and the expansion of the fleet through acquisitions. During FY24, 1,900 EVs were added, taking the proportion of EVs to 66% of the total fleet.

The net deferred tax asset balance has decreased by £12.5m during the year, primarily as a result of deferred tax liabilities of £13.7m being recognised on newly acquired intangible assets.

Provisions

Provisions at 31 March 2024 of £113.2m (FY23: £111.4m) largely comprise contract specific costs of £49.2m (FY23: £49.3m), the insurance reserve of £27.2m (FY23: £26.2m), and pension provisions of £21.7m (FY23: £21.7m), which mainly relate to Section 75 pension liabilities. See Note 20 to the consolidated financial statements for further details on provisions.

Provisions have increased by £1.8m during the year, including the net £1.1m increase in balance sheet provisions from the Interserve acquisition explained above (in the 'Other items' section).

Retirement benefit schemes

The Group's net retirement benefit liabilities on an IAS 19 basis are broadly unchanged at £0.8m (FY23: £0.2m). The net liabilities include a surplus of £3.0m relating to the Landmarc scheme, which is now reported within retirement benefit assets (rather than within the Group's share of interests in joint ventures and associates), as a result of the consolidation of Landmarc from November 2023. In the summary balance sheet above, the surplus is offset by deficits related to the main Group scheme (£1.4m) and other smaller schemes (£2.4m).

Finance review continued

During the year a formal funding valuation of the main Group scheme as at 31 March 2023 was completed. This indicated a funding shortfall of £19.4m on an actuarial basis, an improvement of £72.7m since the last valuation as at 31 March 2020. The Group made deficit repair contributions of £10.6m in the year and has agreed to continue to make deficit repair contributions over the next four years to eliminate the funding shortfall by 2027.

Cash flow and net debt

£m	FY24	FY23
Operating profit before other items	210.2	162.1
Add back: depreciation, amortisation & impairment	57.9	52.4
EBITDA before other items	268.1	214.5
Other items	(37.6)	(23.7)
Other operating movements	3.9	(4.0)
Operating cash flows before movements in working capital	234.4	186.8
Working capital movements ¹	(4.3)	(38.8)
Capex, capital element of lease payments & other	(54.3)	(59.6)
Interest payments	(9.7)	(11.9)
Tax payments	(16.9)	(19.8)
Dividends from joint ventures	8.4	9.0
Free cash inflow	157.6	65.7
Share buybacks ²	(50.4)	(50.7)
Purchase of own shares into trusts	(19.6)	(37.7)
Acquisitions	(34.7)	(20.2)
Dividends paid	(44.0)	(28.9)
Lease liabilities & other	(45.6)	1.0
Increase in net debt during the year	(36.7)	(70.8)
Closing net (debt)	(80.8)	(44.1)
Average daily net (debt)	(160.7)	(84.3)
Leverage ³ (average daily net debt/EBITDA before other items)	0.6x	0.4x

1. Adjusted to exclude movements in restricted cash and other adjustments which do not form part of net debt (as explained in the Alternative Performance Measures Appendix to the consolidated financial statements).

2. FY24 share buybacks are presented net of the proceeds received from the exercise of SAYE schemes.

3. Leverage uses post-IFRS 16 net debt.

Operating cash flows before movements in working capital increased by £47.6m to £234.4m (FY23: £186.8m), due to the strong operating profit generation before other items in FY24. As explained above, cash other items exclude non-cash amortisation of acquisition related intangible assets and the non-cash fair value gain related to the Landmarc step acquisition.

The Group generated a free cash inflow of £157.6m for FY24, which was underpinned by the strong trading performance, reductions in capex, as well as working capital process improvements.

In FY24 there was a cash outflow from working capital of £4.3m (FY23: £38.8m), reflecting investments required to support the growth of the projects businesses, partially offset by one-off working capital process improvements of c.£25m. These improvements have been made possible by the consolidation of activities into the shared service centre and implementation of the Coupa digital supplier platform, as well as rationalisation of our supplier base and alignment of our VAT groups. The working capital outflow in FY23 primarily related to the decision to terminate the invoice discounting facility.

Capex, the capital element of lease payments & other decreased by £5.3m compared to FY23, with a £5.4m reduction in capex the key driver. Both interest and tax payments were lower in FY24, with the £2.2m decrease in net interest payments resulting from the improved rates achieved through the refinancing of the Revolving Credit Facility (RCF) and USPP facility, as well as higher interest rates on deposits, and closure of the customer invoice discounting facility in FY23. Tax payments were lower by £2.9m, due to the utilisation of losses.

The planned £50m share buyback programme was successfully completed in FY24 and Mitie bought back further shares using the £8m of receipts from the exercise of SAYE schemes. This resulted in the purchase of 58.6m shares, of which 26.1m shares were cancelled, for a net spend of £50m. The remaining 32.5m shares acquired were retained in order to satisfy the 2020 SAYE scheme that vested in December 2023. A further 19.7m shares have been purchased from the market (19.1m into the Employee Benefit Trust (EBT) and 0.6m into the SIP Trust), which will be used to settle other share incentive schemes.

A new £50m share buyback programme was announced on 15 April 2024, from which c.10m of the shares purchased will be held in treasury to satisfy the 2021 SAYE scheme, which vests in January 2025. The remainder will be cancelled.

Acquisitions (including GBE Converge, RHI Industrials, JCA Engineering and the step acquisition of Landmarc) have increased net debt by £34.7m. This includes gross acquisition costs paid of £87.6m, and employment-linked earnout payments of £0.7m, partially offset by net cash of £22.0m acquired with the projects businesses, and £31.6m from the step acquisition of Landmarc.

Dividend payments of £44.0m in FY24 comprised the final FY23 dividend (£28.6m), the interim FY24 dividend (£12.9m) and dividends paid to non-controlling interests (£2.5m). The recommended final FY24 dividend of 3.0p will result in a 38% increase in the total dividend per share to 4.0p for FY24 (FY23: 2.9p), representing a payout ratio of 33%.

Lease liabilities & other includes an increase in lease liabilities in FY24 (net of capital repayments) of £44.6m (FY23: £6.9m), as we transition our fleet to EVs. By the end of FY24, 66% of the total fleet was electric, compared with 46% at the end of FY23.

Net debt

Average daily net debt of £160.7m for FY24 was £76.4m higher than in FY23 (£84.3m), resulting in an average leverage ratio (average daily net debt/EBITDA before other items) of 0.6x for FY24, compared with 0.4x for FY23.

Closing net debt of (£80.8m) as at 31 March 2024 was £36.7m higher (FY23: £44.1m). Total financial obligations (TFO), including net retirement benefit liabilities of £0.8m (FY23: £0.2m), were £81.6m (FY23: £44.3m), and increased in line with the movement in net debt.

These increases during FY24 were mainly due to the planned capital allocation activities of £148.7m, and a net increase in lease liabilities of £44.6m, exceeding the free cash inflow of £157.6m. These capital allocation activities relate to acquisitions completed in the period (£66.3m, net of £22.0m cash acquired), share buybacks (£50.4m, net of £8.0m proceeds received from the exercise of SAYE schemes), share purchases for employee incentive schemes (£19.6m) and dividends paid (£44.0m), partially offset by Landmarc cash acquired on consolidation (£31.6m).

Liquidity and covenants

As at 31 March 2024, the Group had £400.0m of committed funding arrangements, comprising a £250.0m RCF, and £150.0m of USPP notes. In September 2023 the RCF was increased by £100m, from £150m to £250m, and its maturity was extended to October 2027, with a further one year extension option at the mutual agreement of all parties. In FY23 (December 2022), £121.5m of USPP notes matured and were replaced by £120.0m of new notes, issued on more favourable terms, with maturities in December 2030 through to 2034. The remaining £30.0m of USPP notes are due to mature in December 2024.

On 28 July 2023, DBRS Morningstar confirmed Mitie's credit rating of BBB with a 'stable' outlook.

Mitie's two key covenant ratios are leverage (ratio of consolidated total net borrowings to adjusted consolidated EBITDA) and interest cover (ratio of consolidated EBITDA to consolidated net finance costs), with a maximum of 3.0x and minimum of 4.0x respectively. Covenant ratios are measured on a post-IFRS 16 basis with appropriate adjustments for leases, being primarily the exclusion of lease liabilities from net debt and the inclusion of a charge equivalent to lease payments against EBITDA.

As at 31 March 2024, the Group was operating well within these ratios at < 0x covenant leverage and 72.6x interest cover. A reconciliation of the calculations is set out in the table below:

£m	FY24	FY23
Operating profit before other items	210.2	162.1
Add: depreciation, amortisation & impairment	57.9	52.4
Headline EBITDA	268.1	214.5
Add: covenant adjustments ¹	21.9	18.2
Leases adjustment ²	(43.3)	(38.6)
Consolidated EBITDA (a)	246.7	194.1
Full-year effect of acquisitions & disposals	11.1	0.5
Full-year effect of Landmarc step acquisition	5.7	–
Adjusted consolidated EBITDA (b)	263.5	194.6
Net finance costs	9.4	11.5
Less: covenant adjustments	(0.4)	(0.4)
Leases adjustment ³	(5.6)	(4.2)
Consolidated net finance costs (c)	3.4	6.9
Interest cover (ratio of (a) to (c))	72.6x	28.1x
Net debt	80.8	44.1
Impact of hedge accounting & upfront fees	2.5	1.8
Leases adjustment ⁴	(174.0)	(129.4)
Consolidated total net cash (d)	(90.7)	(83.5)
Covenant leverage (ratio of (d) to (b))	< 0x	< 0x

1. Covenant adjustments to EBITDA relate to share-based payments charges, and pension administration expenses and past service costs.

2. Leases adjustment for EBITDA relates to depreciation charge for leased assets and interest charge for lease liabilities (i.e. application of a charge equivalent to lease payments).

3. Leases adjustment for net finance costs relates to interest charge for lease liabilities (i.e. removal of interest on lease liabilities).

4. Leases adjustment for net cash relates to lease liabilities (i.e. removal of lease liabilities).

Our environment and social value framework

Enhancing lives and assuring a better, more sustainable future

Making a positive contribution

Our workforce of 68,000 colleagues deliver transformational services to over 3,000 blue-chip customers. It is through the dedication and hard work of our teams that we are able to positively impact the lives of millions of people in the UK and beyond – a responsibility we value deeply.

Our core values are embedded in environmental stewardship and social responsibility. We are committed to nurturing a skilled workforce; not only by providing meaningful employment and development opportunities to individuals but also by driving economic and social progress within the local communities in which we work. Throughout our operations, we prioritise sustainable practices and the preservation of natural resources to ensure a greener future for generations to come.

Furthermore, as industry leaders in Environmental, Social and Governance (ESG), we are able to support our customers in achieving their own goals while championing the health of our planet and the communities we serve.

Our social value framework

Mitie's Social Value Framework is aligned to the Government's Social Value Model and the UN Sustainable Development Goals (SDGs), and it underpins our approach to sustainability and social value throughout the value chain.

Each of the five pillars of our Social Value Framework has objectives and targets, and progress is published monthly on Mitie's website.

Our industry-leading approach

We have set ambitious Plan Zero targets to reach Net Zero for our operations by 2025; being 25 years ahead of the UK Government's 2050 target.

Good progress has been made since the launch of Plan Zero four years ago and we are working on transition plans to set out our roadmap for progress through to the end of the decade.

During the year, we secured a place on the CDP's Climate Change A List for our disclosures, by demonstrating the significant progress we have made, including the validation of our science-based targets by the Science Based Targets initiative (SBTi), the ongoing transition of our fleet to EV and our improved carbon data capture and reporting.

We have maintained our Platinum status within the Sustainable Facilities Management Index for the third consecutive year and, shortly after the year end, we had our Low Risk rating reconfirmed by Sustainalytics, with an improved score that places us on the threshold of Negligible Risk.

We have 14 social value and responsible business targets which are tracked and reviewed by our ESG Committee. By continuously monitoring our operations, and measuring processes and results, we can ensure that we are delivering progress across all aspects of ESG.

In FY24, we achieved 13 of our 14 social value and responsible business targets, as set out on the following page.



At Mitie, we believe in harnessing the power of technology to drive positive change and create a better future for all. Our commitment to sustainability guides our decision-making, as we strive to minimise our environmental footprint and create social value. By embedding technology across our operations, we not only enhance productivity and efficiency but also empower our workforce and the communities we work in. Through initiatives such as our Emissions Intelligence service, in partnership with Salesforce, and The Connected Workspace we are proud to lead the way in leveraging technology for sustainable growth, social impact and lasting value.

Jason Roberts
Group Director for Sustainability & Social Value



Our social value framework



Innovation

Innovation is embedded within all our pillars, to ensure Mitie remains at the forefront of technology and 'best-in-class' service delivery.

[+ Find out more on page 56](#)

People

People are Mitie's greatest asset, and we have a duty of care to ensure they are equipped to be productive in the office and at home.

Environment

The climate emergency is humanity's biggest challenge. We believe it is key for all of our people to understand our environmental impact.

[+ Find out more on page 61](#)

Community

We are an active part of the communities in which we operate, helping to deliver social value, not only for Mitie, but also for our customers.

[+ Find out more on page 76](#)

Responsible supply chain

Mitie has a robust and responsible supply chain that is engaged in the creation of positive social impacts across all areas of business.

[+ Find out more on page 77](#)

Progress against our social value targets

In FY24, we achieved 13 of our 14 social value and responsible business targets across People, Environment, Community and Responsible Supply Chain. The one target we did not achieve was for 35% of women on our senior leadership team. We continue to focus on increasing the representation of women in senior roles across the business and supporting their ongoing career progression, and this was reflected in a 4ppt increase to 32% of women on our senior leadership team at the end of FY24. We will continue to work towards our 40% target in FY25.

 People	Page reference	Target FY24	Actual FY24	Achieved?	Target FY25
% of employees, where Mitie sets salary, paid Real Living Wage	58	100%	100%	●	100%
% of employees through apprenticeship scheme	58	4.30%	4.49%	●	5%
% of women on senior leadership team	57	35%	32%	●	40%
% of racially diverse colleagues on senior leadership team	58	10%	15%	●	20%
 Environment					
Scope 1 and 2 emissions, net of carbon credits – global emissions (tonnes)	61	16,900	16,871	●	12,775
Scope 3 emissions – global emissions (tonnes)	62	296,507	273,336	●	275,752
% of fleet zero carbon ¹	61	65%	66%	●	80%
Waste to landfill (tonnes)	62	50	0	●	0
 Community					
Volunteer paid hours	76	20,720	24,626	●	23,680
Health and wellbeing training hours delivered		26,312	37,611	●	28,943
Armed Forces recruitment		2.39%	4.21%	●	2.34%
This target relates to maintaining Armed Forces recruitment at a percentage of 0.5% above population average					
 Responsible supply chain					
Spend with VCSEs	77	£2m	£3.36m	●	£2.25m
% of spend with SMEs (commitment to maintain public sector % SME spend above 33% target)		32%	48%	●	33%
% of spend on Supplier Management Framework		39%	54%	●	40%

¹ We have reduced the FY25 target for % of fleet zero carbon from 85% to 80% to reflect the increased size of our overall fleet of vehicles, due to organic growth and strategic inflill acquisitions, and the limited availability of commercially and operationally viable EV options for specialist vehicles and our highest mileage drivers.



People

Our vision is to be the destination employer in our industry, creating a 'Great Place to Work', and a truly inclusive culture where our people are supported to achieve their full potential.



Introduction

Our vision is to be the destination employer in our industry, leading in how we treat our colleagues and supporting the communities we serve.

We set ambitious targets to ensure that we continue to strive for diversity across our workforce, our colleagues receive a fair wage and market-leading benefits for the work they do, and we promote learning and development opportunities, including through apprenticeships.

In FY24, we achieved our in-year targets for racial diversity, engagement and employees completing apprenticeship schemes.

We continue to promote gender diversity and have increased the proportion of women on our senior leadership team by 4ppts to 32% (FY23: 28%), compared with a target of 35%.

Employee attrition (one of our KPIs – see page 34) reduced by 6ppt to 13% during the year, reflecting our ongoing commitment to creating a 'Great Place to Work'.

Together We Are Mitie

Mitie is one of the UK's largest employers, with 68,000 colleagues deployed across the UK. We work with many leading national and global organisations, and our colleagues all play a vital role, not only in Mitie's success, but that of our customers. They also make a significant contribution to the UK economy and help to keep the country running day-to-day.

We know that our people give their best when we show that that we care, and we put the safety and wellbeing of our colleagues at the forefront of everything we do. We are proud to be a company that actively listens, takes action and celebrates diversity and we strive to be a 'Great Place to Work' for all.

We also take career development seriously and we are committed to ensuring that all colleagues have the support they need to progress at Mitie. Developing skills for the future is something we are passionate about, both for Mitie's growth and for wider society. As our colleagues develop, and our business grows, we are dedicated to recognising and rewarding everyone for a job well done.

MyMitie

We are continually evolving our Employee Value Proposition, MyMitie, which has seven strategic pillars:

Strategic pillars

FY24 achievements



MyVoice – ensuring our colleagues have their say, and their voices are heard

Held 14 Board listening sessions, facilitated 371 events through Team Talk Local, and ran our annual engagement survey (see pages 40 and 60)



MyCommunity – our commitment to building connections, taking positive actions and giving back

Celebrated 10 years of the Mitie Foundation and delivered 24,626 volunteering hours (see page 76)



MyAchievement – recognising our colleagues' successes

Held our annual achievement event at The Shard, including a top prize of £10k, and awarded 20,000 Mitie Stars during the year



MyCareer – our learning and development offering

Built bitesize content to embed learning practices into everyday operations and expanded our apprenticeship offering to 90 courses (FY23: 70)



MySlice – our industry-leading benefits package

Issued free shares for the fourth consecutive year; many colleagues benefited from 2020 Save as You Earn scheme vesting



MyWellbeing – prioritising our colleagues' health and wellbeing

Launched LiveSafe safety champion network and introduced carer's leave earlier than government guidelines



MyStory – our colleagues telling their own stories to inspire others and drive belonging

Increased our activity among our diversity networks, with at least 500 colleagues joining each of our six events



Equality, diversity and inclusion (ED&I)

Employee networks

We have continued to work with our six diversity networks, including the Mitie Women Can and CHORD (race and ethnicity) networks, to increase awareness of the challenges faced by the different groups and address biases. Colleagues from a variety of grades, genders and ethnicities across the business take part in network activities.

Each network has an executive sponsor, and we continually monitor the success of our ED&I strategy to identify areas where we can do better. Members of the Board also regularly join our network events, providing them with the opportunity to better understand the lived experiences of colleagues and create a cycle of feedback that informs decision-making and drives engagement and trust.



Count Me In

Mitie's award-winning inclusion learning and development programme, Count Me In, helps to create an environment where everyone feels supported, included and able to bring their true self to work. In FY24, we have seen 72,000 colleague interactions with our Count Me In programme, equating to over 3,600 hours of focused learning across the business.

Our commitment to fostering a truly inclusive culture has been further enhanced by the launch in September 2023 of a learning and development programme, Leading with Respect, which has been completed by 69% of our business leaders to date. The content is focused on ED&I, health and wellbeing, safety, and employee relations, and it empowers our leaders to effectively manage grievances, absences and investigations through a colleague-focused lens.

Inclusion Allies

Our Inclusion Allies programme is sponsored by a member of Mitie's executive team and operates in partnership with Inclusive Employers. The four-week programme is designed to take colleagues on a personal journey to allyship. They explore privilege, circles of influence and the boundaries of their role and are given a framework and techniques to challenge exclusion and approach difficult conversations. 150 colleagues at different levels from across the organisation have completed the programme and are acting as role models.

Women in leadership

Our Senior Women in Leadership programme is sponsored by our Chief People Officer and is designed to support women at Mitie to achieve our most senior roles. The programme is underpinned by a Level 7 Leadership apprenticeship delivered in collaboration with Corndel College London and paired with 1:1 mentoring. We also ensure that our performance reviews and talent assessments are based on objective criteria, lowering the chance for bias in any of our selection and progression processes. In FY24, we increased the representation of women in the senior leadership team by 4ppts to 32%.

Diversity data

We have made positive steps towards a more inclusive culture in the last year. More of our colleagues who have disabilities or are LGBTQ+ have shared their personal data with us, with our disclosure rate for those with disabilities increasing from 1.1% (673 colleagues) to 1.8% (1,026 colleagues) and our disclosure rates from colleagues who are LGBTQ+ increasing from 2.6% (1,537 colleagues) to 3.5% (2,110 colleagues) since the data was first reported in October 2022.

£422,152

total savings for our colleagues on MiDeals

Gender breakdown

At 31 March 2024	Male	Female	Total	% Male	% Female
Board	5	4	9	56%	44%
Senior leadership team	51	24	75	68%	32%
Employees	40,760	27,385	68,145	60%	40%



Reward

Colleague benefits

We offer a broad range of rewards and benefits for our people under the 'MySlice' banner, which enables our colleagues to find benefits to suit their needs. Our benefits cover health insurance, life insurance, virtual GP service and lifestyle products, with mortgage advice being one of the additional benefits added for FY24. During the year, we saw a 33% increase in the uptake of our flexible benefits plan Choices.

Rewards also include free shares, access to all-employee share schemes, and incentive plans. To date, we have awarded free shares for four consecutive years, with frontline colleagues typically receiving 100 free shares each per year.

The 2020 Save As You Earn share option scheme (SAYE scheme) that vested in December 2023 was a great success with over 1,500 participants, many of whom are frontline workers, benefiting from an average gain of £14,000 on their savings. We launched the 2023 SAYE scheme in December with over 3,000 colleagues choosing to take part.

We offer enhanced maternity pay to all colleagues eligible for statutory maternity pay (SMP), alongside life assurance for all colleagues. In September, we enhanced our family-friendly policy by including carer's leave, providing one week's unpaid leave per year for colleagues when they need unplanned leave.

In FY25, we will continue to improve our benefits offering to lead the industry, with a renewed focus on frontline incentive schemes.

4m

Free shares gifted to colleagues

Our environment and social value framework continued



Gender pay

As at 5 April 2023, Mitie's median gender pay gap had increased slightly to 7.3% (2022: 6.8%), although it remains significantly below the UK average of 14.3% (ONS). Mitie's mean gender pay gap decreased year on year to 11.2% (2022: 12.0%).

Our gender pay gap exists because there are fewer women in senior positions than men. Senior positions are typically higher paid and eligible for bonuses to keep pace with market practices and ensure we continue to attract and retain the best talent.

To address this imbalance, we continue to raise the awareness of gender equality issues and topics, and we support colleague development through programmes, including through female-only cohorts of our Level 7 leadership apprenticeships in partnership with Corndel. We regularly review our family-friendly policies and we have developed inclusive recruitment principles for our senior hires.

Ethnicity pay

As at 5 April 2023, Mitie's median ethnicity pay gap had reduced to -1.3% (2022: 1.1%), while the mean ethnicity pay gap decreased to 13.5% (2022: 14.8%). We remain committed to our target of 20% racial diversity on the senior leadership team by FY25 (FY24: 15%) and our ambition is to increase the number of pay gaps we report, to include disability and LGBTQ+.

Living wage

We want our colleagues to feel valued for the work they do so we voluntarily sign up to the Living Wage Foundation to demonstrate this commitment, as we believe fair pay is imperative for our colleagues. Being a recognised service provider means that we work with our customers, building case studies which set out the value of the Real Living Wage, to encourage them to sign up to the Real Living Wage. We have met our FY24 target for 100% of employees to be paid the Real Living Wage, where Mitie controls their salary.



Recognition

Our award scheme, Mitie Stars, is dedicated to recognising the teams and individuals who go above and beyond for customers and colleagues.

23,430

colleagues received a
Mitie Star

£66,580

awarded in prizes to Mitie
Star recipients



Learning and development

Learning throughout Mitie

At Mitie, we want all colleagues to feel that Mitie offers much more to them than just a job. We are dedicated to creating an environment where our people can grow and flourish, both professionally and personally. We recognise the busy nature of our business and, in FY24, we devised an approach to ensure that colleagues have control over their learning experience and can develop new skills at their own pace. To complement the courses available on our digital learning platform, we have introduced development webinars that are accessible to all colleagues and cover a varied range of topics.

We are proud of our corporate sustainability achievements. In 2023, we launched our Action Now learning campaign to inspire, educate and empower colleagues to make individual positive changes in their personal lives for the benefit of the environment and society. Learning resources include articles, videos and team activities.

Our business leaders are critical to our success and we have focused on providing them with the tools to embed team learning into their day-to-day operations.

To complement the People Manager Hub, launched in FY23, we developed 'Grab and Go' guides consisting of eight practical, hands-on workshop guides designed for leaders to deliver impactful learning experiences to colleagues. They cover subjects such as wellbeing, managing change and handling conflict.

Mitie's senior leaders are responsible for fostering a high-performance culture among their teams. In FY24, we introduced new development tools, including 360 feedback, to support leaders in leveraging individual strengths to drive collaboration and innovation. A team report is developed for leaders to map team strengths, build stronger networks and embed more effective ways of working.

40,745

colleagues accessed our
digital learning platform

71,119

instructor-led course places
attended by colleagues

Investing in the jobs of tomorrow through apprenticeships

We support c.1,200 colleagues at any given time through apprenticeships and expanded our offer during FY24 to over 90 technical, professional and managerial courses across a diverse range of areas from heat pump engineers and data technicians to security officers, business administrators and project managers. We exceeded our target to support 4.3% of eligible people taking part in an apprenticeship programme (FY24: 4.5%).

Our apprenticeships have received external recognition, including Top 100 Apprenticeship Employer, and we have joined The 5% Club, demonstrating our commitment to provide 'earn and learn' opportunities.

We have enhanced the pastoral care provided to learners on programmes by providing extra guidance, mentorship and peer networks throughout their apprenticeship journey. We also held our first annual Apprenticeship Awards in February 2024 to coincide with National Apprenticeship Week, recognising the standout achievements of our colleagues. We have seen over 90% of our learners stay with Mitie to progress their career following completion of their qualification.

As a large business, Mitie contributes to the Apprenticeship Levy each year, with this money being used to fund apprenticeship training and development for existing colleagues and new recruits. Since the Levy was introduced in 2017, we have reinvested £14.8m in apprenticeship programmes.

Recent changes to the Apprenticeship Levy allow the gifting of up to 50% (previously 25%) of our prior year contributions to other organisations to develop their future talent pipeline through apprenticeship schemes. At the end of FY24, we passed the £2m milestone for our Apprenticeship Levy gifting pledges. This has enabled c.25 small and medium-sized enterprises (SMEs) and local community services across the UK to fund apprenticeship schemes for future talent, with a focus on areas that are aligned to our strategy or contribute to our social value agenda.



Health, safety and wellbeing

Mitie places its people at the heart of our success through the cultivation of collaborative ways of working, empowering individuals to be proactive stewards of Health, Safety, and the Environment (HSE) and nurturing a support system that enables adaptability, resilience, and positive change in achieving 'the exceptional, every day'.

We aspire to be recognised as a leading force in HSE throughout our industry, by fostering a workplace culture where HSE responsibilities are not merely policies, but integral values embraced by all.

Our aspiration for Zero Harm is underpinned by our core values and influenced through the LiveSafe programme enabling proactive leadership, leading to better trust and accountability in all aspects of health, safety and wellbeing management.

In turn, we understand that this will also benefit the business by helping to increase performance, influence ownership, improve customer service, reduce absence, reduce accidents, and increase creativity and innovation, ultimately embedding a thriving culture throughout the organisation.

Health, safety and wellbeing are also key metrics in demonstrating that we are a responsible business and adding social value which will help to attract new colleagues and customers.

Throughout FY24, MyWellbeing initiatives and interventions have been a priority for Mitie, primarily to ensure our colleagues go home safely at the end of their shift.

We launched MyWellbeing Week, providing managers with information and a toolkit to improve engagement with frontline colleagues. The intended outcome was to increase the quality and quantity of LiveSafe Leadership visits and raise awareness about the diverse range of services available to our colleagues.

In the two months following MyWellbeing Week, our managers completed an amazing 8,001 visits to their frontline colleagues. Furthermore, our frontline colleagues have done an exceptional job with reporting hazard observations. Over the last 12 months 65,425 events were logged. This data demonstrates our colleagues' engagement with health, safety and wellbeing as well as Mitie's commitment to caring for our people.

Mitie's lost time injury frequency rate (one of our KPIs – see page 34) reduced from 3.87 to 3.82 per million hours worked during FY24.

Mental Health Awareness Week

A further benefit of MyWellbeing Week was the engagement around Mental Health Awareness Week. A range of MiNet communications were created to raise awareness and at many of Mitie's office locations, drop-in sessions were organised. A range of collateral was also created, and this helped the business to disseminate important information to those 'hard to reach' colleagues.

Mitie has over 400 fully trained Mental Health First Aiders (one of the largest cohorts in the UK), who are populated into a directory which helps colleagues to reach out for support as required.

Safety Stand Down

Mitie introduced Stand Down Days in FY24, which are a deliberate pause in operations, where managers, supervisors and frontline colleagues come together to discuss safety protocols, reinforce best practices in the workplace and address concerns.

The benefits of a Stand Down Day cannot be underestimated. They foster an open line of communication between colleagues about concerns, which ensures that everyone is aligned to Mitie's health, safety, and wellbeing objectives. This proactive approach helps to identify and mitigate potential risks before they become real threats.

Awards and recognition



We have worked hard to create safe and secure work environments and we are proud to have received awards from the Royal Society for the Prevention of Accidents (RoSPA) across the business. These awards show the benefits of LiveSafe, our QHSE initiative that includes training and workshops, to encourage a safety-conscious culture. We received 16 awards in FY24, compared to nine awards in the prior year.

Priorities for FY25

Our people agenda is always evolving to ensure that we remain a 'Great Place to Work'. In FY25, we will focus on:

- Continuing to invest in future talent, including apprentices, high potential colleagues, diverse cohorts and core teams including sales
- Expanding our digital and GenAI capabilities through a digital upskilling programme to equip colleagues with a standard level of digital literacy
- Embedding our expansive engagement programme to reach all colleagues through a blend of our leadership outreach programme, Team Talk Local and Board listening sessions
- Continuing to improve our industry-leading benefits packages

Our environment and social value framework continued



Annual survey – MyVoice

Mitie's annual colleague engagement survey provides feedback that management acts upon to improve the working experience at Mitie. The results of the MyVoice annual survey also provide the Board with a Group-wide snapshot of how our colleagues rate Mitie's culture and engagement.

The most recent MyVoice survey took place in April 2024, with the employee engagement score rising by a record 6ppt to 63%. The timeline of events and insights from the prior year survey are detailed in the tables below, alongside the actions taken during FY24 in response to feedback from our colleagues.

During FY25, we will continue to address the matters raised in the FY24 survey.



Date	Action
March – April 2023	Launched in April 2023, the MyVoice (formerly Upload) engagement survey was translated into multiple languages and completed via several mediums. We also ran a campaign to drive colleague participation, including details of the actions from the 2022 survey. Colleague participated increased to 54% (2022: 47%).
June 2023	Survey results were presented at the June 2023 Board meeting with clear areas of focus (see table below). Our overall employee engagement score was 57% (2022: 50%).
July 2023 – March 2024	Next steps were established to address matters raised and initiatives were communicated to colleagues. We provided each functional leader and strategic account manager (SAM) with access to an action planning tool and colleague engagement guidance. Additionally, a 'you said, we did' campaign was amplified through the MyVoice pillar of activities (e.g. Board listening sessions and Team Talk Local events) and via targeted business unit channels.

Insights and actions undertaken in FY24 (in response to the April 2023 survey)

Upload survey insights (You Said)	Action taken (We Did)
Pay, reward and recognition <ul style="list-style-type: none"> Review benefits for our frontline colleagues, acknowledging the impact of inflation and rising cost of living Develop Mitie Stars 	<ul style="list-style-type: none"> Launched our fourth award of free shares for all colleagues Increased the number of discounts across a range of retailers and partnerships through our reward platform Launched 2023 SAYE scheme, offering colleagues risk-free savings with the opportunity to benefit from Mitie's success Delivered the annual Mitie Recognition event, with CEO and Board sponsorship, celebrating our colleagues' achievements
Autonomy, empowerment and collaboration <ul style="list-style-type: none"> Ensure colleagues are listened to and given a voice, and develop team collaboration 	<ul style="list-style-type: none"> Increased the number of Board Listening sessions to expand reach across targeted teams within the business alongside Board representation at diversity network and wider flagship events Regular all-colleague communications of Mitie's strategy, operational changes and colleague experience Created new leadership cohort (top 250 leaders) to increase networking across the business Delivered CEO-led leadership events to provide updates on strategy
Systems and processes <ul style="list-style-type: none"> Improve access to and use of different systems Ensure our systems and processes maximise productivity 	<ul style="list-style-type: none"> Ran focus groups to explore areas for systems improvement as part of the MyMitie employee app discovery phase Transformed our onboarding experience by automating the process to reduce the pressure on people managers and provide a seamless first experience of Mitie for new recruits Streamlined the purchasing and expenses process through Coupa, resulting in faster payment timelines for colleagues and suppliers
Communication barriers <ul style="list-style-type: none"> Develop communications within Mitie so everyone is in touch 	<ul style="list-style-type: none"> Business case and discovery project underway to launch employee app for all Mitie colleagues Changed our approach to senior leadership outreach events, to empower a wider range of leaders with high-quality materials to deliver face-to-face sessions to more colleagues, more often. This approach enabled 371 events to take place through the Team Talk Local initiative compared with 12 in person events in the prior year Project underway to launch the MyMitie employee app for Mitie colleagues



Environment

We are a socially responsible business, committed to creating positive environmental impacts across our entire value chain. The actions we are taking to mitigate climate change and foster sustainability reflect our dedication to leaving a lasting legacy for future generations.



Advancing Plan Zero: our path to Net Zero emissions

Our groundbreaking Plan Zero initiative continues to set industry standards as we strive to achieve Net Zero direct operational carbon emissions by the end of 2025, with non-operational emissions targeted by 2035. The transition of our fleet to EVs is central to this, and positions our EV fleet as one of the largest in the UK. Furthermore, we are enhancing the energy efficiency of our built estate by reducing energy consumption, replacing gas boilers with low-carbon heat pumps, and championing initiatives that embrace circular economy principles and biodiversity.

Validation and carbon reduction targets

In April 2023, we received validation from the SBTi, joining c.2,000 organisations that are committed to reducing their carbon footprint. We are one of only c.250 participants globally with targets across all three categories (near-term, long-term and Net Zero).

In recognition of our carbon reduction commitment, we also secured a place on the CDP's Climate Change A List in March 2024, placing us among only 2% of the 21,000 organisations assessed annually.

Reporting and emissions management

Our comprehensive environmental metrics and emissions data demonstrate transparency and accountability. By continually tracking progress against our carbon targets, we remain aligned with our sustainability goals. Our Scope 1 and 2 emissions management focuses on mitigating gas and electricity consumption increases, partly driven by rising building occupancy levels, increased EV charging and recent strategic acquisitions (including those that strengthen our capabilities to provide customers with decarbonisation services). We introduced Scope 3 global reporting in FY23, and continue to enhance our data capture and reporting.

We recently launched a new managed carbon reporting and reduction service, Emissions Intelligence, to empower organisations to be more confident in their emissions reporting and improve their efficiency, as well as to increase the transparency of their progress towards Net Zero goals. This new service combines our decarbonisation expertise with the Salesforce Net Zero Cloud ESG management platform, enabling customers to house all their ESG-related data in one place and connect it with other data and systems in their organisation.

The platform spans Scope 1, 2 and 3 carbon emissions, supplier engagement, energy, waste and water management, while also incorporating social and governance metrics.

Fleet electrification and renewable energy adoption

In FY24, Mitie's Scope 1 and 2 global emissions reduced by 5% to 21,371 tonnes CO₂e (location based) compared with the prior year.

Inclusive of 4,500 verified emissions reduction carbon credits, our Scope 1 and 2 net emissions reduced to 16,871 tonnes CO₂e, improving on our FY24 target of 16,900 tonnes CO₂e.

As a primarily UK-focused business, our UK emissions are the largest contributor, totalling 20,493 tonnes CO₂e (FY23: 21,115). The 3% improvement on the prior year reflects a 25% reduction in emissions from gas consumption for heating across our estate as we continue to replace fossil-fuelled heating systems with low-carbon heat pumps.

UK emissions from electricity consumption increased by 18% due to the ongoing transition of our fleet to EV. During FY24, we transitioned a further 1,871 vehicles, resulting in a total of 5,065 EVs in operation as at 31 March 2024 (66% of our fleet) and a further reduction in our Scope 1 emissions originating from fossil fuels.

Despite the expansion in our overall fleet size arising from recent strategic acquisitions (through which 310 fossil fuel vehicles were added in FY24), our pioneering EV fleet plan still aims to transition 80% of the fleet to EVs by the end of FY25, supporting the Climate Group's EV100 initiative.



66%
of our fleet are EVs

Our environment and social value framework continued



We are also committed to using 100% renewable energy in our offices, combined with strategic energy management efforts, to reduce carbon emissions and drive energy efficiency. We procure 100% of our power from renewable sources, backed by Renewable Energy Guarantee of Origin (REGO) certificates for all Mitie-controlled premises.

Additionally, since 2020 we have been proud members of RE100, the Climate Group's global initiative for businesses striving for 100% renewable electricity.

We have successfully rolled out our ISO 50001 Energy Management System across the entire Group to incorporate our regional hub offices and fleet, and we aim to double our energy productivity through the Climate Group's EPI00 initiative.

Mitie is one of a select few organisations, and the first in our industry, to hold all three accreditations (RE100, EV100 and EPI00).

Finally, FY24 is the second year we have reported our Scope 3 emissions from our supply chain and for commuting across the organisation, in line with our verified science-based targets.

Scope 3 global emissions reduced by 9% to 273,336 tonnes CO₂e, reflecting reductions in our suppliers' own carbon emissions.

See page 74 for our absolute emissions data.

Waste reduction and circular economy initiatives

Our waste reduction initiatives have resulted in zero waste to landfill across the Group since July 2022. Through initiatives such as Bin the Bag™, waste segregation and uniform reuse initiatives, we continue to minimise waste and focus on eliminating single-use products. Additionally, our deployment of biotech cleaning solutions contributes to reducing the environmental impact of chemical agents.

The recent strategic acquisitions have increased the overall scale of our built estate and resulted in an increase in total waste production to 398 tonnes in FY24 (FY23: 306 tonnes). Our average recycling rate reduced to 53% of overall waste generated (FY23: 72%), although it only dropped slightly in absolute terms to 210 tonnes recycled (FY23: 222 tonnes).

Our commitment to a circular economy drives us to make more sustainable choices in the management of our operations. Uniforms are a significant purchase for Mitie. We are exploring sustainable reuse laundry solutions, incorporating social value through various trials with the aim of extending the life of garments and minimising waste.



Edie award winners

Following our success at the 2023 Edie awards (the UK's largest sustainable business awards scheme), winning Net Zero Strategy of the Year for our Plan Zero initiative, we won Transport/Fleet Management Project of the Year in 2024. This was awarded for our ambitious EV transition initiative, which targets fleet emissions reduction and aligns with our ambitious Net Zero targets.

The judge commented: "Mitie has made hugely impressive progress against tackling one of the most material areas of sustainability impact for its business, in pursuit of its science-based Net Zero goals. Structured engagement with vehicle manufacturers, to ensure their designs meet the company's specialist needs, is helping to drive forward transformation across the industry."

Additionally, we are collaborating with our catering partners to introduce reusable cups across key sites in Manchester, Birmingham and Rutherglen. Embracing initiatives such as No Disposable Cups Day in October, we eliminated single-use cups from cafés at these locations, preventing 56,000 paper cups being disposed of annually and saving 5.6 tonnes of CO₂e and 1.2 tonnes of waste each year.

Enhancing building efficiency and customer solutions

Decarbonising heating systems and increasing energy efficiency within our built estate remain pivotal to achieving our Net Zero goals. Additionally, through Plan Zero – Decarbonisation Delivered®, we offer comprehensive end-to-end sustainable decarbonisation solutions to our customers, helping them to achieve their own Net Zero ambitions and extending our positive environmental impact.

Priorities for FY25

In FY25, we will continue to advance our sustainability credentials with actions throughout our value chain:

- Drive sustainability and promote social value across our supply chain to elevate standards and align with our science-based target to address Scope 3 emissions
- Continue to transition our fleet, targeting 80% EVs within our total fleet
- Reduce energy consumption through the expansion of our ISO 50001 Energy Management System, while also working towards eradicating fossil fuels from our operations
- Reduce waste streams and integrate circular economy principles into our operations, with an emphasis on materials reuse
- Enhance the environmental net gain across our buildings and operational domains
- Adopt verified social and nature-based carbon offsetting solutions as part of our commitment to achieving Net Zero emissions



Task Force on Climate-related Financial Disclosures (TCFD)

Compliance statement

Under the FCA's Listing Rules, our reporting is compliant with the four TCFD recommendations and 11 recommended disclosures as set out in Figure 4 of Section C of the TCFD report 'Recommendations of the Task Force on Climate-related Financial Disclosures'. During FY24, the Group has begun to transition towards the adoption of the International Sustainability Standards Board (ISSB) standards, IFRS S1 and S2, and where possible has included information to align with any additional reporting requirements. A summary of our response to the TCFD recommendations is set out below.

TCFD summary

TCFD recommendation	Recommended disclosures	Compliance position			Page reference
		FY22	FY23	FY24	
Governance Disclose the organisation's governance around climate-related risks and opportunities.	A. Describe the Board's oversight of climate-related risks and opportunities.	●	●	●	Pages 64 to 66
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	●	●	●	Pages 64 to 66
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	●	●	●	Pages 67
	B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	●	●	●	Pages 68 to 70
	C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●	●	●	Page 68 to 69
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	A. Describe the organisation's processes for identifying and assessing climate-related risks.	●	●	●	Page 67
	B. Describe the organisation's processes for managing climate-related risks.	●	●	●	Page 67
	C. Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	●	●	●	Page 67
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	●	●	Page 70
	B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	●	●	●	Pages 70 to 75
	C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	●	●	●	Pages 70 to 75

- Disclosure consistent with the recommended disclosure.
- Disclosure consistent with the recommended disclosure, further improvement opportunities planned.
- Disclosure not consistent with the recommended disclosure.

Our environment and social value framework continued



TCFD continual improvement – FY24 progress

In last year's report, we identified four areas where additional measures could be taken to enhance our TCFD reporting. The table below illustrates these areas and the actions undertaken during FY24 to drive continual improvement.

Action required:	Update:
Roll out both preventative and improvement measures in response to the findings from our FY23 scenario analysis focused on extreme weather events.	Information regarding the measures implemented in FY24 can be found on pages 68 to 69.
Extend our scenario analysis to focus on the impact of transition risks.	Information regarding the measures implemented in FY24 can be found on page 69.
Extend our financial framework to include a modelling assessment of our material climate-related opportunities.	Information regarding the measures implemented in FY24 can be found on page 69 to 70.
Review the inclusion of internal and external carbon prices into our metrics framework.	The introduction of a carbon pricing strategy remains under review.

Our TCFD journey to date

FY19

- Launched Plan Zero initiative and set stretching net zero targets (2025 – Scope 1 and 2 and 2035 – Scope 3)
- Created governance structures

FY20

- Signatories of all three Climate Group initiatives RE100, EV100 and EPI100
- Achieved 20% small vehicle EV transition
- Published first TCFD

FY21

- Committed to a science-based target
- Expanded our TCFD, incorporating risks and opportunities
- Achieved 15% EV transition

FY22

- Achieved ISO 50001:2018 in Mitie Energy
- Enhanced our TCFD further, by incorporating scenario analysis
- Achieved 30% EV transition

FY23

- Received validation for science-based targets
- Completed first full year carbon reporting across the Group, both UK and overseas
- Achieved 45% EV transition

FY24

- Achieved CDP A List for climate submission
- Achieved ISO 50001:2018 across the Group
- TCFD fully established for all metrics
- Achieved 66% EV transition

Governance

This section describes the governance arrangements that are embedded across Mitie to ensure climate-related risks and opportunities are correctly assessed and managed.

Mitie has a formal governance structure in place to ensure all climate-related risks and opportunities are correctly assessed and managed. Overall responsibility for this resides with the Board, which is responsible for the strategic direction of the business, setting targets and the prioritisation of material aspects affecting the Group.

The responsibilities of the Chief Executive (CEO) include the successful implementation of the Group's strategy, including actions in relation to climate change. The CEO is assisted by members of senior management in relation to climate-related matters as follows:

- The Chief Financial Officer (CFO) is responsible for monitoring the effective application of the Group's control framework, which provides assurance for Mitie's financial information, carbon emissions and climate-related disclosures
- The Chief Legal Officer, in his capacity as Mitie's Chief Risk Officer is responsible for the provision of the Group's enterprise risk management framework, which provides the basis for how the Group manages all risks, including climate-related risks and opportunities
- The Group Sustainability and Social Value Director is responsible for ESG, overseeing the implementation of the ESG strategy from an environmental perspective
- The Chief People Officer is responsible for the implementation of ESG strategy from a social value perspective
- The Managing Directors of the Group's Energy, Waste and Landscapes businesses support Mitie through the development of decarbonisation opportunities in support of Mitie's Plan Zero initiative. Additionally, they are responsible for Plan Zero Decarbonisation Delivered

In addition to the above, several committees exist across the Group and play an important part in the management of Mitie's climate-related risks and opportunities.

The diagram on page 66 and table on pages 65 and 66 detail the different committee roles and responsibilities for the management of climate-related risks and opportunities, along with information on specific climate-related decisions taken during the year.

Climate targets are built into executive remuneration bonuses – in FY22, Mitie introduced ESG targets as performance measures for 15% of the Long Term Incentive Plan (LTIP) awards. The targets for the LTIP awards are disclosed in the Directors' remuneration report on pages 135 and 136.

During FY24, we have been developing climate-related training aimed specifically at the Board and our executive teams, which will be rolled out in FY25.

Mitie governance body and Chair	Frequency	Climate-related roles and responsibilities	Decisions taken in FY24	Focus areas FY25
Mitie Group plc Board Chairman	<ul style="list-style-type: none"> • Bi-monthly (at least six meetings a year) • ESG is a standing agenda item. Information is disseminated to the Board via the ESG Committee, including climate-related updates 	<ul style="list-style-type: none"> • Maintains oversight of climate-related risks and opportunities • Sets ESG targets, including climate-related targets • Monitors progress against climate-related goals and targets 	<ul style="list-style-type: none"> • Commissioned development of low-carbon transition plan • Reviewed and approved TCFD and principal risks and uncertainties 	<ul style="list-style-type: none"> • Review and integration of double materiality assessment results into existing business strategy
Environment, Social and Governance (ESG) Committee Non-Executive Director	<ul style="list-style-type: none"> • Bi-monthly (six meetings a year) to align with input into Board meetings • Climate-related matters are fed into the ESG Committee via several channels, including the Plan Zero Steering Group, which reports directly to the committee 	<ul style="list-style-type: none"> • Drives the ESG agenda on behalf of the Group • Ensures that the Group conducts its business in a commercially sensitive way to achieve maximum positive impact on the communities, people and the environment which it works within • Formal reporting of climate-related risks and opportunities • Oversight of capital expenditure relating to ESG • Engages stakeholders to understand expectations and concerns regarding climate change and communicates the Group's efforts to address them 	<ul style="list-style-type: none"> • Adoption of decarbonisation agenda for Mitie's estate and energy consumption • Engagement improvements with supply chain to ensure alignment with the Group's science-based target approach 	<ul style="list-style-type: none"> • Ongoing review of Net Zero transition plan and incorporation of carbon reduction initiatives • Review of carbon credits governance framework • Ongoing review against short term FY25 target
Mitie Group Executive Chief Executive	<ul style="list-style-type: none"> • Weekly • Climate-related matters are discussed as required – subject matter dependent, updates will be for information only or involve robust discussion 	<ul style="list-style-type: none"> • Implementation and delivery of ESG targets • Ongoing review of Plan Zero • Ongoing review of growth strategy to ensure continual alignment with decarbonisation agenda 	<ul style="list-style-type: none"> • Ongoing review of operational delivery to ensure alignment with decarbonisation agenda 	<ul style="list-style-type: none"> • Ongoing review of growth strategy and the market with focus on decarbonisation opportunities
Audit Committee Non-Executive Director	<ul style="list-style-type: none"> • Climate-related matters are discussed twice yearly as part of the principal risk and uncertainties process (annual and half-yearly review). Information is disseminated to the Audit Committee via the Risk Committee 	<ul style="list-style-type: none"> • Reviews Annual Report and Accounts (ARA), including TCFD, and advises Board on whether it is fair, balanced and understandable and provides the necessary information to shareholders to assess the Group's position and performance, business model and strategy • Monitors impact of climate change on the Group's strategy, operations and financial performance, and engages with management to address any material risks and opportunities 	<ul style="list-style-type: none"> • Evaluation of TCFD as part of controls framework • Provision of risk assurance against the climate change and social value principal risk and climate-related risks and opportunities as reported in the Group's annual TCFD 	<ul style="list-style-type: none"> • Ongoing evaluation of TCFD as part of internal controls framework
Risk Committee Chief Legal Officer	<ul style="list-style-type: none"> • Quarterly • Climate-related matters are fed into the Risk Committee via several channels, including the Group Head of ERM and Group Sustainability and Social Value Director 	<ul style="list-style-type: none"> • Responsible for overseeing the Group's approach to risk management, including ongoing review of principal and emerging risks • Ensures Group is adequately prepared to manage risks associated with climate change 	<ul style="list-style-type: none"> • Management of outputs from climate scenario analysis to wider business, focusing on maintaining business resilience • Management of outputs from annual risk maturity assessment, which includes climate-related responses 	<ul style="list-style-type: none"> • Development of key risk indicators for principal risks, including climate change and social impact • Management of outputs from FY25 risk maturity assessment, including climate-related responses

Our environment and social value framework continued



Mitie governance body and Chair	Frequency	Climate-related roles and responsibilities	Decisions taken in FY24	Focus areas FY25
Nomination Committee Chairman	<ul style="list-style-type: none"> Two planned meetings as standard 	<ul style="list-style-type: none"> To evaluate and make recommendations regarding the composition, diversity, experience, knowledge, skills and independence of the Board and its Committees 	<ul style="list-style-type: none"> Ongoing review of Board level skills and experience 	<ul style="list-style-type: none"> Broadening Board awareness of climate related matters through provision of IEMA accredited training
Remuneration Committee Non-Executive Director	<ul style="list-style-type: none"> Three planned meetings as standard 	<ul style="list-style-type: none"> Agrees climate-related KPIs that apply to executive remuneration incentive plans 	<ul style="list-style-type: none"> Analysis of out-turns for the maturity of LTIP awards and Annual Bonus Plan 	<ul style="list-style-type: none"> Ongoing review of targets for FY25 awards
Plan Zero Steering Group Group Director for Sustainability & Social Value <i>Repurposed during FY24 to assume responsibilities of TCFD Working Group.</i>	<ul style="list-style-type: none"> Quarterly TCFD and climate-related risks and opportunities are standing agenda items 	<ul style="list-style-type: none"> Responsibility for preparing and responding to TCFD disclosures Reviews and mitigates identified climate-related risks and realises climate-related opportunities Initial review and approval of climate change risk assessment document ahead of submission to ESG Committee Oversees and directs the Plan Zero Working Group 	<ul style="list-style-type: none"> Ongoing TCFD enhancements Improved engagement with supply chain to influence uptake of environmental initiatives that work towards a 1.5°C trajectory Continued advancement of a learning and development programme accessible to all Mitie colleagues, particularly those in frontline operations 	<ul style="list-style-type: none"> Ongoing review of regulatory requirements Development of scenario analysis Development of enhanced carbon credit governance framework
Plan Zero Working Group Environmental and Social Value Manager <i>For FY25, this working group will be repurposed to cover the wider ESG agenda, including environment, labour and human rights, business ethics and sustainable procurement.</i>	<ul style="list-style-type: none"> Monthly Reports into Plan Zero Steering Group 	<ul style="list-style-type: none"> Delivers Plan Zero solutions and opportunities to Mitie's customers 	<ul style="list-style-type: none"> Development of strategy to address plastics reduction – focus to be on what can be eliminated across all business areas 	<ul style="list-style-type: none"> Sustainable procurement and reporting Development of biodiversity strategy Completion of ISO surveillance audits



Risk management

This section outlines the process Mitie utilises to identify, evaluate and manage climate-related risks and opportunities.

Climate-related risks and opportunities are addressed through our enterprise risk management framework. Climate change and social value are considered as a principal risk, as referenced on page 82. This key risk is examined quarterly and undergoes a comprehensive assessment each year.

The climate change and social value risk is supported by numerous climate-related risks

and opportunities that are documented on our climate change risk assessment, employing the Group's Risk Safe platform. As at 31 March 2024, 14 climate-related risks and opportunities were identified. Pages 69 and 70 present details on those deemed to have a potential 'material' impact. Besides the climate change risk assessment, account-level climate-related risk information is also gathered and managed in partnership with clients through account-level risk registers, all accessible on Risk Safe.

All risk data is assessed for impact and likelihood, with the residual score determining one of four risk ratings, ranging from manageable to severe.

Mitie's risk management structure aims to ensure a consistent method for effectively managing risks across the Group.

Every climate-related risk and opportunity has a designated owner responsible for establishing and executing appropriate management strategies, with guidance and advice from the Risk and Sustainability teams. The table below provides a holistic view of all climate-related risks and opportunities. Pages 65 and 66 provide more information on the different committee roles, responsibilities and oversight in relation to climate-related risk management.

Risk/opportunity description:	Risk type	Time horizon
1. Extreme weather events	Physical	Short-medium term
2. Increasing summer temperatures	Physical	Medium-long term
3. Decarbonising supply chain	Transition	Short-medium term
4. Switching from fossil fuels to low carbon alternatives for fleet operations	Opportunity	Medium-long term
5. Changes in customer behaviours resulting in lost opportunities	Transition	Medium-long term
6. Increases in operating costs relating to policy decisions to reduce GHG emissions	Transition	Medium-long term
7. Access to new markets	Opportunity	Medium-long term
8. Investor confidence on climate change management	Transition	Medium-long term
9. Minimise resource use through a circular economy embedded into our business supply chain and operations	Opportunity	Medium-long term
10. Encourage agile and flexible working through business processes	Opportunity	Short-medium term
11. Development/expansion of low emission services	Opportunity	Medium-long term
12. Procurement of verified and high-quality carbon credits	Transition	Short-medium term
13. Low emission and energy efficiency strategy from Mitie estate	Opportunity	Short-medium term
14. Potential for litigation if Mitie does not adequately consider or respond to the impacts of climate change	Liability	Medium-long term

Throughout FY24, we continued to enhance awareness and understanding of climate-related risks and opportunities through various means, including the roll-out of our Action Now campaign providing education and awareness to all Mitie colleagues on environmental issues, the launch of our Science of Service podcast and a carbon disclosure summit hosted at the Shard.

Further information on our enterprise risk management framework can be found on pages 78 to 88.

In FY24, ESG was integrated into our internal controls independent testing programme. This is crucial because the adoption of ESG principles assists Mitie in mitigating potential operational, financial and reputational risks while fostering long-term sustainability and value creation, ultimately leading to enhanced environmental,

social and governance outcomes. To date, our focus has centred on governance oversight processes.

No testing exceptions were observed during the year; however, this exercise has uncovered several opportunities for improvement to further strengthen our processes. The testing programme we have introduced in FY24 will remain ongoing throughout FY25.



Strategy

This section describes the actual and potential impacts of climate-related risks and opportunities on the Group's strategy and financial planning.

Mitie has committed to the delivery of Plan Zero. However, the Group acknowledges that there are external variables which could impact the achievement of the Paris aspiration (alignment as close to 1.5°C as possible). As a result, Mitie continues to proactively monitor its risks and opportunities to ensure it is well placed to adapt to the changing external environment as more information becomes available, to minimise any potential damage to the business.

During FY24, the Group continued to monitor the latest risks and opportunities identified as having a potential 'material' impact. This means that the risk or opportunity has reached a defined threshold at which the Group considers it to be of significant interest to investors and other stakeholders.

To assess the potential impact that climate-related risks and opportunities pose to the Group's strategy, and to aid financial planning, during FY24 Mitie enhanced its climate-related financial modelling framework – see case study titled risk quantification project.

Our financial assessment builds on our base five-year cash flow forecast model which adopts our strategic, budgeting and business planning cycles, with a timeline relevant to the duration of the Group's existing contracts.

The climate modelling framework incorporates three-time horizons, namely short (one to three years), medium (three to ten years) and long (10–15 years). This approach has been adopted to ensure alignment with the Group's enterprise risk management strategy.

Details of the completed financial assessments have been incorporated into the TCFD and underpinned by assumptions.

The key for the financial assessment is as follows:

- Low impact = minimal material impact on EBIT (<5%)
- Medium impact = significant material impact on EBIT (5% – 10%)
- High impact = critical material impact on EBIT (>10%)

Scenario analysis: improving our understanding of our climate-related risk profile

Mitie recognises the substantial threat posed by failing to plan for and address climate-related risks to the execution of its strategy. During FY24, we continued to build on the outputs from the FY23 scenario analysis, which highlighted a growing threat from extreme weather events resulting from climate change.

Much of Mitie's strategy depends on the availability and accessibility of its employees, especially frontline staff, as well as its supply chain and strategic partners. Additionally, maintaining the availability of assets across customer and Mitie estates is essential. Unusual weather events can jeopardise operational and financial performance. Prolonged abnormal weather conditions may result in financial strain and business collapse. As climate change escalates the frequency and severity of atypical weather patterns, their importance should not be underestimated and must be closely scrutinised.

As reported in the FY23 Annual Report and Accounts, we collaborated with Marsh to conduct a scenario analysis concentrating on the physical risks associated with climate change. This analysis aimed to improve our understanding of extreme weather events as well as the probability of long-term critical asset damage and failure. The scenario analysis encompassed all major climate-induced physical damage threats under two representative concentration pathways (RCPs): RCP 2.6, a best-case scenario, limiting the temperature increase to below 2°C, and RCP 8.5, a worst-case scenario where emissions continue to rise throughout the 21st century, reaching around 3°C.

The assessment covered 500 sites, comprising the Mitie estate and locations occupied by key supply chain members, strategic partners and selected key accounts, intending to identify assets at the highest risk from climate-related hazards. The results indicated that Mitie's portfolio is generally low risk, with 87% of assets classified as having a medium or lower risk score. Medium- or high-risk sites were predominantly at risk of flood exposure. Following the initial analysis, an in-depth examination of 95 sites of the 500 was carried out. These 95 sites were chosen based on their value and whether they had been identified with high and/or very high-risk scores.

During this second phase, data was overlaid with seven distinct climate-related hazards for the two RCPs, across three separate timeframes (2020, 2050, and 2100). The findings at this stage revealed that sea-level rise is anticipated to become the primary area of increased risk with ten sites at high or extreme risk for RCP 2.6 by 2050 and 28 sites at extreme risk for RCP 2.6 by 2100. Additionally, it underscored that flooding remains a persistently high risk for over 20 sites on the RCP 8.5 pathway.

Case study: Risk quantification project

During this reporting period, Mitie collaborated with Marsh (insurance broker and risk advisor), to create a sustainable risk quantification framework that would accommodate both principal risks and those related to climate, as well as potential opportunities. The risk model created during this joint project utilised Mitie's five-year cash flow model as the base, with the impact of each of the risks quantified and measured against the base to determine the profit and loss and cash flow impact.

The endeavour spanned from August 2023 to February 2024 and involved a series of interviews to identify and validate crucial assumptions for the key risk scenarios.

Employing a deterministic method, all risks were modelled around three scenarios, namely worst case, most likely and best case. For the TCFD, we have provided impact assessments related to the most likely scenario as shown on pages 69 and 70, while additional insights into worst- and best-case scenarios can be found in our ESG report which will be released in the summer.

Mitie plans to continue its partnership with Marsh during FY25 to future-proof the model, ensuring that results and assumptions stay relevant and that engagement with suitable subject matter experts and risk owners is maintained. Furthermore, the project will also consider the two new principal risks mentioned on page 88, as well as any new or emerging climate-related risks and opportunities, which may present themselves moving forward.

In FY24, we focused on the outcomes of these findings and implemented a range of initiatives to tackle the identified associated risks. This involved working closely alongside our strategic partners in India to enhance our business resilience testing and develop specialised training for our operational teams, increasing their understanding of the threats posed by extreme weather conditions. For example, we created a podcast during FY24, titled 'Braving the Storm: Preparations for Weathering Climate Extremes', which was showcased at our inaugural Risk and Resilience Week, held in May of this year.

Additionally, our Business Resilience e-learning training course includes a climate-related extreme weather exercise that must be completed as a requirement of the course.

In FY24, we refined our approach to climate-related scenario analysis, broadening the scope of our work to encompass a wider variety of risks, beyond just physical factors. In collaboration with our Procurement and Supply Chain team, the Group Risk and Sustainability teams began to investigate the potential impacts of climate change on Mitie's ability to obtain essential materials, such

as paper. Due to Mitie's reliance on paper washroom products such as hand towels and toilet paper, paper has become an initial focus area. The following outlines our current progress in this assessment and the risks being modelled in FY25. Our ESG report 2024 highlights the projects we have launched with our supply chain partners to help manage any risk exposure. Mitie's risk management structure aims to ensure a consistent method for effectively managing risks.

Scope:	Risks being modelled in FY25:	Current measures in place to manage
Paper: Globally sourced raw material used for washroom products such as hand towels and toilet paper.	Transitional risks – including decarbonisation of supply chain and regulatory compliance.	<ul style="list-style-type: none"> Working with suppliers on net zero journey and future development of sustainable products Ongoing review of regulatory landscape
	Physical risks – extreme weather events, acute and chronic, which may impact on production.	<ul style="list-style-type: none"> Ongoing review of extreme weather events Ongoing review of preferred suppliers and product requirements to minimise disruption in the event of a worst case scenario
	Opportunity risks – low emission and energy efficiency strategy for Mitie's estate.	<ul style="list-style-type: none"> Review of paper towels vs hand driers across the estate to establish the most efficient method

Table 1: Macro-level climate-related risks and opportunities, including current mitigation measures, potential financial impact and latest working assumptions

Risk / opportunity description	Impact	Strategic response	Financial assessment and assumptions
1. Extreme weather events Physical risk Short-medium term	Increased costs owing to damage to assets. Impacts felt universally – Mitie (UK and overseas), customers and subcontracting and strategic partners affected.	<ul style="list-style-type: none"> Enhanced H&S standards and processes ISO 22301 certified Planned preventative maintenance schedules aligned to seasonal changes Estates strategy in place and continually reviewed Insurance coverage Ongoing scenario testing 	<p>Short-term impact assessment: Low impact</p> <p>Medium-term impact assessment: Low impact</p> <p>Long-term impact assessment: Low impact</p> <p>Current assumptions based on a most likely scenario: The modelling assumes that around four extreme weather events occur annually. It also incorporates the NATHAN approach which is a global assessment of natural hazard risks and impacts in order to help calculate the financial repercussions of severe weather incidents on Mitie's asset portfolio.</p>
2. Increasing summer temperatures Physical risk Medium-long term	Increased costs resulting from absenteeism and reduced productivity. Impacts felt universally – Mitie (UK and overseas), customers and subcontracting and strategic partners affected.	<ul style="list-style-type: none"> Occupational health strategy embedded Ongoing sickness monitoring Health surveillance and monitoring framework Seasonal alerts reminding colleagues of risks and associated controls to be followed Planned preventative maintenance schedules aligned to seasonal changes 	<p>Short-term impact assessment: Low impact</p> <p>Medium-term impact assessment: Low impact</p> <p>Long-term impact assessment: Low impact</p> <p>Current assumptions based on a most likely scenario: The modelling is based on costs related to heat-related sickness experienced by frontline staff and the productivity costs incurred by both back-office and frontline staff at Mitie due to absences.</p>
3. Decarbonising supply chain Transition risk Short-medium term	Increased costs arising from the purchase of carbon offsets in order to meet emissions targets.	<ul style="list-style-type: none"> Procurement leads identified Ongoing engagement with supply chain 	<p>Short-term impact assessment: Low impact</p> <p>Medium-term impact assessment: Low impact</p> <p>Long-term impact assessment: Low impact</p> <p>Current assumptions based on a most likely scenario: The modelling assumes that the purchase of carbon credits will be required to achieve Mitie's Scope 3 net emissions objective, resulting in an increase in Group expenditure.</p>

Our environment and social value framework continued



Risk / opportunity description	Impact	Strategic response	Financial assessment and assumptions
4. Switching from fossil fuels to low-carbon alternatives for fleet operations Opportunity Medium-long term	Opportunities felt predominately in Mitie operations (Technical Services, Business Services, CG&D and Communities) (UK and overseas).	<ul style="list-style-type: none"> Plan Zero commitment – 85% EV fleet by the end of 2025 Ongoing review of EV transition Deployment of charging points at Mitie and customer sites, as well as colleagues' homes 	Short-term impact assessment: Low impact Medium-term impact assessment: Low impact Long-term impact assessment: Low impact Current assumptions based on a most likely scenario: The modelling assumes that by FY35 the Group's fleet will consist entirely of EVs. The associated leasing expenses are expected to rise by 6% per year, with fuel costs determined by average annual mileage and cost per mile. As the Group shifts entirely to EVs, charging expenses are estimated based on average annual mileage.
5. Changes in customer behaviours resulting in lost opportunities Transition risk Medium-long term	Revenue reduction if Mitie cannot keep up with demand for the services. Impacts felt universally across the Group (UK and overseas).	<ul style="list-style-type: none"> Ongoing review of customer behaviours via ESG governance framework Ongoing review and development of customer propositions Feedback gathered internally via various channels 	Short-term impact assessment: Low impact Medium-term impact assessment: Low impact Long-term impact assessment: Low impact Current assumptions based on a most likely scenario: The modelling assumes that Mitie is able to grow its decarbonisation business at the same annual growth rate as its markets.

Metrics and targets

This section describes the metrics and targets used by Mitie to assess and manage relevant climate-related risks and opportunities.

The Group has established metrics and targets that guide how we do business, including how we operate and how we serve our customers. These include ESG targets designed to help Mitie become more environmentally and socially sustainable.

Our climate-related metric categories are detailed in the table below. This is followed by our greenhouse gas (GHG) reporting methodology statement for FY24, which provides further context for our emissions metrics and targets which can be found on page 71.

Category	Sub-category	Unit measurement	Description of metric	FY24 risks and opportunities references
GHG emissions	Emission level	tCO ₂ e	Total emissions	1,2,3,4,5
	Intensity	tCO ₂ e per £m revenue	Emissions intensity	1,2,3,4,5
Carbon credits	Plan Zero	£	Amount invested to support obtainment of Plan Zero targets	3,4
Energy/fuel	Energy usage	kWh	Total energy consumption	1,2,3,4,5
	Transition to greener fleet	%	Total percentage of EV fleet	1,3,4,5
Waste	Recycled	Tonnes	Total waste recycled	3,5
Risk adaptation and mitigation	R&D	£	Amount invested in developing low-carbon products and services	3,4,5
	CapEx	£	Amount invested in deployment of low-carbon technology, energy and resiliency capabilities	3,4,5
Science Based Target initiative (SBTi)	Acquisitions	%	Total percentage of acquisitions with agreed targets in place	1,2,3,4,5
	Supply chain	%	Total percentage of supply chain with agreed targets in place	3,5
ISO management system	14001	%	Total percentage of business certified	1,3,4,5
	50001	%	Total percentage of business certified	2,3,4,5

GHG reporting methodology statement for FY24

Reporting period

Emissions are reported against the accounting year covering the period from 1 April 2023 to 31 March 2024.

Reporting boundary

Financial control authority – Mitie reports any emissions from its operations for which it can directly influence financial and operational policies to gain economic benefit.

Greenhouse gases

All GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e) to account for all six of the Kyoto Protocol GHGs.

Emissions factors

Mitie has applied the UK Government's GHG reporting conversion factors for 2023.

Science-based target validation

Mitie has validated science-based near- and long-term targets against the SBTi Net Zero criteria and criteria (version 5).

Baseline year and carbon targets

A new baseline was introduced for FY22 in line with our Energy Review Methodology procedure. Our carbon targets are shown in the table below.

Intensity ratio

Mitie uses tCO₂e/£m revenue as its intensity ratio to compare its emissions over time as this normalises for changes in the scale of Mitie's business activities.

Exclusions

Mitie does not report fugitive emissions (refrigerant leakage) from refrigeration and air-conditioning systems in leased properties or fleet. This is due to the difficulty in obtaining centralised data on refrigerant top-ups and owing to the landlords of many of our leasehold buildings managing the HVAC systems. Given the size and types of emission sources listed by Mitie, fugitive emissions are expected to be a very small proportion of total emissions and are therefore considered immaterial.

Mitie carbon targets (tCO ₂ e)	FY22 baseline	FY23	FY24	FY25	FY26
Scope 1 and 2	20,596	20,300	16,900	12,775	8,400
Scope 3	332,035	315,433	296,507	275,752	253,692
Total	352,631	335,733	313,407	288,527	262,092

Note: Carbon credits have been included from FY24 onwards.

Science based carbon targets (tCO ₂ e)	FY22 baseline	FY23	FY24	FY25	FY26
SBTi Scope 1 and 2	20,596	19,558	18,520	17,482	16,444
SBTi Scope 3	332,035	317,085	302,135	287,185	272,235
SBTi Total	352,631	336,643	320,655	304,667	288,679

Note: Carbon credits have been included from FY24 onwards.

FY24 – Carbon emissions breakdown

	FY24 emissions (tCO ₂ e)	%
Electricity	1,042	0%
Gas	156	0%
Water	5	0%
Transport/travel	32,595	11%
Waste	7	0%
Commuting/working from home	45,549	16%
Supply chain	215,353	73%
Total^I	294,707	100%
Mitie Scope 1 and 2 (UK and overseas)	21,371	
Mitie Scope 3 (UK and overseas)	273,336	
Total^I	294,707	

I. This total is excluding the purchase of 4,500 verified carbon credits.



Scope of emissions

Scope 1 – Direct emissions

On-site fuel combustion

- Gas directly purchased for heating or generation across leased property managed by Mitie

Company vehicles

- Fuel purchased for fleet vehicles

Fugitive emissions

- Refrigerant leaks from air-conditioning (RAC) equipment in leased assets and fleet vehicles¹

Scope 2 – Indirect emissions

Purchased electricity

- Electricity directly purchased across leased property and EVs managed by Mitie

Scope 3 – Other indirect emissions

Category 1 – Purchased goods and services

- Purchased goods and services from supply chain

Category 3 – Fuel and energy related activities

- Electricity transmission and distribution (T&D) losses
- Upstream emissions associated with the extraction of purchased fuels and gas
- Gas and electricity recharges across leased property managed by the landlord

Category 4 – Upstream transportation and distribution

- Transportation of goods

Category 5 – Waste

- Waste generation across leased property

Category 5 – Water

- Water usage across leased property

Category 6 – Business travel

- Expensed air, road and rail travel (including hotel stays)

Category 7 – Employee commuting

- Commuting (all forms of transport)
- Working from home

1. Fugitive emissions are not reported as outlined in the exclusions statement.

Process

Mitie follows the reporting approach set out in the UK Government’s Environmental Reporting Guidance (2019 version) to ensure that reporting standards are robust and transparent.

For most of its major emissions sources, Mitie uses primary data from AMR meter readings, utility bills, service charge data and expensed claims.

Emissions data is collated centrally by Mitie Energy on a quarterly basis and then restated at the end of the year to reflect any changes or to replace any estimated data with actual data (where available). Emissions figures are verified by the ESG team, who have overall responsibility for ensuring the calculations and methodology are correct.

Mitie obtained independent verification on the accuracy of selected information included in Mitie’s FY24 GHG emissions and water consumption datasets, in accordance with (1) ISO 14064-1: 2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and (2) Global Reporting Initiative’s, G4 Sustainability Reporting Guidelines.

Data sources

Scope 1 and 2

Gas and electricity consumption

Information is populated from automatic meter readings (AMRs), invoiced data, service charge data and estimates. AMR data has priority, followed by supplier or service charge data. If none of this is available, then an estimate will be generated based on all data for other sites. This is used to calculate an average kWh/m² for the Mitie estate, and the estimate is this average multiplied by the floor area for the site in question. For sites where, in addition to a direct supply, there is also a service charge for energy use within the communal areas, the figures are added together.

For sites where invoiced data is only available for a partial period, the data has been apportioned based on the average kWh/day for each site, based on the billing data that is held. Unless advised otherwise by property, sites are assumed to have all supplies in place. This information is taken from the Mitie Property Master Site List, which is updated in real time. Data is obtained from the data collector for HH/AMR data, the SRI80 export from Optima for invoiced data and directly from the landlords for service charge data. Where leased building utility data is unavailable, estimations are made using an anticipated energy use per square metre. This is calculated using a combination of half hourly meters and actual billing data received across the estate. For sites where invoice data is only available for a partial period, the available data is apportioned using an average kWh/day figure based on known utility data from other sites.

Company vehicles

Data is provided by Mitie’s fuel card provider, and users then submit their monthly business and personal mileage via our Fleet Data Platform.

As personal mileage must not be included within the report, we have undertaken a check of the data, comparing total business miles and total personal miles, and agreeing that the percentage split is 77% of consumption for business purposes. Within the raw datasets is the 100% figure, and this split is then calculated within the Consumption and Environmental tabs. This ensures that the raw data within the report matches the files received from the Fleet team.

Scope 3

Purchased goods and services	Supplier spend data is based on paid invoices for FY23 and the primary Coupa (digital supplier portal) categories were used to determine the supplier's principal activity. Suppliers representing 60% of overall category spend falling into Scope 3 were identified and a hybrid approach using analysis of publicly available data (revenue and carbon) in conjunction with the EEIO spend based model was used to calculate emissions through applying Mitie's spend with each supplier as a percentage of its turnover. Publicly reported data was collected and sourced from Companies House (a UK Government website) and/or the supplier's own website. The Scope 3 emissions figures for this 60% of category spend are extrapolated to 100% to provide the final reported figure.
Upstream transportation and distribution	Emissions calculated for the delivery and transportation of goods to Mitie-run facilities, including our own estate and customer contract premises.
Fuel and energy related activities	Scope 1 and 2 data is used and DEFRA emissions factors for Scope 3 are then applied. Landlord recharge data is calculated from service charge bills or estimated from an anticipated energy use per square metre. This is calculated using actual billing data received.
Waste	<p>Waste data is collated by our waste management provider.</p> <p>This data is obtained from a detailed set of scenarios to ensure that we capture not only the material that Mitie Waste and Environment (MWE) collects but also more detailed information on landlord sites. The data we have is therefore split into four scenarios:</p> <ol style="list-style-type: none"> 1. Sites where MWE provides all the services (general waste, dry mixed recycling, confidential paper and food) and we therefore have a complete picture of the waste types/volumes and headcount. This data is used as the basis for the other scenarios as it shows all waste streams, and we can then apportion the waste stream by type by headcount. This can then be used for landlord sites. 2. Sites where MWE provides some of the services and some are provided by the landlord. For example, we provide confidential paper, but the landlord provides general waste, dry mixed recycling and food. For these sites we use the actual data from the services we provide and then we do an apportionment for the services we do not cover based upon the kg/person we have for the sites in scenario 1. 3. Sites which have all the services provided by the landlord, but we know which waste streams they collect. The data for these sites is based upon the headcount for those buildings and the data from scenario 1 so we make an apportionment based upon this (similar to scenario 2). 4. Sites which have all the services provided by the landlord, but we do not know which waste streams they collect. For this set of sites, we use a general waste figure only and report this as landfill. There has been communication with all landlords for new sites to ascertain what services are provided and if the waste is landfill or energy from waste. After this has been provided, we will then be able to move these sites into scenario 3.
Water	Utility bills are verified through our internal bureau service within Mitie Energy. Any billing data is cross referenced against meter-read data where available. Service charge bills are used for buildings where the landlord recharges utilities.
Business travel	Business travel (air, rail and hotel stays) is provided by our corporate travel provider in a report from its dashboard.
Employee commuting	A commuting survey is undertaken annually to establish commuting patterns and incorporates working from home emissions.

FY24 position

At Mitie, we see the climate emergency as a business-critical issue that needs to be addressed within our operations.

Four years ago, we launched our industry-leading Plan Zero commitment to set a clear pathway on how we will decarbonise our business and reach Net Zero carbon emissions by 2025 (Scope 1 and 2).

This focuses on three key areas:

- Eliminate carbon emission from power and transport
- Eradicate non-sustainable waste
- Enhance inefficient buildings to meet the highest environmental standards

We received confirmation that we had achieved validated near- and long-term science-based targets from the Science Based Targets initiative. These targets cover Scope 1, 2 and 3.

Our environment and social value framework continued



Absolute emissions

	Emissions	FY23	FY24	Change from previous year	% change from previous year
UK only	Total Scope 1 (tCO₂e)	19,225	18,265	-960	-5%
	Emissions from fuel combustion across our fleet	19,177	18,229	-948	-5%
	Emissions from fuel combustion in our occupied buildings	48	36	-12	-25%
Overseas	Total Scope 1 (tCO₂e)	1,305	873	-432	-33%
	Emissions from fuel combustion across our fleet	1,305	873	-432	-33%
UK & overseas	Total Scope 1 (tCO₂e)	20,530	19,138	-1,392	-7%
UK only	Total Scope 2 (tCO₂e)	1,890	2,228	338	18%
	Emissions from the purchase of electricity across occupied buildings (location based)	433	430	-3	-1%
	Emissions from electricity combustion across our EV fleet	1,457	1,798	341	23%
Overseas	Total Scope 2 (tCO₂e)	19	5	-14	-74%
	Emissions from the purchase of electricity across occupied buildings (location based)	19	5	-14	-74%
UK & overseas	Total Scope 2 (tCO₂e)	1,909	2,233	324	17%
UK only	Total Scope 1 and 2 (location based)	21,115	20,493	-622	-3%
	Total Scope 1 and 2 (market based)	20,682	20,063	-619	-3%
Overseas	Total Scope 1 and 2 (location based)	1,324	878	-446	-34%
	Total Scope 1 and 2 (market based)	1,324	878	-446	-34%
UK and overseas	Total Scope 1 and 2 (location based)	22,439	21,371	-1,068	-5%
	Total Scope 1 and 2 (market based)	22,006	20,941	-1,065	-5%
	Purchased verified emissions reduction carbon credits (VER)		-4,500		
	Total Scope 1 and 2 (location based) incl. VER		16,871		
	Intensity – emissions ratio				
UK only	tCO₂e/£m revenue (Scope 1 and 2)	5.21	4.55	-0.66	-13%
UK and overseas	tCO₂e/£m revenue (Scope 1 and 2)	5.54	4.75	-0.79	-14%
	tCO₂e/£m revenue (Scope 1 and 2) incl. VER		3.75		
UK only	Total Scope 3 (tCO₂e)	298,950	268,668	-30,282	-10%
	Mitie generated Scope 3	52,932	53,315	383	1%
	Supply chain emissions	246,018	215,353	-30,665	-12%
Overseas	Total Scope 3 (tCO₂e)	1,164	4,668	3,504	301%
	Mitie generated Scope 3	1,164	4,668	3,504	301%
UK and overseas	Total Scope 3 (tCO₂e)	300,114	273,336	-26,778	-9%
UK and overseas	Total Scope 1, 2 and 3 (tCO₂e)	322,553	294,707	-27,846	-9%
	Total Scope 1, 2 and 3 (tCO₂e) incl. VER	322,553	290,207	-32,346	-10%

The table above highlights that Mitie's absolute emissions, excluding carbon credits have decreased by 9% and emissions intensity has decreased by 14%. Mitie is seeing a 25% decrease in carbon emissions from gas consumption for heating and a 17% increase in emissions from electricity consumption for our built estate and EV charging. We attribute these changes to our decarbonisation programme to remove fossil fuelled heating systems and replace them with low-carbon heat pumps. It is further noted that Mitie has increased its carbon inventory with some significant acquisitions over this period.

In line with our expectations, we continue to see a steady increase in electricity consumption and carbon emissions for our EV as we transition further to an all-electric fleet. Mitie has increased the EVs in service since last year by 1,871 and had 5,065 in operation (66% of the fleet) as at 31 March 2024 and this initiative will continue to eliminate our Scope 1 emissions from diesel. Our total fleet has increased by 310 vehicles following recent acquisitions and contract wins.

During FY24, Mitie continued to record our full Scope 3 emissions from our supply chain and commuting figures for the whole organisation in line with our validated science-based targets. We have seen a reduction in supply chain emissions despite an increase in supplier spend by over £300m.

Environmental data

The below table provides further details on our UK environmental performance:

	FY23	FY24	Change from previous year	% change from previous year
Electricity consumed across occupied buildings (kWh)	4,931,269	4,790,022	-141,247	-3%
Gas consumed across occupied buildings (kWh)	1,668,849	817,131	-851,718	-51%
Fuel used by vehicles for business travel (kWh)	80,238,049	76,605,383	-3,632,666	-5%
Electricity used by EV vehicles for business travel (kWh)	7,331,647	8,684,230	1,352,583	18%
Total organisational energy consumption (kWh)	94,169,814	90,896,766	-3,273,048	-3%
Water consumed across occupied buildings (m ³)	16,392	27,941	11,549	70%
Total waste generated across occupied buildings (tonnes)	306	398	92	30%
Total waste to landfill (tonnes)	2	0	-2	-100%
Energy from waste (tonnes)	82	188	106	129%
Total waste recycled (tonnes)	222	210	-12	-5%
Recycling rate	72%	53%	-19ppt	

Our climate transition plan

Our climate transition plan outlines our high-level ambitions to mitigate, manage, and respond to climate change while seizing opportunities in the transition to a low greenhouse gas (GHG) and climate-resilient economy. The plan includes GHG reduction targets with short-, medium-, and long-term actions to achieve our strategic goals. We have established governance and accountability mechanisms to support the plan's implementation, along with robust periodic reporting. Additionally, the plan addresses material risks and leverages opportunities for the natural environment and stakeholders, including our frontline colleagues, supply chains, communities, and customers.

Strategy to achieve our targets

- Eliminating Scope 1 emissions (Fossil fuels) from our operations (where technology allows)
- Drive down energy consumption and adopt natural renewable sources for Scope 2 electricity emissions

- Measure, report and influence Scope 3 emissions throughout the value chain
- Source credible and verified carbon credits for both social and nature-based projects

Operational transition

Our Plan Zero initiative incorporates a decarbonisation strategy that targets our material carbon emissions through various levers. Our extensive fleet of >7,700 vehicles is our primary source of direct operational carbon emissions (>90%) and since 2019, we have been transitioning our vehicles to a full battery electric solution and have over 5,000 (66%) in operation. We have 16 fully decarbonised offices in our estate and are continuing to invest in further built environment carbon emission reductions. We procure green energy and have been implementing a programme of decarbonising the heating systems through replacement of existing gas boilers with low carbon heat pumps. To assist in our EV transition, we are significantly increasing EV charging infrastructure across our built estate.

Opportunities

Our in-house Sustainability Consultancy positions Mitie as a leader in carbon reduction, accelerating our journey to net-zero and supporting our customers. Mitie Plan Zero Decarbonisation, Delivered™ offers end-to-end decarbonisation services for customers, suppliers, and the industry.

Value chain

We actively engage with our strategic and preferred suppliers to encourage them to improve data quality, measure environmental performance, publicly disclose carbon emissions, and set their own science-based targets. We encourage SMEs and smaller suppliers to engage with the decarbonisation agenda, measure carbon emissions and set net zero targets.

Reporting and disclosure

Mitie will issue its ESG Report 2024 in the summer on its website. The website also includes our progress against carbon reduction targets.

More information on our climate transition plan is available within our ESG Report 2024.

Our climate transition plan targets

Short Term 2025

- Net Zero for Scope 1 and 2 direct operational emissions
- Zero waste to landfill
- 85% EV transition¹

Medium Term 2030

- 80% Net Zero for Scope 3 indirect emissions
- 60% Suppliers by category spend to have science-based targets
- 90% EV transition

Long Term 2035

- Net Zero for Scope 3 indirect emissions
- 100% EV transition

1. 85% is based on completion by 31 December 2025. For FY25, the Group target will achieve 80% EV transition.

TCFD continual improvement – actions we will take in FY25

During FY25, Mitie will:

- Roll out Board and MGX climate-related training
- Review carbon credits governance framework to ensure continual alignment with evolving landscape



Community

Making a positive difference, wherever we operate.



Overview

As the leader in our industry with over 3,000 customers, Mitie has a vast footprint across the UK's built environment and plays a pivotal role in many communities.

We are committed to delivering outstanding service while maximising social value. This approach is recognised by our customers, delivers favourable outcomes throughout our organisation and for the communities in which we operate and catalyses positive change for a brighter tomorrow.

We embrace the Government's Social Value Model as an integral part of our corporate ethos. This is particularly important in fulfilling our obligations in respect of public sector contracts.

Mitie Foundation

The Mitie Foundation was established as an independent charity, wholly funded by the Mitie Group, in 2013. The Foundation is committed to supporting marginalised groups, including the long-term unemployed, individuals with learning difficulties and disabilities, ex-offenders, prison leavers, young people and veterans.

The Foundation operates under the belief that everyone deserves equal opportunities for independence and meaningful employment.

During FY24, the Foundation continued to advance its flagship Ready2Work programme and proudly introduced the Ready2Work Military initiative. As at 31 March 2024, Mitie had 765 (FY23: 463) service leavers and veterans, and is a member of the Government's Defence Employer Recognition Scheme with a Gold Covenant.

As part of our Gold Covenant, the Foundation contributes to the organisation of Career Transition Partnership events, while also working closely with Forces Employment Charity, Walking With The Wounded and The Poppy Factory.

Overall, we have successfully recruited 418 individuals through the Mitie Foundation from our 42 referral partners, and provided comprehensive support services such as CV writing assistance, mock interviews and guidance on effective job search strategies.

The Foundation recently introduced supported internships in collaboration with Mencap and DFN Project SEARCH, with the new initiative being piloted within our contracts with Lloyds Banking Group and NHS Tunbridge Wells.

The internship consists of a 12-month (480 hours) work placement within a working environment with a dedicated mentor for those aged 18–25 who have a learning difficulty or disability. All individuals are thriving and developing the skills required to enter the workforce.

Giving back to the community

Mitie has a significant five-year pledge to support communities through volunteering for good causes.

In FY24, we delivered 24,626 hours, a 28% increase on the prior year (FY23: 19,298). Every salaried member of staff is encouraged to undertake one day of volunteering during their working hours. Volunteering events have included the Poppy Appeal, Macmillan coffee mornings, NSPCC and Career Ready Plus.

£110,000
donated to good causes

24,626
hours volunteering delivered

418
employees recruited through the Mitie Foundation

Priorities for FY25

- Deliver our flagship Ready2Work programmes nationally across the business
- Support ex-offenders in rehabilitation and finding job opportunities within Mitie
- Pilot and roll out prison workshops
- Support our referral partners and their customers with employment at Mitie
- Continue to educate our colleagues in the delivery of Foundation initiatives
- Continue to support those facing barriers to securing employment
- Deliver our volunteering hours target to ensure we make a maximum impact on our communities



Responsible supply chain

A responsible supply chain that is engaged in the creation of positive social impacts across all areas of the business.



Overview

In FY24, we completed a three-year supply chain transformation programme, which included the following initiatives:

- Deploying the Coupa digital supplier platform (Technical Services and Projects to be completed in FY25)
- Introducing comprehensive new Group Procurement and Purchasing Card Policies
- Completing a recruitment programme to build breadth and depth across all Category Sourcing teams
- Developing a robust suite of reporting dashboards to provide valuable insights across the supply chain

As a result of these initiatives, we have:

- Reduced the supplier base by almost 50% to c.8,000 suppliers
- Delivered benefits to the Group exceeding £160m, while effectively managing periods of supply chain disruption and high inflation

During the year, we set up a new Procurement Centre of Excellence to oversee procurement systems management, governance, risk and compliance, and client bid and mobilisation support.

We launched a new Preferred Supplier List (PSL) optimisation initiative, focused on minimising cost and risk across the supply chains deployed on behalf of Mitie's growing customer base, and ensuring that we continue to effectively leverage our scale.

To support this initiative, we have revised and re-launched the Supplier Management Programme that all Preferred Suppliers will be inducted onto over the coming year, focusing on areas such as collaboration, operational performance, ESG and Quality, Health, Safety and Environment (QHSE).

Our digital procurement strategy

The implementation of Coupa makes it easier for our suppliers to engage with us, and delivers efficiency savings and enhanced data to our teams. We have further enhanced and optimised our management information reporting, to highlight opportunities, provide insights and drive future value. This enables our teams to identify risks, trends and opportunities, and track and report tangible progress against targets.

We have also continued to drive improvements in the supplier journey, from tender through to onboarding and ensuring supplier compliance, helping to reduce our exposure to high-risk subcontractors. We work closely with Alcumus SafeContractor, the UK's largest Safety Schemes in Procurement provider, enhancing our reporting to include ESG and support suppliers to achieve accreditation and improve compliance.

80,000

users during FY24 used our supplier platform, Mitiesuppliers.com

+40%

of spend through SMEs

+£3m

of spend through VCSEs

Supply chain sustainability

We aim to make it easy for suppliers to collaborate with us. We do this by providing our suppliers with all of the information, guidance and support they need via Mitiesuppliers.com.

We are proud of the diversity across our supply chain and continue to engage with Social Enterprise UK (SEUK), Minority Supplier Development UK (MSDUK) and the Supply Chain Sustainability School to identify additional opportunities to progress our sustainability and social value goals.

During FY24, we hosted a 'Buy Social' quarterly partner meeting in The Shard, sponsored the Technology & Innovation award at the Social Enterprise of the Year Awards and identified opportunities for further collaborations with suppliers and partners.

We have also continued to develop our supply chain carbon emissions reporting, making it easier for every supplier to provide simple emissions data and helping to identify opportunities to work with our suppliers on carbon reduction plans. We have invited more suppliers than ever before to participate in our annual Carbon Questionnaire and we continue to work with the Supply Chain Sustainability School to jointly deliver further support and training.

Priorities for FY25

We will continue standardising, simplifying and optimising our supply chain, with a focus on the following areas:

- Operating model – ensuring the Procurement function remains aligned to the needs of the business
- Controls and processes – Coupa roll-out to Technical Services and Projects, and wider optimisation by evaluating opportunities to apply AI
- Supplier relationships – driving value and re-engineering supply chain solutions
- Preferred Supplier base – ensuring the supply chain deployed is the right structure to support the customer

Principal risks and uncertainties

Effective risk management



During FY24, the risk landscape continued to undergo significant transformation, driven primarily by heightened geopolitical tensions and rapid advancements in technology. These factors have combined, placing an unprecedented level of pressure on all businesses to not only manage risks effectively but also to proactively build resilience. In this constantly evolving environment, it has become imperative for Mitie to adopt agile risk management strategies and foster a culture of resilience, ensuring we are well equipped to tackle emergent challenges and seize potential opportunities.

Peter Dickinson
Chief Legal Officer

Mitie's Chief Risk Officer and
Risk Committee Chair



Our risk management approach

During FY24, the Group made significant progress in its risk management approach. Notable enhancements to our Enterprise Risk Management (ERM) framework during this reporting period include:

- Implementing a new annual risk management maturity assessment that enables us to gauge risk performance, proactively detect gaps and areas needing improvement, encourage ongoing enhancement and strengthen our risk culture
- Developing a new risk quantification modelling framework (additional details can be found on page 68)
- Undertaking and successfully completing a third-party evaluation by BSI concerning our adherence to ISO 31000:2018, which demonstrates that Mitie is functioning in accordance with the ISO requirements
- Embracing and incorporating annual Risk & Resilience Weeks into our operations

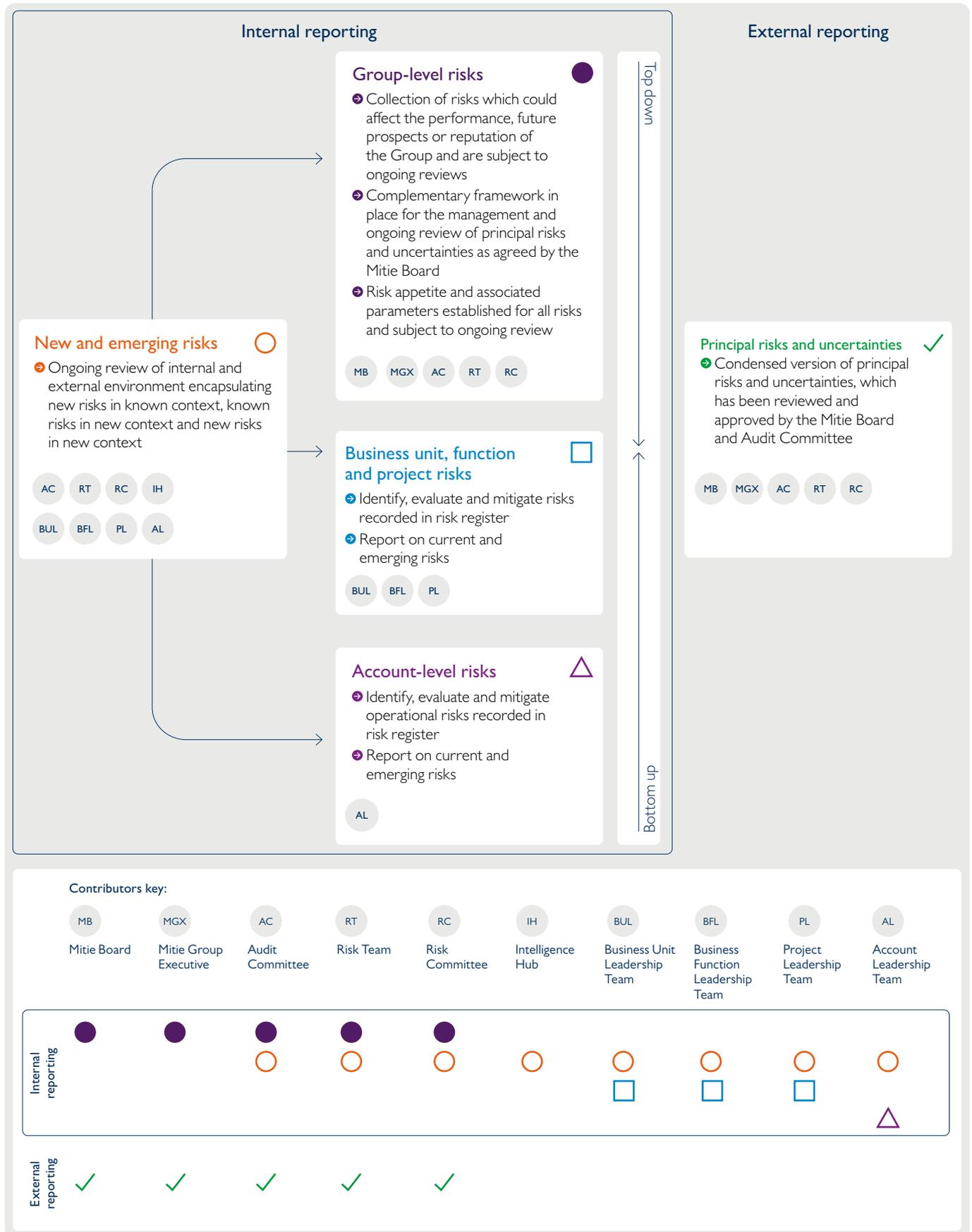


Mitie's risk management process is straightforward and in line with the Group's operating model. Each business area is accountable for the consistent management of existing and emerging risks, considering both threats and opportunities. The following aspects are relevant to the compilation of the Group's principal risks and uncertainties:

- The Board is responsible for explicitly determining Mitie's risk appetite, monitoring the amount of risk taken and ensuring that activities undertaken to achieve strategic objectives align with this appetite
- A level of risk appetite is set for all principal risks, which helps determine the actions and resources needed for mitigation

- The Risk Committee, chaired by the Chief Risk Officer (Mitie's Chief Legal Officer) and comprising the Managing Directors of the each of the divisions, the heads of all functions, and relevant subject matter experts, is responsible for overseeing the implementation of the Group's Enterprise Risk Management (ERM) framework from an operational perspective, consistent with Mitie's risk appetite
- Mitie's risk management structure aims to ensure a uniform approach to identifying, assessing, monitoring and effectively mitigating risks across the business. All risks are reported based on criteria that consider potential likelihood and consequences if a risk materialises
- Each business unit, function, project, and account maintain a comprehensive risk register using Risk Safe (Mitie's automated risk management platform), which includes risk controls and mitigation measures approved by respective leadership teams
- Mitie has an automated risk treatment mechanism in place to properly manage risks when a residual risk score is identified as exceeding specified thresholds in terms of tolerance and/or risk appetite
- Risk registers are automated and continuously reviewed by management
- The Insurance team plays a crucial role in evaluating key exposures and ensuring suitable risk transfer for insurable risks
- Risk management is proactively approached using Mitie's Intelligence Hub to assess threats and identify potential problems
- Mitie constantly monitors its internal and external environments to ensure timely identification and appropriate response to new or emerging risks
- Mitie actively promotes and supports a learning culture concerning risk management to continuously enhance its ERM framework, remain resilient, and adapt to the ever-changing external environment
- The Group holds ISO 22301 certification and operates in accordance with ISO 31000, which was externally verified in FY24
- Principal risks undergo a thorough biannual review (for half-year and full-year financial reporting), with quarterly updates submitted to the Risk Committee for consideration. The Board and Audit Committee actively participate throughout the process and provide challenges. The Board signs off on all outputs from this review. Principal risks can be found on pages 82 to 88
- In evaluating Mitie's long-term viability, the emerging and principal risks facing the Group are considered. The viability statement can be found on page 90

Our risk management framework



Principal risks and uncertainties

continued

Our risk appetite framework

Mitie has a risk appetite framework, which formalises the Group's risk appetite, tolerance limits and governance oversight processes to ensure that risks across the Group are managed within acceptable limits.

Mitie considers its risk appetite in relation to its principal risks under three categories as set out below:

Risk appetite	Description	Latest principal risks position
 Averse	The approach adopted seeks to minimise the risk. Mitigation costs are accepted and there is an appreciation that these might exceed expected losses.	<ul style="list-style-type: none"> • Cyber security and data management • Health, safety and environment • Regulatory • Reputational damage
 Cautious	The approach adopted is balanced. Mitigation actions are proportionate and based on cost-effectiveness.	<ul style="list-style-type: none"> • Economic and political uncertainties • Climate change and social impact • Funding • Business resilience • Employees • Third-party management • Change management
 Eager	The approach adopted is tilted towards taking greater risks to achieve business objectives. There is an appreciation that there will be higher exposure and volatility in returns.	<ul style="list-style-type: none"> • Competitive advantage • Growth through acquisitions • Adoption of new and emerging technologies

Time horizons and risk velocity

Mitie considers three distinct timeframes – short (one to three years), medium (three to ten years) and long (10–15 years) – to project when a risk might possibly materialise, based on information accessible at any given instance. In FY24, we have also incorporated risk velocity, which pertains to the rate at which a risk manifests and results in adverse consequences for the business, impacting the Group's operations, reputation and financial stability. Comprehending risk velocity is crucial as it enables us to develop and execute appropriate mitigation measures promptly, thereby improving management of and response to any potential threats:

Risk	Time horizon	Risk velocity
Economic and political uncertainties	Short to medium	Months
Climate change and social impact	Medium to long	Years
Cyber security and data management	Short to medium	Hours
Health, safety and environment	Short to medium	Days
Funding	Short	Months
Regulatory	Short to medium	Days
Competitive advantage	Short to medium	Months
Business resilience	Short to medium	Days
Employees	Short to medium	Months
Third-party management	Short to medium	Weeks
Growth through acquisitions	Short to medium	Years
Change management	Short to medium	Years
Adoption of new and emerging technologies	Medium to long	Months
Reputational damage	Short to medium	Hours

Changes to our risk profile

In FY24, the Group continued to operate against a backdrop of uncertainty, with both macroeconomic and geopolitical uncertainties posing the greatest challenges.

During Q4, the Group undertook a thorough review of the current operating environment, focusing on several scenarios, including:

- New risks that have emerged in the external environment but are associated with the Group's existing strategy;
- Existing risks that are already known to the Group but have developed; and
- Risks that were not previously faced by the Group, because the risks are associated with changed core processes.

As a result of this review, two new principal risks have been identified, namely adoption of new and emerging technologies and reputational damage.

Changes to the existing principal risks were captured as detailed in the table below.

Principal risk	Movement in risk exposure
<ul style="list-style-type: none"> • Economic and political uncertainties 	Elevated net risk exposure due to an unstable external environment – the hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability
<ul style="list-style-type: none"> • Cyber security and data management 	Elevated net risk exposure due to an unstable external environment – the threat of a cyber-attack has increased as the use of ransomware as a service is increasing, new variants of malware are also being seen and there is an increase in sophisticated phishing
<ul style="list-style-type: none"> • Business resilience 	Elevated net risk exposure due to an unstable external environment

Emerging risks

In addition to examining the risks that Mitie currently faces, we also consider emerging risks in both our internal and external environments to maintain operational resilience and ensure that our future strategic planning remains uncompromised. Current emerging risks under observation include:

- The consequences of the forthcoming general election
- The escalation in retail crime
- The rapid progression and associated potential reliance on artificial intelligence (AI)
- The growing prevalence of misinformation and disinformation, along with the potential damage to reputation
- The implications of regulatory alterations, particularly in relation to UK corporate governance and employment law

Principal risks and uncertainties

continued

1 Economic and political uncertainties

(Strategic risk)

Description and impact:

An inability to quickly identify and effectively respond to the risks posed from either geopolitical or macroeconomic matters could adversely impact Mitie. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, could have a negative impact on the demand for the Group's services.

Responsibility:
Mitie Group
Executive

Risk appetite:
Cautious

Change in year:
Increased

Time horizon:
Short to medium

Risk velocity:
Months

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth



Operating margin progression



Cash generation

Controls and mitigation:

- Mix of long-term contract portfolio in both the public and private sectors
- Continual development of new and innovative solutions
- Focus on higher-margin growth opportunities
- Regular reviews of the sales pipeline
- Increasing spread of customer base, reducing reliance on individual customers
- Strategic account management programme
- Dedicated Finance, Risk and Intelligence Hub specialists scanning environment
- Utilising contract mechanisms to recharge cost increases
- Coupa, Mitie's digital supplier platform (DSP), providing greater visibility of and ability to manage supply chain
- Leveraging buying power to help mitigate the increase in cost of goods and services

Future plans:

- Ongoing review of external landscape utilising Mitie channels (i.e. Intelligence Hub)
- Ongoing review of market conditions

2 Climate change and social impact

(Strategic risk)

Description and impact:

An inability to quickly identify and effectively respond to the challenges posed by climate change could hinder the Group's transition to a lower-carbon business, result in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of Mitie's business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on Mitie's reputation.

Responsibility:
Chief Legal Officer
(Lead) supported by
Mitie Group
Executive

Risk appetite:
Cautious

Change in year:
No change

Time horizon:
Medium to long

Risk velocity:
Years

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth

Controls and mitigation:

- Plan Zero
- ESG Committee
- Environmental Management System ISO 14001 and Energy Management System ISO 50001
- Climate change risk assessment maintained and approved by the ESG Committee
- Key policies and associated operating procedures in place
- Use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet
- ISO 22301 – regular testing of crisis management and business continuity plans
- Winter and summer preparedness planning at account level
- Ongoing reviews of Planned Preventative Maintenance (PPM) lifecycles
- Continuous horizon scanning via the Group's Intelligence Hub, with regular alerts to teams on potential threats and significant events
- Insurance cover in place to cover property damage and business interruption
- Targets in place for Mitie's social value framework pillars
- The Mitie Foundation – Giving Back, Mitie's employee volunteering programme
- Active apprenticeship scheme across the Group, training Mitie colleagues to enhance operational delivery and address skills gaps

Future plans:

- Continuation of scenario analysis as detailed on pages 68 to 69
- Roll out Board and MGX level climate-related training
- Ongoing review of extreme weather conditions

3 Cyber security and data management

(Technological risk)

Description and impact:

In the normal course of business, Mitie collects, processes and retains sensitive and confidential information about its customers, employees and operations. Hacking, phishing attacks, ransomware, insider threats, physical breaches or other actions may cause this confidential information to be lost or misused. Any data loss could affect customer delivery operations and may result in a major data breach, leading to fines, remediation costs and reputational damage.

Responsibility: Chief Technology and Information Officer (Lead) supported by Mitie Group Executive	Risk appetite: Averse	Change in year: Increased
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Time horizon: Short to medium	Risk velocity: Hours
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Strategic pillars that would be impacted if risk was to materialise:



Controls and mitigation:

- Continued alignment with Cyber Essentials Plus requirements, and ISO 27001 certified Information Security Management System in place
- Internal processes and controls for all systems changes to ensure cyber best practice and compliance with data protection laws and regulations
- Dedicated information security team and data privacy officers in place
- Assured cyber incident response company (level 1) engaged and on retainer with a one-hour response time
- Outsourcing of routine IT operations to a highly skilled partner organisation, Wipro, to improve IT resilience and controls. Includes 24/7 service, providing Mitie with an enhanced level of information
- Security monitoring and alerting. The 24/7 Cyber Defence Centre service provided by Wipro actively monitors all alerts and incidents raised by the various security tools
- Microsoft and Wipro cyber toolsets and proactive monitoring and management of cyber-threats
- Clear strategy to utilise leading-edge cloud technology, delivering disaster recovery and business continuity improvements
- Crisis management and business continuity testing focused on cyber-attacks, a series of exercises aimed at ensuring that downtime is minimised and customer trust is maintained
- Regular communications to employees to highlight IT risks and expected behaviours
- Cyber security training
- Cyber insurance policy
- MGX Playbook for the management of a cyber-attack
- Security assessments by a leading firm of cyber security experts, including a phased threat assessment and stress test on the Mitie network

Future plans:

- Ongoing review of external landscape utilising Mitie channels (i.e. Intelligence Hub)
- Delivery of enhanced screening with focus on Mitie supply chain
- Rollout of data loss prevention tools with mandatory document classification
- Automated web application security testing

4 Health, safety and environment

(Regulatory risk)

Description and impact:

Failure to maintain appropriately high standards in health, safety and environmental management may result in catastrophic events, harm to employees, client staff or members of the public, consequential fines, prosecution and reputational damage.

Responsibility: Chief Legal Officer (Lead) supported by Mitie Group Executive	Risk appetite: Averse	Change in year: No change
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Time horizon: Short to medium	Risk velocity: Days
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Strategic pillars that would be impacted if risk was to materialise:



Controls and mitigation:

- A comprehensive HSE strategy in place and under continual review for effectiveness
- Major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff
- Regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Chief Executive, Phil Bentley
- H&S management system certified to ISO 45001 and environmental system to ISO 14001
- Fully integrated incident recording, monitoring and reporting system
- Regular HSE reviews conducted at Group and business unit level
- Clear and standardised KPIs to monitor progress and improvements
- Risk based audit programme embedded
- Themes and root causes monitored from the results of audits to target specific actions, including training
- HSE function 'Plan Zero champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management
- Health and wellbeing framework integrated into the business
- Insurance cover in place to cover employers' liability, public liability and motor fleet insurance
- Focused zero harm weeks concentrating on pertinent subjects to further strengthen Mitie's HSE culture
- Ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group

Future plans:

- Review of safety culture strategy and LiveSafe programme
- Ongoing review of technology led health and safety digital solutions
- Delivery of enhanced wellbeing initiatives and interventions
- Focus on risk related improvements and programmes

Principal risks and uncertainties

continued

5 Funding

(Financial risk)

Description and impact:

Inability to maintain access to and renew suitable sources of funding due to a perceived risk in Mitie's business and/or the sector may impact the Group's ability to maintain profitable business performance.

Responsibility:

Chief Financial Officer (Lead) supported by Mitie Group Executive

Risk appetite:

Cautious

Change in year:

No change

Time horizon:

Short

Risk velocity:

Months

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth



Operating margin progression

Controls and mitigation:

- Maintenance of strong banking, debt and equity relationships
- Regular forecasting of cash flow and net debt
- Thorough focus on working capital cycles with a clear set of KPIs
- Clear policy on provisions
- Strong focus on and monitoring of cash collection
- Regular reviews of payment terms with customers and supply chain
- Focus on working capital processes to reduce cycle times and average daily net debt
- Resources allocated to drive cash performance and predictability
- Regular review of capital allocation policy to ensure plans are affordable and the Group remains within required covenant and rating agency parameters

Future plans:

- Continue to work with a range of financial institutions to ensure that affordable finance sources can be accessed
- Ongoing review of market conditions

6 Regulatory

(Regulatory risk)

Description and impact:

Failure to comply with applicable laws and regulations may lead to fines, prosecution and damage to Mitie's reputation.

Responsibility:

Chief Legal Officer (Lead) supported by Mitie Group Executive

Risk appetite:

Averse

Change in year:

No change

Time horizon:

Short to medium

Risk velocity:

Days

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth

Controls and mitigation:

- Specialist legal and HSE expertise aligned to business units
- Code of conduct for all employees
- Independent whistleblowing system available to all employees to report any concerns
- Group-wide policies updated for changes to laws and regulations and maintained in the online information management system (IMS)
- Regular and thorough internal and external regulatory audits
- Training and awareness materials communicated to employees via Mitie's digital learning hub and monitoring of completion performed, especially for mandatory courses
- Regular monitoring of legal and regulatory changes by Group functions, including Company Secretariat, Legal and HSE
- Financial governance and controls in place
- Commercial governance and controls in place
- Establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements

Future plans:

- Ongoing review of employment legislation
- Ongoing review of FRC corporate governance changes

7 Competitive advantage

(Strategic risk)

Description and impact:

A failure to preserve our competitive edge or capitalise on opportunities might result in the loss of key customers, excessive dependence on a specific sector or the inability to generate financially sound bids with a measured approach to risk. This could have a significant effect on Mitie's financial performance and reputation.

Responsibility: Mitie Group Executive	Risk appetite: Eager	Change in year: No change
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Time horizon: Short to medium	Risk velocity: Months
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Strategic pillars that would be impacted if risk was to materialise:



Controls and mitigation:

- Bid Committee approval for complex bids
- Robust risk assessment of bids – Commercial, Legal and Operational
- Detailed contracting guidelines in place
- Clear delegated authorities register
- Strategic account management programme
- KPI/service level agreement formal reviews with customers
- Sales and customer relationship management (CRM) teams focused on developing pipeline across all major sectors
- Improved CRM capabilities with active relationship management
- Focus on customer satisfaction (Net Promoter Score and soliciting feedback)
- Review of any loss-making contracts to ensure learnings are identified and applied to future bids
- Sales and pipeline management information to track and measure growth, wins and losses
- Win/loss debriefing process to take learnings for future bidding activities
- Focus on high-margin opportunities with growth potential, for example technology-led solutions
- Development of new and innovative service offerings
- Sales Academy

Future plans:

- Continue to target emerging markets
- Continue to engage with opportunities that have scope for innovative solutions

8 Business resilience

(Strategic risk)

Description and impact:

An inability to effectively respond to global events, such as a pandemic or supply chain disruption and/or a catastrophic event at a key business location, could result in significant business interruption. The effect on employees, customers and the supply chain could result in severe consequences for the financial health and reputation of Mitie's business.

Responsibility: Mitie Group Executive	Risk appetite: Cautious	Change in year: Increased
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Time horizon: Short to medium	Risk velocity: Days
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Strategic pillars that would be impacted if risk was to materialise:



Controls and mitigation:

- Key policies and associated operating procedures in place
- Dedicated specialist teams, including Risk, Information Systems, Finance, Occupational Health, Supply Chain and Intelligence Hub
- Maintained and updated crisis and business continuity plans for key activities across all Mitie operations, including key service providers
- Disaster recovery framework embedded and managed
- Stringent governance controls, including oversight from Risk Committee, with regular reporting to the Audit Committee and the Board
- Close monitoring of supply chain to ensure continuity of critical supplies
- Internal and external compliance audits
- Certified to ISO 22301:2019 and operating in accordance with ISO 31000:2018, which is subject to annual external validation
- Regular Mitie Group Executive testing of crisis management and business continuity scenarios
- Continuous horizon scanning via the Intelligence Hub, with regular alerts to teams on potential threats and significant events
- Critical Engineering and Technical Assurance (CETA) programme to help manage high-risk contracts
- Insurance cover in place to cover business interruption
- Agile working framework embedded
- Themes and root causes monitored from the results of audits to target specific actions
- Digital supplier platform (DSP) supports the efficiency of Mitie supply chain processes (supplier onboarding/supplier health, Contract Lifecycle Management, Sourcing and Purchase to Pay)

Future plans:

- Roll-out of inaugural Risk & Resilience Week
- Completion of annual ISO 22301 surveillance audits
- Ongoing testing of business continuity and disaster recovery plans

Principal risks and uncertainties continued

9 Employees

(People risk)

Description and impact:

Inability to recruit, retain and reward suitably talented employees, as well as failure to implement appropriate development plans and simple, consistent processes across the business and cultivate a 'One Mitie' culture, could result in employees being disengaged and negatively impact the Group's operational and financial performance.

Responsibility:

Chief People Officer (Lead) supported by Mitie Group Executive

Risk appetite:

Cautious

Change in year:

No change

Time horizon:

Short to medium

Risk velocity:

Months

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth

Controls and mitigation:

- Consistent HR resourcing process and system across the Group
- Process in place for online training and development, with access to online learning for all colleagues
- Consistent process to manage both temporary and permanent recruitment
- Training and development programmes for senior leadership
- Developed talent identification, management and development framework
- Performance management framework
- HR business partners aligned with business units
- Induction programme, mandatory for new starters
- Regular communications from leadership team – including Mitie Group Executive country-wide roadshows
- Specific plans developed to address results of employee survey
- Competitive remuneration, terms and conditions
- Regular employee offers
- Succession plans in place for critical roles, especially for senior leadership
- Attraction strategy developed and deployed
- Enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme
- Careers website
- Employee Value Proposition (EVP)
- Career band framework

Future plans:

- Ongoing review of labour markets
- Ongoing review of employment legislation, with specific focus on TUPE requirements
- Ongoing review of EVP

10 Third-party management

(Operational risk)

Description and impact:

An inability to successfully manage strategic third-party relationships or a failure involving a third-party partner could impact Mitie's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

Responsibility:

Chief Procurement Officer (Lead) supported by Mitie Group Executive

Risk appetite:

Cautious

Change in year:

No change

Time horizon:

Short to medium

Risk velocity:

Weeks

Strategic pillars that would be impacted if risk was to materialise:



Accelerating growth



Operating margin progression

Controls and mitigation:

- Key policies and associated operating procedures, including Supplier Management Programme
- Dedicated Procurement and Commercial teams
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain
- 'Mitie First' approach adopted
- Optimisation of preferred suppliers framework
- Rigorous onboarding framework integrated into business utilising the DSP
- Defined service level agreements and KPIs
- Ongoing spending review
- Dedicated risk management and assurance procedures (including targeted HSE assurance programme and internal audit) to ensure internal controls are operating effectively
- Ongoing review of third-party business continuity arrangements with regular reporting to Group Risk
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing
- Procurement and Supply Chain (PSC) Insights

Future plans:

- Ongoing review of external landscape utilising Mitie channels (i.e. Intelligence Hub)
- Ongoing review of market conditions
- Continued enhancement of processes relating to the DSP
- Ongoing supplier review focused on HSE accreditations and insurance coverage

11 Growth through acquisitions

(Strategic risk)

Description and impact:

An important part of Mitie's growth is generated through acquisitions. Market conditions might mean the ability to secure such opportunities for future growth which are favourable to Mitie in respect of price and terms and conditions may not always be available.

Responsibility: Mitie Group Executive	Risk appetite: Eager	Change in year: No change
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Time horizon: Short to medium	Risk velocity: Years
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Strategic pillars that would be impacted if risk was to materialise:

 Accelerating growth
  Operating margin progression

Controls and mitigation:

- Central acquisition function reporting into Group Legal
- Standardised governance framework, including risk management
- Specialist legal and financial professionals
- Ongoing review of market conditions and value for stakeholders
- Rigorous due diligence and risk management processes
- Training and awareness
- Financial governance and controls
- Assessment of new acquisitions against Mitie's internal control framework and alignment with ESG strategy

Future plans:

- Continued focus on growth strategy, ensuring healthy balance between short-term value and long-term return is maintained
- Ongoing enhancements to acquisition evaluation process
- Ongoing review of market conditions

12 Change management

(Operational risk)

Description and impact:

Fundamental to Mitie's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Responsibility: Mitie Group Executive	Risk appetite: Cautious	Change in year: No change
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Time horizon: Short to medium	Risk velocity: Years
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Strategic pillars that would be impacted if risk was to materialise:

 Accelerating growth
  Operating margin progression

Controls and mitigation:

- Executive sponsorship
- Deliverables agreed in advance by the Board and Mitie Group Executive
- Centralised Project Management Office function
- Subject-matter experts appointed early on with agreed roles and responsibilities
- Standardised programme governance framework, including risk management
- Contract management controls embedded for third-party support
- Regular auditing with periodic reporting on key business activities to the Audit Committee

Future plans:

- Ongoing enhancements to change management controls

Principal risks and uncertainties

continued

13 Adoption of new and emerging technologies

(Strategic risk)

Description and impact:

A failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems, could have a detrimental impact on the Group's long-term growth and profitability.

Responsibility: Mitie Executive	Risk appetite: Eager	Change in year: New
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Time horizon: Medium to long	Risk velocity: Months
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Strategic pillars that would be impacted if risk was to materialise:

 Accelerating growth	 Operating margin progression
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Controls and mitigation:

- MGX Objectives, Goals, Strategies and Plans (OGSPs) on AI, data and customer facing technology in the course of finalisation
- Mitie Responsible and Ethical Use of Artificial Intelligence Policy
- AI Executive Oversight Committee
- AI Ethics Board
- Dedicated AI risk register

Future plans:

- Ongoing review of external landscape utilising Mitie channels (i.e. Intelligence Hub)
- Ongoing review of technology developments
- Continued enhancement of processes relating to AI

14 Reputational damage

(Strategic risk)

Description and impact:

Mitie's participation in politically sensitive activities, such as the provision of immigration removal services, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of Mitie's involvement and inaccuracies in external reporting could considerably damage the Group's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to Mitie's stability, delivery and growth.

Responsibility: Mitie Executive	Risk appetite: Averse	Change in year: New
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Time horizon: Short to medium	Risk velocity: Hours
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Strategic pillars that would be impacted if risk was to materialise:

 Accelerating growth	 Operating margin progression
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Controls and mitigation:

- Weekly MGX meetings
- Proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns
- Proactive monitoring of social media platforms
- Designated media liaisons
- Proactive engagement with key external stakeholders
- Daily media alerts
- Enhanced targeted monitoring on groups identified as posing an increased risk
- Designated Corporate Affairs and Legal support

Future plans:

- Ongoing review of external landscape utilising Mitie channels (i.e. Intelligence Hub)
- Ongoing testing of business continuity plans

Non-financial and sustainability information statement

We continually look for ways to make Mitie a responsible business and we actively engage with stakeholders to improve the Group's impact.

As detailed further on pages 54 to 77, Mitie has 14 social value and responsible business targets as part of its Social Value Framework. Progress towards these targets is published monthly in Mitie's ESG Dashboard, which is available at www.mitie.com/esg. Mitie achieved 13 of its social value targets for FY24.

Mitie's leadership position continues to be maintained across ESG as shown in Mitie's ratings from major ESG agencies during FY24.

We use a variety of tools to track and measure our performance against strategic objectives. Our business model encompasses the non-financial value created for our stakeholders from our resources, human capital, expertise and relationships. Through our business model, we deliver value for our employees, suppliers, communities, shareholders and customers. Our business model can be found on pages 36 and 37 and our principal risks on pages 82 to 88. Climate-related financial disclosures as defined in section 414CB(2a) Companies Act 2006 can be found in the TCFD section, which begins on page 63.

The non-financial and sustainability reporting requirements outlined in sections 414CA and 414CB of the Companies Act 2006 are addressed in the table below, which includes cross-references to other sections of the Annual Report. The policies listed in the table are reviewed periodically.

Reporting requirement	Relevant policies and approach ¹	Outcomes	Annual Report page reference
Environmental matters	Environmental policy statement: Mitie recognises that in its day-to-day operations it will inevitably impact on the environment in several ways and is committed to reducing that impact through continual improvement in its environmental and sustainability performance. Mitie's environmental policy statement sets out how this is achieved as well as all the environmental aspects and impacts specific to Mitie's service delivery. It also explains Mitie's Plan Zero commitments.	66% of Mitie's fleet has been transitioned to electric vehicles. Mitie has validated near- and long-term science-based targets.	Chief Executive's review pages 26 to 31 Environment pages 61 to 75 ESG Committee report pages 123 to 125 Principal risk 2: Climate change and social impact
Employees	People policy: Mitie recognises that to attract and keep exceptional colleagues we must make Mitie a 'Great Place to Work'. This is Mitie's number one aim as a business, because Mitie is nothing without its people. This policy supports Mitie's commitment to providing a rewarding, fair and sustainable working environment for its people. Equality diversity and inclusion policy: People are what makes Mitie great. This policy sets out how Mitie upholds inclusion in the workplace and the approach is based on three key principles: Inclusion, Equality and Diversity. Mitie's success is built on its ability to embrace diversity – and we believe that everyone should be able to bring their true selves to work and feel valued for their contributions. Health, safety and wellbeing policy: This policy statement sets out Mitie's commitment to achieving the highest health, safety and wellbeing standards and performance for the benefit of our employees, contractors, client staff and members of the public. Employee Handbook: Mitie's Employee Handbook sets out Mitie's Vision and Values and applies to all colleagues.	Employee engagement is at 63%. Mitie recognised as a Top 50 UK Employer and an Inclusive Top 50 UK Employer.	Chief Executive's review pages 26 to 31 Stakeholder engagement pages 38 to 41 People pages 56 to 60 Principal risk 4: Health, safety and environment Principal risk 9: Employees
Social matters	Sustainability and social value policy: Mitie believes in the value of sustainable actions and social equality. It commits to developing skills, creating quality jobs and supporting our people to contribute to the communities we serve. This policy sets out how Mitie manages its approach to be a sustainable, energy efficient, environmentally and socially responsible business.	Donations and gifts in kind to the Mitie Foundation of £0.2m.	Chief Executive's review pages 26 to 31 Community page 76 Principal risk 2: Climate change and social impact
Human rights	Mitie's equality, diversity and inclusion policy sets the base for what our colleagues should expect and what it must do to uphold its culture. Mitie's Employee Handbook and ethical business practice policy not only ensure that Mitie conducts operations with honesty, integrity and openness but also supports its approach to governance and corporate responsibility.	Mitie publishes a Modern Slavery Statement each year, which is available at www.mitie.com	Stakeholder engagement pages 38 to 41 Principal risk 6: Regulatory Principal risk 9: Employees Principal risk 10: Third-party management Principal risk 14: Reputational damage
Anti-bribery and anti-corruption	Ethical business practice policy: Mitie has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. This policy sets out Mitie's ethical business practices and includes information on Mitie's zero tolerance approach to bribery and corruption.	E-learning module available for employees through the process repository (BMS) and Learning Hub.	People pages 56 to 60 Culture at Mitie pages 103 to 106 Principal risk 6: Regulatory Principal risk 10: Third-party management Principal risk 14: Reputational damage
Non-financial KPIs	Details of Mitie's non-financial KPIs can be found on pages 34 and 35.		

1. Policies, statements and codes are available at www.mitie.com.

Viability statement

The UK Corporate Governance Code requires the Board to explain how it has assessed the prospects of the Group and state whether it has a reasonable expectation that the Group can continue to operate and meet its liabilities, taking into account its current position and principal risks.

The Group's principal markets and strategy are described in detail in the FY24 Strategic report (pages 4 to 90).

In addition to the principal risks and uncertainties as described in the FY24 Strategic report (pages 78 to 88), the key factors affecting the Group's prospects are as follows:

- Mitie is the leading UK facilities management business with 13% of the market;
- The outsourcing market is relatively insensitive to economic cycles;
- We have a clear vision for our technology-centric growth strategy;
- We are making good progress in our transformation programmes; and
- We have a diverse portfolio of blue-chip and public sector clients, the largest of which constitutes <5% of revenue.

The Directors believe that a three-year period is appropriate for the viability assessment as it is supported by Mitie's strategic, budgeting and business planning cycles and is relevant to the duration of the Group's existing contracts with customers which is typically around three years. It therefore represents a timeframe over which the Directors believe they can reasonably forecast the Group's performance.

In making this statement, the Directors have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This includes the availability and effectiveness of mitigating actions that could realistically be taken to avoid or reduce the impact or occurrence of the underlying risks. In considering the likely effectiveness of such actions, the conclusions of

the Board's regular monitoring and review of risk management and internal control systems, as described on pages 117 to 119, are considered.

Base case forecasts for viability purposes have been made using reasonable assumptions:

- Single digit revenue growth and modest margin growth beyond FY24;
- Working capital movements expected to be broadly neutral by FY26;
- Future dividends in line with current policy;
- Share buyback programme continuing in FY25;
- Settlement of existing provisions according to management's best estimates;
- Funding costs for ongoing transformation activities; and
- No significant changes to the Group structure.

The resulting financial model assesses the ability of the Group to remain within the financial covenants and liquidity headroom of its existing committed facilities.

The Group's principal debt financing arrangements as at 31 March 2024 were a £250m revolving credit facility maturing in October 2027, which was undrawn as at 31 March 2024, and £150m of US private placement (USPP) notes. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in the Finance review on page 53.

In September 2023, the revolving credit facility was increased from £150m to £250m and its maturity date was extended to October 2027, on the same terms, with a further one year extension option at the mutual agreement of all parties.

Of the USPP notes, £120.0m were issued in December 2022, split equally between 8-, 10- and 12-year maturities, and with an average coupon of 2.94%. The base case forecasts assume that the remaining £30.0m of USPP notes, which are due to mature in December 2024, will be replaced at higher interest rates (c.6%).

A range of scenarios that encompass the principal risks were applied to the base case and are set out in the table below. The analysis also considered reverse stress test scenarios to understand the reduction required to cause a breach of financial covenants.

In each of scenarios 1 to 3, the Group was able to continue operating within the debt covenants and liquidity headroom of its existing committed facilities. The conclusion from the reverse stress tests is that the likelihood of the reverse stress scenarios arising was remote and therefore the scenarios do not represent a realistic threat to the viability of the Group. In reaching the conclusion of remote, the Directors considered the following:

- All stress test scenarios would require a very severe deterioration compared to the base case forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 39% (assuming the gross margin was maintained) in the 12 months to September 2026 compared to the base case, which is considered to be very severe given the high proportion of Mitie's revenue that is fixed in nature and the fact that in a Covid-hit year, Mitie's revenue excluding Interserve declined by only 1.6% in the year ended 31 March 2021.
- In the event that results started to trend significantly below those included in the Group cash flow model, additional mitigation actions within the Group's control have been identified that would be implemented, which are not factored into the scenario analysis or reverse stress test results. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions and share buybacks.

Based on this assessment, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2027.

Scenario	Principal risks
1 Inability to refinance Assumptions Cashflow: Repay £30m USPP tranche in December 2024 (H2 FY25) without replacement	5
2 Demand/operational shock Assumptions Revenue: 5% year-on-year revenue reduction across assessment period Costs: £40m one-off cost in FY25 (or equivalent amount of savings not being realised)	3,4,6,7,8,13,14
3 Inflation/employee/supply chain disruption Assumptions Margin: 2% gross margin erosion across assessment period	1,2,9,10,12
4 Reverse stress test	n/a

The Strategic report on pages 4 to 90 of Mitie Group plc, company registration number SC019230, was approved by the Board of Directors and authorised for issue on 5 June 2024.

It was signed on its behalf by

Phil Bentley
Chief Executive Officer

Simon Kirkpatrick
Chief Financial Officer

Governance

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UK Corporate Governance Code and statement of compliance

Mitie applied all the principles and complied with all the relevant provisions of the UK Corporate Governance Code 2018 (the Code) during FY24. Details of how Mitie has applied the principles (A to R below) set out in the Code and how governance operates at Mitie have been summarised throughout this Annual Report and are set out on the pages indicated in the table below. A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

The Board acknowledges the release of the UK Corporate Governance Code 2024 (the 2024 Code) in January 2024. Mitie will report on compliance with the 2024 Code from 1 April 2025, except for Provision 29, which will apply to the Company from 1 April 2026.

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Chairman's introduction to governance and the Board



Effective corporate governance is essential to the way the Board encourages entrepreneurial and responsible management. This supports the creation of long-term, sustainable value and Mitie's contribution to wider society.

Derek Mapp
Chairman



As Chairman, one of my key roles is to ensure that the Board and Mitie continue to have high standards of corporate governance while, at the same time, establishing and continually developing the right controls to provide the Board with the appropriate level of oversight and assurance. By having a sound corporate governance framework, the Board can ensure effective and efficient decision-making, and the right balance of knowledge, diversity, skills, experience and challenge to monitor and manage the risks faced by Mitie.

Board's focus during the year

During FY24, the Board has prioritised agreeing Mitie's new Facilities Transformation Three-Year Plan (FY25 – FY27), focussing on Key Account growth, Projects upsell and infill M&A as well as continuing to reduce Mitie's cost base through innovation and margin enhancement initiatives.

During FY24, the Board received updates on financial and operational performance and:

- Considered and approved Mitie's new Facilities Transformation Three-Year Plan (FY25 – FY27);

- Approved the Group's budget for FY24;
- Considered and approved the implementation of a further £50m buyback programme for FY24;
- Considered feedback following the various Employee Voice listening sessions held with frontline colleagues as part of the Board's workforce engagement activities;
- Considered and approved several important strategic acquisitions, in line with Mitie's mergers and acquisitions (M&A) strategy;
- Balanced business performance and shareholder interests in relation to FY24 capital allocations;
- Agreed to seek approval from the Trustee of the Mitie Group plc Pension Scheme to reduce the annual deficit repair contributions under the Scheme; and
- Reviewed the capital allocation policy for FY25.

Board composition

The Nomination Committee continues to lead the process for Board appointments and ensures that plans are in place for orderly Board and senior management succession.

We feel passionately that the composition of the Board should reflect wider society and comprise a diverse range of skills and experience in order to promote strong governance. In February 2024, we welcomed Penny James as a new independent Non-Executive Director and appointed her as a member of the Audit Committee and Nomination Committee. Penny will be appointed Chair of the Audit Committee when Mary Reilly steps down from that position following completion of the FY25 Annual Report and Accounts of the Company. Penny brings extensive financial services experience with strong leadership skills, financial and risk expertise.

The Board considered whether the balance in its members' skills and experience is appropriate both from an overall Board composition perspective and based on individual contribution. The biographies of the current members of the Board and the Chief Legal Officer & Company Secretary are set out on pages 93 to 95.

Board evaluation

During the year, the Board engaged Ceradas, an independent company, to perform a board effectiveness review. Outcomes and actions from the review are detailed in the Governance report on pages 107 to 108. Ceradas does not have any other connection with the Company or any individual Director.

Stakeholder engagement

Effective engagement enables the Board to ensure that stakeholder interests are considered when making strategic decisions. The Board's stakeholder map has been reviewed and updated to include specific actions taken in response to feedback received.

The stakeholder map has supported the Board's inclusion of the required Section 172(1) statement within this Annual Report. This statement focuses on key decisions made by the Board during FY24 and the Board's consideration of their impact on key stakeholders. The Section 172(1) statement can be found on pages 42 to 44.

Jennifer Duvalier continues to act as the Company's designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce. All Non-Executive Directors in post throughout the period have participated in employee listening sessions during FY24, thereby maintaining communication channels with the workforce and ensuring that the views of those on the frontline are heard and understood. Notes from workforce engagement sessions were made available to the Board via an electronic Board portal. The Non-Executive Directors provided the Board with an update at each Board meeting so that employee views were regularly voiced at Board level and could be incorporated into the Board's decision-making process. Further detail on Jennifer's role and activities is included on pages 104 to 106.

Annual General Meeting (AGM)

The AGM is an important event in the Company's corporate calendar, providing an opportunity to engage with shareholders. Shareholders will be able to attend the meeting in person to vote and ask questions or view the meeting via a live webcast. Shareholders can also ask questions via email to investorrelations@mitie.com. Instructions on how to register and join the webcast are set out in the Notice of AGM.

Derek Mapp
Chairman

Board of Directors

AC Audit Committee member

ESG ESG Committee member

NC Nomination Committee member

RC Remuneration Committee member

Committee Chair



Derek Mapp

Non-Executive Chairman

Date of appointment to the Board
9 May 2017

Other current appointments

Derek is Non-Executive Chair of the Board of Eurocell plc and Chair of its Nomination Committee. Derek is also Chair and a Director of Woodall Group Limited and Legatum Capital Limited (both private companies) and has several other private business interests in hospitality in Cornwall and Derbyshire.

Past roles

Derek was Chair of Informa plc from March 2008 to June 2021. He was also Chair of Huntsworth plc from December 2014 to March 2019. Previously he was Chief Executive Officer of Tom Cobleigh plc and Executive Chair of Leapfrog Day Nurseries Limited. Prior to that, he was Chair of East Midlands Development Agency, Sport England and British Amateur Boxing Association Limited.

Skills and experience

- Experienced Chairman and entrepreneur with exceptional leadership skills
- Extensive career in ownership, managerial, operational and commercial roles in service industries
- Wealth of commercial and exceptional governance experience within various sectors
- Promotes robust debate and an open and engaged culture



Phil Bentley

Chief Executive

Date of appointment to the Board
1 November 2016

Other current appointments

None

Past roles

Phil was Group Chief Executive Officer of Cable & Wireless Communications plc from January 2014 until its sale to Liberty Global plc in May 2016. Prior to that, he was a member of the Board of Centrica plc from 2000 to 2013, while also Managing Director of British Gas from 2007 to 2013, Managing Director, Europe from 2004 to 2007 and Group Finance Director from 2000 to 2004. His prior non-executive directorships include IMI plc from 2012 to 2014 and Kingfisher plc from 2002 to 2010. His earlier career was in international roles with BP and Diageo.

Skills and experience

- Executive and non-executive experience with FTSE 100 companies for over 20 years
- Significant strategic and commercial experience at both national and global levels
- Exceptional executive and leadership experience across a number of sectors
- Extensive financial and investment community experience
- Accountant by profession, with a master's degree from University of Oxford and an MBA from INSEAD, Fontainebleau



Simon Kirkpatrick

Chief Financial Officer

Date of appointment to the Board
1 April 2021

Other current appointments

None

Past roles

Simon joined Mitie in July 2019 from Balfour Beatty plc, where he held a number of senior finance roles, including Finance Director for Major Projects and Group Head of Financial Planning & Analysis. He began his professional career with Ernst & Young, where he was a Director in the Energy practice.

Skills and experience

- Significant UK and international plc experience
- Proven track record in transforming complex contracting businesses
- Exceptional financial experience and extensive strategic and commercial experience across a number of sectors
- Chartered accountant, with a law degree from University of Exeter

Board of Directors continued

AC Audit Committee member

ESG ESG Committee member

NC Nomination Committee member

RC Remuneration Committee member

Committee Chair



Jennifer Duvalier

Independent Non-Executive Director

Date of appointment to the Board
26 July 2017

Other current appointments

Jennifer is a Non-Executive Director, Chair of the Remuneration Committee and a member of the Nomination and Cyber Security Committees of NCC Group plc, as well as Senior Independent Director and a member of the Audit and Risk, Nomination and Remuneration Committees of Trainline plc. Additionally, Jennifer is a Director of The Cranemere Group Limited, where she is also Chair of the Sustainability, People & Diversity Committee, a member of the Council of the Royal College of Art, where she is also Chair of the Remuneration Committee, and a Trustee of Somerset House (a registered UK charity).

Past roles

Jennifer was a Non-Executive Director and Chair of the Remuneration Committee of Guardian Media Group plc from May 2014 to April 2023. She was Executive Vice President, People for ARM Holdings plc, a global technology business, from September 2013 to March 2017 and was also an Executive Committee member with responsibility for its people and internal communications activity.

Skills and experience

- Leadership development, talent acquisition and management and succession planning
- People strategy, organisation development and change management
- Employee engagement and internal communications
- ESG centred activities
- Executive remuneration and performance management experience
- MA (Hons) in English and French from University of Oxford



Penny James

Independent Non-Executive Director

Date of appointment to the Board
1 February 2024

Other current appointments

Penny is Senior Independent Director of Hargreaves Lansdown plc, as well as a member of its Risk Committee and Nomination and Governance Committee. Penny is also a Non-Executive Director of QBE Insurance Group Limited and Co-Chair of the FTSE Women Leaders Review.

Past roles

Penny was Chief Financial Officer and later Chief Executive Officer of Direct Line Insurance Group plc to January 2023, having joined its Board in November 2017. Prior to this she was Director of Group Finance at Prudential plc, followed by the Group Chief Risk Officer role. She had previously been Group Chief Financial Officer at Omega Insurance Holdings Limited and Chief Financial Officer of UK General Insurance at Zurich Financial Services Ltd. Penny was a Non-Executive Director of Admiral Group plc from 2015 to 2017. She was Chair of the Financial Conduct Authority's Practitioner Panel from March 2022 to January 2023 and a Board member of the Association of British Insurers.

Skills and experience

- Extensive financial services experience with strong leadership and risk expertise
- Strategic mindset and experience in business transformation
- Chartered accountant, with a degree in Statistics from University of Bath



Chet Patel

Independent Non-Executive Director

Date of appointment to the Board
1 April 2022

Other current appointments

With over 20 years' commercial experience at BT Group, Chet is currently its Chief Commercial Officer and Managing Director for Commercial, Indirect, Partners and the Americas.

Chet is also a Non-Executive Advisor for Dentons and acts as a mentor for tech start-up organisations.

Past roles

Chet was a Non-Executive Director at London First between 2013 and 2017. Chet was also a non-executive member of the London Enterprise Panel between 2013 and 2016.

Prior to joining BT Group in 2006, Chet worked for Charles Schwab.

Skills and experience

- Commercial expertise in the B2B service environment, promoting growth and sales strategies
- Expertise in business technology, cyber security, business transformation, commercial and marketing
- An MBA from Henley Management College
- An honours degree in Economics & Politics from University of Leeds



Mary Reilly

Independent Non-Executive Director

Date of appointment to the Board
1 September 2017

Other current appointments

Mary is Senior Independent Director and Chair of the Audit Committee of Essentra plc. Mary is also a Non-Executive Director of Cazoo Group Ltd. Additionally, Mary is an Independent Non-Executive Director of Gemfields Group Limited and on the Board of Mar Holdco S.a.r.l, a privately held Luxembourg company. Her current trusteeships include the PDSA and Crown Agents International Development.

Past roles

Mary was a Non-Executive Director and Chair of the Audit Committee of Travelzoo from 2013 to 2022 and a Non-Executive Director and Chair of the Audit Committee of Ferrexpo plc from 2015 to 2019. She was also a Non-Executive Director and Chair of the Audit & Risk Committee of the UK Department for Transport and of Crown Agents Limited from 2013 to 2017. Prior to this, she was a Non-Executive Director of Cape plc from 2016 to 2017. She has served as a Non-Executive Director on several other Boards since 2000. She was a partner in Deloitte LLP (and predecessor firms) for over 25 years.

Skills and experience

- Exceptional audit, risk management and assurance experience
- Accounting, finance and international experience
- Chartered accountant, with a degree in History from University College London



Salma Shah
Independent Non-Executive Director

Date of appointment to the Board
1 April 2022

Other current appointments
Salma is founder of Kraken Strategy, a communications and policy consultancy.

Past roles
Salma was a Partner at Portland Communications from 2021 to February 2023 and Chief of Staff to the Home Secretary from 2018 to 2019. Salma held special advisor roles in several government departments between 2014 and 2018, including the Ministry of Housing, Communities & Local Government, Department for Business, Innovation & Skills, and Department for Culture, Media & Sport. Prior to this, Salma worked for BBC News as a news and political programmes producer from 2012 to 2014.

- Skills and experience**
- Public sector expertise
 - Extensive experience in public policy, public affairs and communications
 - An honours degree in Journalism & Politics from University of Salford



Roger Yates
Senior Independent Director

Date of appointment to the Board
1 March 2018

Other current appointments
Roger is Chair of The Biotech Growth Trust plc and Pacific Horizon Investment Trust plc. He is also Senior Independent Director and Chair of the Remuneration Committee of Jupiter Fund Management plc.

Past roles
Roger was Senior Independent Director and Chair of the Remuneration Committee of St James's Place plc until May 2023, having served nine years on its Board. Roger started his career in asset management at GT Management in 1981 and held positions of increasing seniority at Morgan Grenfell, LGT and Invesco. He served as Chief Executive of Henderson Group plc from 1999 to 2008 and as Chief Executive of UniCredit's asset management arm, Pioneer Investments, from 2010 to 2012 and as Chairman from 2012 to 2017.

Roger's non-executive roles have included F&C Investments, IG Group plc, Electra Private Equity plc and JPMorgan Elect plc.

- Skills and experience**
- Substantial board experience
 - Strong business track record
 - Exceptional knowledge of the finance and investment community
 - MA in Modern History from Worcester College, University of Oxford



Peter Dickinson
Chief Legal Officer & Company Secretary

Date of appointment to the Board
6 March 2017

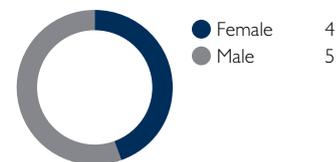
Other current appointments
None

Past roles
Peter was a partner at the global law firm Mayer Brown International LLP (and its predecessor firm) between 1995 and 2017 and played a leading role in developing the firm's Technology, Media and Telecoms (TMT) practice.

Between 2005 and 2015, Peter was the head of Mayer Brown's Corporate practice in London. Between 2008 and 2015, Peter was the co-head of Mayer Brown's global Corporate practice. From 2015 until March 2017, Peter co-headed Mayer Brown's global Technology Transactions practice.

- Skills and experience**
- Substantial experience of providing legal, regulatory and commercial advice at Board level
 - Significant experience advising on corporate merger and acquisition transactions, joint ventures and other significant commercial transactions, including large-scale multi-jurisdictional outsourcing projects
 - Qualified solicitor with an LLB (Hons) law degree from University of Southampton

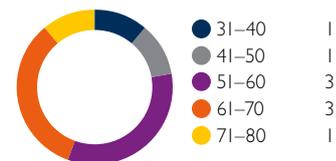
Gender diversity
as at 31 March 2024



Ethnicity diversity
as at 31 March 2024



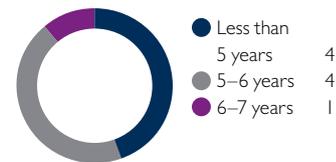
Director age range
as at 31 March 2024



Director independence
as at 31 March 2024



Director tenure
as at 31 March 2024



Board leadership and Company purpose

Mitie Group plc Board

Nomination Committee

Purpose: to evaluate and make recommendations regarding the composition, diversity, experience, knowledge, skills and independence of the Board and its Committees. Read more on pages 110 to 113.

Audit Committee

Purpose: to monitor the integrity of the Group's financial reporting, review the effectiveness of the Group's internal controls and evaluate the performance of the internal audit function and external auditor. Read more on pages 114 to 122.

Remuneration Committee

Purpose: to determine and review the Company's remuneration policy and monitor its implementation. Read more on pages 126 to 148.

ESG Committee

Purpose: to provide oversight and governance for all of Mitie's Environmental, Social & Governance initiatives, ensuring they are aligned to Mitie's Purpose, Promises and Values. Read more on pages 123 and 125.

Mitie Group Executive (MGX)

The MGX, which includes senior members of management from each business unit and central Group functions, meets weekly to discuss and implement the Group's strategic objectives. The Board is updated on matters discussed at MGX meetings at Board meetings as part of the Chief Executive's regular update paper, and on an ad hoc basis as required.

Mitie business divisions

Business Services, Technical Services, Central Government & Defence and Communities.

Director attendance

The Board and its Committees held scheduled meetings at which senior executives and advisers were invited to attend and to present on business developments. The table below sets out attendance at the scheduled meetings in FY24. Attendance is expressed as the number of scheduled meetings attended out of the number of such meetings possible or applicable for the Director to attend. In circumstances where a Director is unable to attend a meeting, the Director receives papers in advance and has the opportunity to raise issues and provide feedback to the Chair in advance of the meeting.

Position	Name	Board	Nomination Committee	Audit Committee	Remuneration Committee	ESG Committee
Chairman	Derek Mapp	6/6	2/2	–	–	–
Executive Directors	Phil Bentley	6/6	–	–	–	–
	Simon Kirkpatrick	6/6	–	–	–	–
Independent Non-Executive Directors	Jennifer Duvalier ¹	5/6	1/2	–	4/5	–
	Penny James ²	1/1	1/1	1/1	–	–
	Chet Patel ³	6/6	2/2	6/7	5/5	–
	Mary Reilly	6/6	2/2	7/7	–	–
	Salma Shah	6/6	2/2	–	5/5	6/6
	Roger Yates	6/6	2/2	7/7	5/5	–

1. Jennifer Duvalier was unable to attend the meetings in March 2024 due to illness.

2. Penny James was appointed to the Board, the Nomination Committee and the Audit Committee on 1 February 2024.

3. Chet Patel was unable to attend an Audit Committee meeting due to conflicting commitments.

Governance framework

The Company's formal governance framework underpins the Group's operations. In addition to the four main Board Committees, the Company has a Disclosure Committee, an informal Bid Committee and a Risk Committee.

The Disclosure Committee is chaired by the Chief Executive. Its members include the Chairman, Chief Financial Officer, Chief Legal Officer & Company Secretary and the Deputy General Counsel. Its purpose is to assist and inform decisions of the Board concerning the identification of inside information and to make recommendations about how and when the Company should disclose that information in accordance with the Company's disclosure policy.

The Bid Committee is chaired by the Chief Executive. Its members include the Chief Financial Officer, Chief Legal Officer & Company Secretary and relevant members of Mitie's Group Executive (the MGX) and members of the sales team. The Bid Committee met weekly during FY24. Its purpose is to consider material bid submissions and to determine whether such bids meet the Group's financial, commercial and legal objectives.

The Risk Committee, chaired by the Chief Risk Officer (Mitie's Chief Legal Officer) and comprising the Managing Directors of each of the divisions, the heads of all functions, and relevant subject matter experts, is responsible for overseeing the implementation of the Group's Enterprise Risk Management (ERM) framework from an operational perspective, consistent with Mitie's risk appetite.

Terms of Reference for the Company's formal Committees are available at www.mitie.com/investors/corporate-governance.

Company purpose

As detailed on page 12 of the Strategic report, the Company's purpose is that our expertise, care, technology, insight and focus on sustainability create amazing work environments, helping our customers to be exceptional, every day.

Purpose of the Board

The purpose of the Board is to provide leadership and direction to the Group's management within a framework of controls which enable risk to be adequately assessed and managed.

The Board is responsible and accountable to shareholders for the sustainable long-term success of the Company. Subject to UK company law and the Company's Articles of Association, the Directors may exercise all the powers of the

Company, may delegate authority to Committees and day-to-day management and decision-making to individual Executive Directors. The purpose of each of the four main Board Committees is detailed in the Committee reports, which begin on page 110.

Matters reserved for the Board

A schedule of key matters and responsibilities that are to be dealt with exclusively by the Board is maintained and regularly reviewed. The schedule was last reviewed by the Board in March 2024.

The key responsibilities of the Board include:

- Promoting the long-term sustainable success of the Company, ensuring that workforce policies and practice support the Company's long-term sustainable success and are consistent with Mitie's Values
- Approving the Group's long-term objectives and commercial strategy
- Establishing Mitie's Purpose, Promises and Values and satisfying itself that these are aligned to the Group's strategy
- Reviewing performance in light of the Group's strategy, objectives, business plans, budgets and ESG targets
- Approving the annual budget
- Approving the half-yearly financial report and Annual Report and Accounts in accordance with legal and regulatory requirements
- Ensuring the Group's compliance with statutory and regulatory obligations
- Reviewing the effectiveness of the Group's risk and control processes
- Reviewing the Company's capital allocation policy and approving shareholder returns through dividends and share buybacks
- Approving all material acquisitions and disposals, and material contractual and other operational matters
- Ensuring adequate succession planning for the Board and senior management
- Undertaking a formal and rigorous review annually of its own performance and that of its Committees and individual Directors
- Making arrangements for dialogue with shareholders, canvassing shareholder opinion and engaging with shareholders in relation to any shareholder resolution which is opposed by more than 20% of the votes cast

Board meeting process

The Chairman is responsible for setting the Board meeting agenda and for ensuring that the style and tone of Boardroom discussions promote effective decision-making and constructive debate.

Each Board meeting agenda is produced in consultation with the Chairman, using items from a yearly meeting planner, actions arising from previous meetings, project progress updates and any relevant governance and regulatory matters. Items may also be added to the agenda at the request of a Board member or in response to emerging issues.

Attention is given to timings for each agenda item to ensure that adequate time is allocated for effective discussion and debate.

To allow sufficient time for the Directors to review Board meeting materials and seek any clarification needed ahead of the meeting, Board meeting materials are distributed to the Directors no fewer than five clear calendar days prior to the meeting via a secure electronic Board portal.

Board paper guidelines and templates are provided to authors of meeting materials to maintain a consistently high standard.

An important element of Mitie's culture is that the Group operates as 'One Mitie' and collaborates effectively across all business areas. Mitie's culture facilitates greater consistency in processes and information control which, in turn, facilitates the preparation of consistent, high-quality and relevant Board meeting materials. Authors of Board meeting materials seek to appropriately consider the impact, views and needs of key stakeholder groups, as well as the likely consequences of decisions in the long term, helping to aid Board discussions and decision-making.

The Chairman ensures that all Directors feel they can voice their opinion, be listened to and contribute to the decision-making process.

Function heads and members of management are invited to attend Board meetings to present their items to the Board and answer questions.

Advice of the Company Secretary

All Directors have access to the advice of the Company Secretary through various channels, including the Chief Legal Officer & Company Secretary's Board report, which is presented at every Board meeting, and a secure electronic Board portal which is kept up to date with the latest governance-related information and guidance. The Chief Legal Officer & Company Secretary and Company Secretariat team are also available to the Directors on an ad hoc basis as required. The Chief Legal Officer & Company Secretary helps the Board ensure it has the appropriate policies, processes, information, time and resources it needs in order to function effectively and efficiently.

The Board is responsible for the appointment and, where applicable, removal of the Company Secretary.

Division of responsibilities

Board composition

Chairman

Derek Mapp

Executive Directors

Phil Bentley

Simon Kirkpatrick

Senior Independent Director

Roger Yates

Independent Non-Executive Directors

Jennifer Duvalier

Penny James¹

Chet Patel

Mary Reilly

Salma Shah

1. Penny James was appointed on 1 February 2024.

+ Biographies of the current Directors, pages 93 to 95

All Non-Executive Directors are considered independent when assessed against the circumstances set out in Provision 10 of the Code. The Chairman was considered independent against these circumstances on appointment.

The Board continues to support separation of the roles of Chairman and Chief Executive and considers itself to have an appropriate balance of Executive Directors and Independent Non-Executive Directors. No one individual or small group of individuals dominates Board decision-making.

There is a clear division of responsibilities between leadership of the Board and executive management leadership of Mitie's business. Key responsibilities of the Board, its Committees and its members are agreed by the Board and documented in writing.

These responsibilities are summarised below. Further detail is publicly available at www.mitie.com/investors/corporate-governance where the following documents are published:

- Matters reserved for the Board
- Terms of Reference for each Committee of the Board
- Division of Responsibilities between the Chairman and Chief Executive

Chairman

In his role as Chairman, Derek Mapp's responsibilities include:

- Leading and chairing the Board, Nomination Committee and shareholder general meetings
- Ensuring overall effectiveness of the Board in all aspects of its role
- Ensuring regularity and frequency of Board meetings
- Setting Board agendas, taking into account the issues and concerns of all Board members
- Ensuring appropriate delegation of authority from the Board to executive management
- Demonstrating objective judgement
- Promoting a culture of openness and debate
- Ensuring that Directors receive accurate, timely and clear information
- Managing the Board to ensure sufficient time is allocated to promote healthy discussion and open debate, supported by the right level and quality of information to assist the Board in reaching its decisions
- Facilitating the effective contribution of Non-Executive Directors and encouraging active engagement by all members of the Board

- Ensuring constructive relations between the Executive Directors and Non-Executive Directors
- Holding meetings with the Non-Executive Directors without the Executive Directors present
- Ensuring that new Directors participate in a full, formal and tailored induction programme
- Ensuring that the performance of the Board, its Committees and individual Directors is evaluated at least once a year and acting on the results of such evaluation
- Maintaining sufficient contact with major shareholders to understand their issues and concerns
- Ensuring that the views of shareholders are communicated to the Board

Senior Independent Director

In his role as Senior Independent Director, Roger Yates' responsibilities include:

- Acting as a sounding board for the Chairman
- Serving as an intermediary for other Directors when necessary
- Conducting the Chairman's annual performance evaluation (without the Chairman present)
- Leading the appointment process for any new Chairman
- Acting as chairman of the Board in the absence of the Chairman
- Being available as an alternative point of contact for shareholders if they have concerns which have not been resolved through the normal channels, or for which such contact is inappropriate in the circumstances

Non-Executive Directors

The responsibilities of the Board's Non-Executive Directors include:

- Holding a primary role in appointing and removing Executive Directors when necessary
- Scrutinising and holding to account the performance of management and individual Executive Directors against agreed performance objectives
- Exercising independent skill and judgement
- Constructively challenging proposals based on relevant individual experience, knowledge and skills
- Contributing to the formulation and development of strategy and offering specialist advice

- Monitoring corporate reporting to ensure integrity of financial information
- Overseeing the Group's principal risks and assurance in place relating to those risks, including internal audit programmes
- Playing a key role in determining the remuneration policy for the Chairman, Executive Directors, Chief Legal Officer & Company Secretary and the senior executive team
- Holding a primary role in Board succession planning
- Ensuring effective internal controls are in place and compliance with appropriate accounting regulations for financial, regulatory and tax reporting
- Leading, directing and overseeing the Group's Finance, Treasury, Tax and Internal Audit functions

Chief Legal Officer & Company Secretary

In his role as Chief Legal Officer & Company Secretary, Peter Dickinson's responsibilities include:

Executive Directors

Chief Executive

In his role as Chief Executive, Phil Bentley's responsibilities include:

- All aspects of the operation and management of the Group within the authorities delegated by the Board
- Developing Group objectives and strategy, having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders
- The successful achievement of objectives and execution of strategy following presentation to, and approval by, the Board
- Recommending to the Board an annual budget and long-term business plan and ensuring their achievement following Board approval
- Optimising the use and adequacy of the Group's resources
- Managing the Group's risk profile, including the health and safety performance of the business
- Making recommendations to the Remuneration Committee on remuneration policy, executive remuneration and terms of employment of the senior executive team
- Advising the Board on governance matters and the Directors on their duties, including on all aspects of the Group's governance framework and the application of its delegated authorities
- Ensuring the Group's compliance with corporate legislation and the Company's Articles of Association
- Supporting the Board in ensuring it has the policies, processes, information, time and resources needed to function effectively and efficiently
- Leading, directing and overseeing the Group's Legal, Company Secretarial, Pensions, Property, Insurance, Health & Safety, Risk & Compliance and Sustainability functions
- Chief Risk Officer, overseeing the implementation of Mitie's Enterprise Risk Management (ERM) framework and chairing the Risk Committee
- Managing the Group's relationship with the Cabinet Office
- Identifying and recommending to the Board acquisitions and disposals
- Leading, directing and overseeing of the Strategic Projects Office and the implementation of any projects thereunder

Chief Financial Officer

In his role as Chief Financial Officer, Simon Kirkpatrick's responsibilities include:

- Leading, directing and overseeing all aspects of the finance and accounting functions of the Group
- Evaluating, approving and advising on the financial and commercial impact of material contracts and transactions (including mergers and acquisitions), technology investments, long-range planning assumptions, investment return metrics, risks and opportunities, and the impact of changes in accounting standards
- Managing relationships with the external auditor and key financial institutions and advisors

Board activities: stakeholder engagement

2023

Apr

- Chet conducted a virtual meeting with colleagues based in the Falkland Islands working across a range of roles
- Derek and Salma visited colleagues based in Gibraltar working across a range of roles

May

- Derek hosted the annual Chairman's roadshow for investors over three days, with Chet, Salma and Jennifer in attendance.

Jun

- Derek visited the Intelligent Security Operations Centre (ISOC) in Northampton to meet with colleagues



- Jennifer met with colleagues working on the Scottish Government contract
- Jennifer attended an event hosted by Mitie's Proud To Be diversity network, which promotes an inclusive workplace culture, especially for LGBTQ+ colleagues
- Phil and Simon hosted an FY23 results presentation in London, with investors, analysts and banks in attendance
- Phil and Simon hosted a colleague Town Hall event in London following publication of the FY23 results. The event incorporated a live stream from certain key Mitie office hubs

Jul

- Roger visited Custom Solar's office in Derbyshire to meet with colleagues and those working for Care & Custody in Manston, Kent.
- 2023 Annual General Meeting held as a hybrid meeting for shareholders, with all Board members in attendance
- Simon hosted calls with analysts following Mitie's Q1 trading update

Aug



- Derek visited colleagues in London, working across the Sainsbury's contract in London



- Jenny and Phil attended the 2023 Mitie Stars Awards presentation in London, which recognises colleagues who go above and beyond to demonstrate Mitie's Values

Sept

- Chet met with colleagues in Spain
- Mary attended an event organised by Mitie's CHORD (culture, heritage, origin, race and diversity) network, which aims to ensure an inclusive working environment for people of all ethnicities

Oct

- Phil and Simon hosted Mitie's Capital Markets Day 2023 together with the other MGX members

Nov

- Jennifer and Salma attended an event hosted by the Mitie Military network
- Phil and Simon hosted an HI FY24 results presentation in London, with investors, analysts and banks in attendance
- Phil and Simon hosted a colleague Town Hall event in London following publication of the HI FY24 results. All Mitie hub offices, including Ireland and Spain, joined the event electronically and a live stream was made available to all colleagues

Dec

- Chet visited colleagues working on the Ministry of Defence contract in Corsham, Wiltshire

2024

Jan

- Simon hosted calls with analysts following Mitie's Q3 trading update

Feb

- Mary and Salma visited colleagues at a client's site in Ware, Hertfordshire
- Jennifer hosted a colleague voice session to discuss reward, benefits and executive remuneration

Mar

- Salma attended an event hosted by the gender equality network, Mitie Women Can.

Strategy and the Boardroom

Setting strategy

The Board reviews and agrees the strategy for the Group on an annual basis and reviews aspects of strategy at Board meetings during the year. The Board's annual strategy day for FY24 was held in September 2023. When debating the Group's strategy, the Board discussed a wide range of matters, including, but not limited to:

- Target Operating Model
- Technology and innovation
- People and culture
- Sales and marketing
- Sustainability and decarbonisation
- Macro-trends
- Market forecasts and Mitie performance
- Growth plans
- Global facilities management market
- Competitor analysis
- Stakeholder sentiment and shareholder returns
- Financial model

How governance contributes to the delivery of strategy

Details of how opportunities and risks to the future success of the business have been considered and addressed can be found in the Strategic report on pages 10 to 11, 63 to 70 and 78 to 88. Details of the sustainability of Mitie's business model can be found in the Strategic report on pages 36 and 37. Mitie's governance framework underpins the delivery of strategy and can be found on page 97. An overview of the Group's strategy can be found in the Strategic report on pages 26 to 31.

How the Board considers the views of stakeholders

The Board acknowledges the importance of forming and retaining sound relationships with all stakeholder groups. Accordingly, the Board periodically reviews and discusses the Group's key stakeholders along with the engagement mechanisms in place to ensure that they support effective, two-way communication. The Board maintains a stakeholder map which is used to support the Board's reporting requirements under Section 172(1) of the Companies Act 2006. Further detail on the Group's stakeholder engagement mechanisms can be found in the Strategic report on pages 38 to 41. Mitie's Section 172(1) statement, detailing how the Board has engaged with the Group's stakeholders and approached decisions made during FY24, can be found in the Strategic report on pages 42 to 44. Details of stakeholder activities undertaken by the Board during FY24 can be found on page 100. Resources for shareholders and other stakeholders can be found at www.mitie.com/investors.

The Board is committed to ongoing and proactive dialogue with shareholders. A full programme of formal and informal events, institutional investor meetings and presentations is delivered throughout the year. This engagement programme aims to ensure that the performance, strategies and objectives of the Group are clearly communicated to the investment community and provides a forum for institutional shareholders to address any issues.

Mitie engages proactively with the investment community and sell-side analysts, and accommodates requests for meetings and calls with senior management from existing and potential institutional investors. The programme is led by the Executive Directors with support from the Investor Relations function. The Board is regularly kept informed of investor feedback, stockbroker updates and detailed analyst reports. The Chairman is responsible for ensuring that the Board is made aware of any issues or concerns of major shareholders. The Chairman and Non-Executive Directors are available to meet with shareholders upon request and the Chairman conducts an annual roadshow. Committee Chairs seek engagement with shareholders on significant matters related to their area of responsibility.

Boardroom discussions

The Board held six formal scheduled meetings during FY24. Individual Director attendance at meetings can be found on page 96.

In undertaking their duties, the Directors act in a way they consider, in good faith, will be most likely to promote the success of the Company for its shareholders as a whole, having regard also to other stakeholders. Further detail on Boardroom discussions relating to certain key Board decisions can be found in the Section 172(1) statement on pages 42 to 44.

Scheduled Board meetings focused on the main themes as detailed below:

Strategy	<ul style="list-style-type: none"> • Approving the Group's strategic targets and monitoring the Group's performance against them • Approving strategic acquisitions • Considering growth opportunities and conducting post-acquisition appraisal reviews • Approving the Group's budget • Reviewing the progress of the Target Operating Model programme and approving revisions where necessary • Approving the Group's Facilities Transformation Three-Year Plan (FY25 - FY27)
Financial performance and investor relations	<ul style="list-style-type: none"> • Recommending a final dividend of 2.2 pence for FY23 and declaring an interim dividend of 1.0 pence for FY24 • Approving the Group's share buyback programme • Setting financial plans, annual budgets and key performance indicators, and monitoring progress against them • Approving financial results for publication • Reviewing analyst research and consensus, alongside feedback from investor meetings • Considering the appropriateness of potential excess capital distributions and distributable reserves
Governance	<ul style="list-style-type: none"> • Receiving updates from the Board Committee Chairs • Reviewing and updating the Matters Reserved for the Board, as well as approving each Board Committee's Terms of Reference • Conducting the annual review of the effectiveness of the Board and Board Committees • Receiving reports from the Chief Legal Officer & Company Secretary, which include updates on governance and regulatory matters, whistleblowing and material litigation • Reviewing and approving the Group's reports on Task Force on Climate-related Financial Disclosures and Sustainability

Strategy and the Boardroom

continued

In FY24, the Board approved the Group's Facilities Transformation Three-Year Plan (FY25 - FY27) which is expected to deliver accelerated growth through three key pillars: strategic infill M&A; Projects upsell; and Key Accounts. Further information on the key pillars of the Three-Year Plan can be found in the Strategic report on pages 24 and 25.

Examples of initial Board activity related to the new strategy can be found below.

Strategic infill M&A	In FY24, the Board oversaw the completion of seven strategic acquisitions. Mitie's position as a leader in the intelligence and technology-led Fire & Security market has been enhanced by four acquisitions, including RHI Industrials (a leading installer of high-tech security and access controls), and GBE Converge (a leading provider of fire, security and ICT solutions). The Group also enhanced its Mechanical & Electrical (M&E) engineering capabilities through the acquisition of JCA Engineering, which is a leading principal contractor for complex engineering projects, with a particular focus on data centres and other critical environments. The Board also monitored the completion of the step plan acquisition of Landmarc, where the Group obtained control of the business during FY24.
Projects upsell and Key Accounts	In FY24, the Board approved growing the Group's existing relationships with a leasing company and a catering supplier, as well as overseeing management updates on Projects upsell and Key Accounts. The Board will continue to receive regular updates on new business, retention and extension divisional opportunities, as well as cross-selling strategies.

Culture at Mitie

Culture at Mitie is underpinned by its purpose: Our expertise, care, technology, insight and focus on sustainability create amazing work environments, helping our customers to be exceptional, every day.

Mitie is a people business, offering facilities management services that are driven by Mitie colleagues. Mitie's vision is to be the destination employer in the facilities management industry, creating a 'Great Place to Work', and a truly inclusive culture where our people are supported to achieve their potential. Further detail can be found in the People section on pages 56 to 60.

All Directors lead by example and promote the desired culture.

Alignment of remuneration and culture

Successful people and organisations are clear about what they want to achieve, how they are going to get there and their progress along the way. The annual employee appraisal (MiReview) process allows Mitie to set SMART objectives in areas that really add value to the business, build development plans that help colleagues achieve their objectives and personal development goals, and ensure pay reviews are carried out in a transparent way, related directly to individual performance.

Details on Mitie's approach to investing in and rewarding its workforce are set out on pages 56 to 60 and Mitie's Real Living Wage commitment on page 58.

Ethics

Mitie is committed to: promoting equality, diversity and inclusion; eliminating discrimination; providing equality of opportunity; and encouraging inclusivity among colleagues.

All colleagues are required to adhere to Mitie's key ethics and compliance policies, which include the Employee Handbook, Ethical Business Practice Policy, People Policy, and Equality, Diversity & Inclusion Policy. Colleagues are encouraged to report any behaviours that they believe do not comply with the policies or do not meet the standards of conduct expected at Mitie. Channels for raising any such concerns include Mitie's independent whistleblowing service, line managers, People Support, directly with the Chief Executive via email to 'Grill Phil', via email to the equality, diversity and inclusion mailbox and through Mitie's diversity networks.

Mitie's award-winning inclusion learning and development programme, Count Me In, helps us create an environment where everyone feels supported, included and able to bring their true self to work. Count Me In continues to remain a key core offering for our colleagues. Since 2022, interactions with our Count Me In programme

have grown by 285% to 185,000 interactions with the learning activities, equating to over 9,000 hours of focused learning across the business. Further details on Mitie's Count Me In programme can be found on page 57 and at www.mitiepeople.com/countmein.

Our commitment to fostering a truly inclusive culture has been furthered this year by the development of a new Leading with Respect programme. This was developed for all people managers in our business and builds on Count Me In, our existing award-winning inclusion programme. The Leading with Respect programme provides real focus and clarity for leaders at Mitie on how to lead respectfully and encourages them to invest in building trusting and respectful relationships with their team members, by providing practical guidance on how to create the right environment to have inclusive conversations and showing that we really care for our people.

Our people leaders go through a journey of discovery whilst completing the Leading with Respect programme. The content is carefully crafted to provide laser focus to EDI, health and wellbeing, safety and employee relations matters, and empower our people managers to effectively manage grievances, absences and investigations with a colleague-focused lens. Over 3,100 people managers have completed the programme since it launched in September 2023, representing 69% of our target audience.

Inclusion Allies

Our Inclusion Allies programme is run in partnership with Inclusive Employers and is sponsored by the Managing Director of Technical Services, a member of the MGX. The programme has been designed to empower colleagues across our business to act in allyship for diverse groups, role model inclusion, break down silos and help drive inclusion forward.

Allies undertake a four-week learning programme designed to take colleagues on a personal journey to allyship. They explore privilege, circles of influence and the boundaries of the role. They are given a framework and techniques to challenge exclusion and have challenging conversations.

150 colleagues at different levels from across the organisation have completed the programme and act as role models. They embed EDI into everything they do and take an active part in supporting initiatives and running awareness campaigns.

Senior Women in Leadership

We are committed to support our people to grow and advance their careers with us. Our Senior Women in Leadership programme, sponsored by the Chief People Officer, is designed to enhance the skills, abilities, expertise and experience of women at Mitie to prepare them for our most senior roles. This programme is underpinned by a Level 7 Leadership apprenticeship delivered in collaboration with Corndel College London and paired with 1:1 mentoring. We also make sure that our performance reviews and talent assessments are based on objective and concrete criteria, lowering the chance for bias in any of our selection and progression processes.

We have made positive steps towards a more inclusive culture in the last year. More of our colleagues who have disabilities or are LGBTQ+ have shared their personal data with us, with an increase of about 1%. Our colleagues from different racial backgrounds were the most satisfied group in our 2023 engagement survey, scoring 67%, while Mitie's overall score was 57%.

How the Board assesses and monitors culture

Mitie's Values help define the behaviours of its people and underpin its vision of The Exceptional, Every Day. An important element of Mitie's culture is establishing a 'One Mitie' way of operating across the business. The 'One Mitie' way leads to consistent, high-quality and relevant information flows across the business. Mitie's colleague listening strategy, which is focused on hearing from and acting on colleague feedback, supports the adoption of a 'One Mitie' culture which is inclusive and high performing. The strategy includes colleague listening sessions hosted by Board members and Mitie business divisions in the UK and overseas, as well as the annual colleague engagement survey, MyVoice (formerly Upload). Members of the Board attend regular Town Hall events with colleagues at Mitie offices, as well as diversity network events, and those hosted by the Mitie Military network. Where virtual events are held, they include the ability for colleagues to ask questions of management via a chat box (anonymously, if preferred).

These information flows, together with direct engagement from each of Mitie's business divisions, are key to the Board's oversight of cultural matters. Mitie also measures several non-financial KPIs, such as colleague turnover, employee engagement and lost time injury frequency rate, which allow trends and changes to be identified and monitored.

Set out below are further examples of how the Board monitors culture.

Whistleblowing

Mitie has an independent whistleblowing service, 'Speak Up', to enable employees, customers, suppliers and third parties to report any concerns or wrongdoing anonymously, without any fear of retaliation. Mitie's whistleblowing service platform, EthicsPoint, is managed by an independent third-party service provider, Navex Global. The service can be accessed via a freephone hotline number and a web portal, details of which are made available to employees in multiple languages via workplace posters, Mitie's Employee Handbook intranet and MitiePeople.com. The service can also be accessed by customer and supplier personnel, as well as members of the public, with details being provided via www.mitie.com.

The whistleblowing service and related internal procedures are structured to ensure that all reports are reviewed and investigated independently from the area of the business to which they relate, thereby minimising the risk of conflicts arising. All reports are copied to and reviewed by a central Whistleblowing Investigation Group, which includes the Deputy General Counsel and senior members of the Group's Internal Audit function. This helps to ensure transparency and enables any trends to be identified and addressed.

An update on whistleblowing activity is provided to the Board at every Board meeting and to the MGX as appropriate. The update includes details of incident reports received in the period between Board meetings, as well as details of ongoing and the outcomes of recently completed investigations. The EthicsPoint platform provides Mitie with the ability to report by business division and by investigation status/outcome, facilitating the Board's ability to effectively track the progress of investigations and to monitor and address trends across individual business units and the Group as a whole.

Quality, Health, Safety and Environment (QHSE)/LiveSafe

Mitie recognises that health, safety and wellbeing play a pivotal role in achieving The Exceptional, Every Day. Health, safety and wellbeing are also key metrics in demonstrating that Mitie is a responsible business and adds social value, which helps Mitie to attract and retain employees and clients.

We expect our colleagues to return from their workday healthy, safe and well. This is achieved by creating an environment where Mitie colleagues feel able to bring their whole selves to work, thereby improving health, safety and wellbeing. Mitie's aim for zero harm is underpinned by Mitie's Values and influenced through Mitie's LiveSafe programme.

The programme facilitates proactive leadership, leading to better trust and accountability in all aspects of health, safety and wellbeing management. In turn, this helps increase performance and productivity, influence ownership, improve customer service, reduce absence, reduce accidents and increase creativity and innovation, ultimately embedding a thriving culture throughout the organisation.

In December 2023, the LiveSafe safety champion network was launched. LiveSafe champions are identified as the main point of contact for routine QHSE matters, guiding and supporting their line managers and colleagues. LiveSafe champions follow a structured programme that includes formal and informal development opportunities, such as attending local QHSE meetings and courses.

2023 annual employee engagement survey

Mitie's annual employee engagement surveys provide feedback that can be acted upon by the Board and management to improve colleagues' experience of working at Mitie. The results of the survey provide the Board with a Group-wide snapshot of employee engagement levels and how employees rate Mitie's culture. A timeline with details of how this information reaches and is considered by the Board can be found on page 60. Details of 2023 employee engagement survey insights (You Said) and actions taken (We Did) can be found on page 60.

Designated Non-Executive Director for workforce engagement

Jennifer Duvalier is Mitie's designated Non-Executive Director responsible for oversight of the Board's engagement with Mitie colleagues. Jennifer participates directly in employee engagement initiatives and, along with other Board members, has carried out a full programme of activities in FY24. These include colleague listening sessions, which ensure that the Board hears directly from frontline colleagues about what is working well at Mitie and what can be improved. One of Jennifer's main roles is to encourage colleagues to share their views so that she can champion their voice in Board discussions.

Details of the activities undertaken by Jennifer and other Non-Executive Directors during the year can be found on page 100.

Why Jennifer?

Prior to joining the Board in 2017, Jennifer had a long career in HR, working in several large, people-driven companies going through significant transformation. Jennifer brings this wealth of experience to Mitie.



Objectives

The objectives of Jennifer's programme of activities include:

- Ensuring that the Board hears from a wide cross-section of Mitie colleagues both in the UK and internationally
- Hearing from colleagues from a diverse range of backgrounds, roles, contracts and business units
- Ensuring Board and MGX involvement in key diversity network events
- Creating opportunities to get involved in the work of colleagues to better understand their lived experience at work, subject to health and safety rules
- Creating a cycle of feedback with the Board to inform decision-making and people strategy setting/deliverables, and ensure colleagues hear what actions are taken from these discussions

Board site visits

The Board is at the forefront of the journey to make Mitie a 'Great Place to Work' and is keen to understand the views of all employees and the impact its decisions have on them. During FY24, Mitie continued with its process in relation to colleague listening sessions, with Jennifer and other Board members hosting at least one listening session with Mitie colleagues or attending a Mitie diversity network event each month. The wider Board will continue to support Jennifer by attending listening sessions and diversity network events during FY25.

The Board's role in colleague engagement is supported by Mitie's Chief People Officer and the Head of Communications. In collaboration with the business division leads, the Chief People Officer and the Head of Communications evaluate Mitie's annual employee engagement survey data to propose a range of site visits that ensure effective reach to Mitie colleagues globally.



Mitie's employee engagement initiatives are of great importance to me and the Board. It is crucial for us to hear directly from colleagues on what they value about working for Mitie and how we can improve their working life.

Our People are at the heart of our social value framework, and I always feel energised when I attend colleague listening sessions about what is going well and the great ideas from colleagues on how to improve, which are then given back to the Board and senior management. I am proud that our people agenda is always evolving.

Jennifer Duvalier

Designated Non-Executive Director for workforce engagement



The Head of Communications facilitates these visits alongside the business unit and/or account lead. While each visit varies in structure, generally Board members receive a tour of the site or receive an overview of it, hold a 1:1 meeting with managers and then hold an informal session with frontline colleagues without managers present. No specific topics for discussion are provided in advance, though the site team is advised that the Board would like to hear about their experiences of working at Mitie, whether they have any challenges, concerns or ideas for improvement, and the things that they consider Mitie does well.

A summary of what Board members hear from colleagues is shared with the whole Board ahead of Board meetings and then discussed at such meetings. Where specific matters are raised, these are discussed with members of senior management to ensure they are properly considered and appropriately addressed.

Details of the Board's engagement with colleagues are shared through Mitie's internal communication channels – Minet (employee intranet site) and mitiepeople.com.

Jennifer's wider activities in relation to colleague listening

The Board considers it important that colleagues' views are heard through several mediums, including feedback from managers, surveys, internal communications and digital channels (such as Yammer), to develop an inclusive, two-way and 'One Mitie' culture. As well as site visits and colleague listening sessions, Jennifer is involved in a range of other activities, including leading remuneration listening sessions, analysing feedback from Mitie's annual employee engagement survey and regular Pulse surveys,

spending time with the HR teams and attending virtual Q&A events. She also invites colleagues to contact her directly via her Mitie email address.

Why the role of designated Non-Executive Director for workforce engagement adds value (over and above other employee engagement mechanisms)

Through hosting colleague listening sessions, Jennifer and the wider Board meet colleagues across the business and listen to their views and experiences to understand first-hand what they value about Mitie and what they would like to be different. The Board is also able to instil confidence that colleagues' views are being heard at the highest level of the organisation. In analysing the feedback received, the Board can quickly identify any recurring concerns across the business and provide assurance that these will be managed effectively and efficiently.

Learnings and responses

Themes identified from the Board's colleague listening sessions during FY24 included:

- Expanding the electric vehicle car options for field-based colleagues (to include EVs with greater range) to increasing the number of EV charging ports at certain offices
- Pay, benefits and recognition
- Facilities, technology and access to systems: recognised as an area for improvement
- Communications: a desire for more effective communication with colleagues across business divisions



Jennifer at a colleague listening session.

Details of actions taken in response to feedback received are set out below.

Electric vehicles

Positive feedback	Improvement areas	Actions taken
Colleagues have provided positive feedback on Mitie's decarbonisation-focused contracts, which are regarded as advantageous, particularly given that many customers' buying patterns have changed in recent years as they aim to meet their sustainability targets and obtain energy security through solar.	It was suggested that management reconsider its electric vehicle car offering for field-based colleagues due to the miles used each week. Some colleagues also mentioned that having additional EV charging points at certain site locations would improve its reputation.	Management and fleet specialists are assessing more viable electric vehicle car options, and work is underway to build more EV charging stations at certain site locations.

Pay, benefits and recognition

Colleagues appreciated benefits such as Mitie's MiDeals platform, which provides discounts. Mitie's present benefits particularly the all-employee share plans, have received excellent feedback, resulting in increased interest in and awareness of the Mitie share price. Mitie Stars (recognition programme), particularly the Mitie Stars Awards, which provide cash awards to winners, has received positive feedback.	It was communicated that pay was not always the determining factor in attracting and retaining talent, nonetheless some colleagues highlighted circumstances where the pay for certain employees had not changed in several years and could be reviewed. Colleagues suggested pay band transparency in client-funded roles. Colleagues also welcomed increases in base salary for selected colleagues as part of Mitie's 2022 Winter Support package, however those who narrowly missed out expressed disappointment. There was some misunderstanding about certain benefits available to Mitie colleagues and how to access them. Some colleagues would like greater flexibility in terms of working hours and holiday allowances.	The Board is committed to continuously reviewing if ad hoc additional help is required for certain colleagues and encourages clients to sign up to the Real Living Wage. Management used a multi-channel approach to promote the 2020 SAYE scheme's success, such as explaining how Mitie colleagues benefited from the Company's strong share price growth during the H1 FY24 results Town Hall. The approach resulted in a rise in applications, with over 3,000 colleagues joining the 2023 SAYE scheme. All employee share plan communications now contain information on how to access the share portal. Management is considering employment contract adjustments to align certain colleagues more closely with professional services.
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Facilities, technology and access to systems

There was greater access to phones, laptops and tablets than there had been previously.	Some colleagues proposed that management monitor the state of specific buildings and put pressure on the owners of those properties to improve maintenance. Colleagues highlighted concerns about technologies that help managers and employees manage their working hours, shifts, holidays, and absences, as well as the overall IT infrastructure.	Management applied pressure on building owners to better maintain them. Work is underway to launch a Mitie colleague app, which is intended to deal with the main system issues concerning colleagues. The app's overall design has benefited from input from colleagues.
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Communications

Communication with frontline colleagues has increased, and they are eager to learn about Phil Bentley and the MGX's future ambitions for Mitie.	Communications sent by Mitie do not always reach frontline colleagues or colleagues who do not have frequent access to IT.	Work is underway to launch a Mitie colleague app with the aim of improving communication reach and targeting.
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Board effectiveness and evaluation

Board effectiveness

The performance of the Board is an essential component of the Company's success. The Board undertakes a formal and rigorous evaluation of its own performance and that of the Board Committees, Chairman and individual Directors annually. The evaluation considers composition, diversity and how effectively members work together to achieve objectives.

The evaluation provides an opportunity for the Board to enhance its effectiveness and identify any areas for improvement. All Directors fully engage in the evaluation process and take appropriate action if development needs are identified. The evaluation is externally led every three years and internally led in other years. In years in which the evaluation is led internally, the Chairman leads this for each of the Independent

Non-Executive Directors and Executive Directors, and the Senior Independent Director facilitates the evaluation of the Chairman.

During FY24, the board effectiveness review was performed by Chris Stamp of the independent business Ceradas, who has no other connection with the Company or any Director. Outcomes and actions from the review are detailed below.

Board effectiveness review process

Date	Action
October 2023	<p>Scope and timetable for the external review:</p> <ul style="list-style-type: none"> The scope of the review included the Board and its principal Committees. As part of the evaluation, 1:1 interviews would be held with each Board member and the Chief Legal Officer & Company Secretary Interviews were planned to take place throughout November, ahead of the November Board and Committee meetings. The external reviewer would be invited to attend the November meetings as an observer. A final report would be prepared ahead of the January 2024 Board meeting and Nomination Committee meeting at which the outcomes would be discussed <p>Appointment of preferred provider:</p> <ul style="list-style-type: none"> Following a comprehensive review, including meeting a shortlist of different providers, the Chairman, Chief Executive and Senior Independent Director recommended that the Board appoint Ceradas to carry out the review The decision to recommend Ceradas was made following detailed meetings with the shortlist of providers, considering several factors, including, but not limited to: the Company's size, stakeholder base, current lifecycle stage and recently agreed Facilities Transformation Three-Year Plan (FY25 - FY27). It was determined that Ceradas' pragmatic approach was most relevant and consequently the outcome of the review would provide the most value to the Company and the Board Ceradas was provided access to all Board and Committee papers and minutes from the previous 12 months, as well as the most recent internal effectiveness review, to enable a comprehensive review <p>Focus of the review:</p> <ul style="list-style-type: none"> The focus of the review was agreed to include, but not be limited to: Strategy and business performance, culture, stakeholders and sustainability, composition and succession planning, meetings and meeting materials, risk and controls and professional development The evaluation was undertaken from the perspective of the Board and all the Board members were asked to comment on the work of the Committees, irrespective of whether they were a member, as well as the individual contributions of other Board members
November 2023	<p>The interview process:</p> <ul style="list-style-type: none"> Confidential interviews were conducted throughout November. Feedback about the performance of the Chairman was shared separately with the Senior Independent Director to support the separate performance evaluation of the Chairman The final report did not contain any comments that could have been directly attributed to any individual <p>Observing:</p> <ul style="list-style-type: none"> A representative from Ceradas attended the Board and Committee meetings in November as an observer
December 2023	<p>Final report:</p> <ul style="list-style-type: none"> The final report was circulated to members of the Board in December. The report included a review summary, together with recommendations and suggestions
January 2024	<p>Review of the report:</p> <ul style="list-style-type: none"> The Board discussed the recommendations and suggestions contained in the final report at the January 2024 Board meeting and Nomination Committee meeting at which the Ceradas representative was present
March 2024	<p>Actions:</p> <ul style="list-style-type: none"> In line with the recommendations and suggestions in the final report, the Board agreed a list of actions at the Board meeting in March 2024

Board effectiveness and evaluation continued

Recommendations and suggestions from the external FY24 evaluation

Recommendations	Actions undertaken or planned	Suggestions	Actions undertaken or planned
Regular discussion about sales growth: Consider whether sales growth should become a separate regular item for reporting and Board discussion.	Sales growth has been added as a separate, stand-alone item at regular Board meetings.	Identify whether there are any follow-up points from the strategy discussions that the Non-Executive Directors (NEDs) would like to be scheduled for Board discussion during 2024.	No specific follow-up points were identified, but to be kept under review.
Settling the role of the ESG Committee: Reappraise the role, remit and membership of the ESG Committee to determine whether it should be a forum for: (i) Board oversight of all aspects of Mitie's ESG strategies; or (ii) coordination of executive action.	New Terms of Reference for the ESG Committee have been adopted and Salma Shah is leading an ongoing consultation exercise regarding the precise role of the Committee.	Discuss and agree whether there are any operational KPIs which should be given greater prominence in the routine Board reports on business performance.	No specific KPIs were identified. To be kept under review. In addition, the Board noted that it would like to have greater visibility of the material contracts which the Group proposes to bid.
Optimising NED knowledge transfer: Consider how the NEDs due to step down from the Board over the next year or two could formally and/or informally mentor newer and new NEDs to maximise the opportunities for knowledge transfer.	A proposed 'buddy' programme will be established, where existing NEDs are matched with new NEDs, with the former to share their experiences of working with Mitie.	Consider how the Board's oversight of pre- and post-merger activity could become more systematic to ensure that learnings are captured and M&A processes adapted accordingly.	It was noted that detailed M&A and Integration playbooks are in place, by reference to which all transactions are implemented. It was also noted that 3-monthly, 6-monthly and 12-monthly formal reviews of the status of each acquisition are reported upon (by reference, inter alia, to the financial, commercial and strategic goals which formed the rationale for the acquisition).
Broadening the discussion about risk: Build time into the calendar to allow the Board to: (i) better understand the breadth of risks across the divisions and how they feed into the Group Risk Matrix; and (ii) look more expansively at the Group's risk horizons.	An overview of Mitie's Enterprise Risk Management programme was presented to the Board. Regular risk updates are provided at Board meetings. Penny James will attend the Mitie Risk Committee meeting in July 2024 to share her experiences as the former Chief Risk Officer at Prudential Plc.	Consider opportunities for NEDs to be more involved in Mitie's engagement with government and/or customers.	By giving the Board greater visibility of the material contracts which the Group proposes to bid, individual NEDs will be able to highlight any relevant contacts they may have with the prospective customers.
Broadening the Board's engagement with the MGX: Consider if there are opportunities within the Board programme for the NEDs to meet more frequently with members of the MGX.	Noting the regular attendance of MGX members at the Board, it was not considered necessary to introduce an additional programme of NED / MGX engagement, especially having regard to the existing demands on the MGX. The importance of succession planning and the willingness of the Board to have the opportunity to meet high-performing Mitie colleagues, who might be promoted to senior roles, were noted.	Consider whether more information about the whistleblowing service procedures, cases and associated management responses could be reported to the Board.	Management to refresh the whistleblowing report, to provide greater insights into the type of issues being raised and provide additional comfort regarding the effectiveness of the whistleblowing procedures and the application of Mitie's Values in the resolution of any matters raised.
Moving Health & Safety up the agenda: Giving the Group Health & Safety programme a higher profile in the agenda by making it an earlier, regular stand-alone item (currently included within the Chief Legal Officer & Company Secretary report).	Mitie appointed a new Group QHSE Director in May 2024, who has been tasked with a 'refresh' of the Group's HSE strategy and raising the profile of HSE both at the Board, but also across the business as a whole. The Board's aspiration is for Mitie to be seen as 'world class' from an HSE perspective.	Streamline the primary Board and Committee packs by creating a separate folder on an electronic Board portal for supporting documents.	The Board is broadly happy with the quality and format of the Board papers and does not propose any changes. It was agreed that consideration should be given to incorporating a 'click-through' functionality within reports, where additional details could be provided to those Board members who wish to access greater detail in respect of certain matters.

Progress made on actions identified in prior year

Progress made during FY24 on actions identified as part of the FY23 evaluation is set out below.

Outcomes/suggestions	Actions undertaken or planned	Progress made on actions during FY24
To focus on succession planning, to address gaps in experience and skills following the death of Baroness Couttie and as certain Independent Non-Executive Directors are due to reach nine years of service in FY27.	To be discussed by the Board at regular intervals throughout the year.	Succession planning was discussed at the July 2023 and January 2024 Board meetings, as well as the January 2024 and March 2024 Nomination Committee meetings.
To have a significant debate around what Mitie FY25 – FY27 will look like.	Mitie's next three-year strategic plan to be debated and agreed at the Board strategy day in September 2023.	In October 2023, Mitie announced a new Facilities Transformation Three-Year Plan (FY25 – FY27).
To hold more regular Independent Non-Executive Directors only sessions.	To be scheduled at the end of each Board meeting where possible.	Independent Non-Executive Director only sessions have taken place regularly during the year, usually following the main Board meeting.
To encourage Non-Executive Director mentoring of MGX members.	Mentoring partnerships to be mapped by appropriate skillset.	MGX members have an open dialogue with all Non-Executive Directors to leverage relevant knowledge, skills and expertise as appropriate.

Nomination Committee report



The Committee's activities had particular focus on succession planning, to ensure Board members' skills and experience continue to align with Mitie's strategy as we look to bring in new talent over the next three years.

Derek Mapp

Chair of the Nomination Committee



As Chair of the Nomination Committee, I am pleased to report on the work done by the Committee during the year.

A key responsibility of the Committee is to maintain plans for orderly Board succession, and the Committee regularly receives and reviews updates on the structure, size and composition of the Board and its Committees, to ensure critical skills and experience are appropriately refreshed. We feel passionately that the composition of the Board should reflect wider society and comprise a diverse range of skills and experience in order to promote strong governance. In February 2024, we welcomed Penny James as a new Independent Non-Executive Director and appointed her as a member of the Audit Committee and Nomination Committee. Penny will be appointed Chair of the Audit Committee when Mary Reilly steps down from that position following completion of the FY25 Annual Report and Accounts of the Company.

During the year, the Board appointed independent firm Ceradas to conduct an external review of Board effectiveness. Further information on the evaluation can be found on page 107.

Succession planning was a key focus in the year, with the Board reviewing plans on Non-Executive Director succession planning, contingency planning, and career development.

The Committee also reviewed the number of external directorships held by each Non-Executive Director, individual time commitments and the Board Inclusion Policy.

Derek Mapp

Chair of the Nomination Committee

Nomination Committee members

At the date of this report and throughout FY24, the Nomination Committee comprised:

Chair¹:

Derek Mapp

Committee members:

Jennifer Duvalier

Penny James (from 1 February 2024)

Chet Patel

Mary Reilly

Salma Shah

Roger Yates

All members of the Nomination Committee are considered independent in accordance with the Code.

Nomination Committee meetings

The Committee met twice during FY24. The attendance of individual Committee members can be found on page 96.

Key purpose of the Nomination Committee

The Nomination Committee evaluates the skills and characteristics required by the Board and its Committees. In doing so, the Committee considers the challenges and opportunities facing the Group and the expertise and diversity required for the future. This ensures membership of the Board and its Committees continues to remain appropriate.

Key responsibilities of the Nomination Committee

The key responsibilities of the Nomination Committee include:

- Regularly reviewing the structure, size and composition of the Board
- Ensuring plans are in place for an orderly succession to Board and senior management positions
- Considering the length of service of the Board as a whole
- Identifying and nominating, for approval by the Board, candidates to fill Board vacancies as and when they arise
- Keeping under review the number of external directorships held by each Non-Executive Director
- Reviewing the results of the Board evaluation process that relate to the composition of the Board
- Keeping the Board Inclusion Policy under review

The Nomination Committee's Terms of Reference are available at www.mitie.com/investors/corporate-governance.

1. The Senior Independent Director chairs the Committee in circumstances where it would be inappropriate for the Chairman of the Board to chair the Committee.

Key activities during the year

Composition

As it does annually, the Nomination Committee reviewed the composition and leadership of the Board and each of its Committees during FY24. The Nomination Committee is satisfied that the Board's composition and diversity has been appropriate throughout the year, having regard in particular to the integrity, skills, knowledge and experience of its Directors and the size and nature of the business. A skills matrix can be found on page 113.

Succession planning

The Board recognises the importance of succession planning and Board refreshment and maintains succession plans for the Board and senior management.

During FY24, the Nomination Committee discussed succession planning at both its meetings.

A majority of the Board has been in place for over six years and the Committee has spent considerable time in the year reviewing and agreeing an appropriate timetable to effectively manage succession planning and the appointment of new talent, which will inevitably take place over the next three years. The Committee also considers tenure when determining a Non-Executive Director's independence.

The Board considered the Board skills matrix in the context of succession planning as a tool to help identify composition needs for the future, and to ensure that plans are proactive and not just reactive in nature.

All appointments to the Board are subject to a formal, rigorous and transparent appointment process, and are based on merit and objective criteria. The Committee engaged Sam Allen Associates as the search firm involved with the recruitment of Penny James. Sam Allen Associates had no other connection with the Company or any individual Director.

Individual Director contribution

The individual skills and experience of each Director contribute to the overall effectiveness of the Board in promoting the long-term sustainable success of the Company. The skills matrix on page 113 sets out how each Director's individual skills and experience contribute to the balance required by the Board to review the Group's strategy and manage risk.

Further details of each Director's skills and experience are set out in their biographies on pages 93 to 95.

Director external appointments and time commitments

Directors are permitted to accept additional external appointments but must seek approval from the Chairman in advance. If a Director holds significant additional external appointments, the reasons for permitting such appointments would be explained in the Annual Report.

When considering the appointment of a new Director, the Board reviews other demands on the candidate's time. Prior to appointment, the candidate must disclose any significant commitments and provide an indication of the time involved.

The Nomination Committee reviewed the time commitments of Non-Executive Directors to ensure that there were no concerns regarding overcommitment. This review considered the number of appointments, their scope and the size and type of company in which the role is held, the views of major shareholders and the latest published guidelines and recommendations.

The Board remains confident that all Board members continue to have sufficient time to dedicate to their duties.

Re-election of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election or re-election by shareholders. At the 2023 AGM, each Director in post at the time stood for re-election and was re-appointed by shareholders. At the 2024 AGM, all Directors will stand for election or re-election.

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association, the Code, the Companies Act 2006 and other related regulations.

The terms of appointment for Non-Executive Directors and service contracts for Executive Directors are available for inspection at the Company's registered office and head office and will be available at the 2024 AGM.

Conflicts of interest

The Board has a policy on the declaration and management of Directors' conflicts of interests. Any potential situation or transactional conflict must be reported as soon as possible to the Chairman, Chief Executive and Chief Legal Officer & Company Secretary. Where a potential conflict is authorised under statutory powers and powers granted under the Company's Articles of Association, such conflict is kept under ongoing review.

Executive Directors are permitted to accept external appointments, provided these do not interfere with the Director's ability to discharge his/her duties effectively and permission is sought from the Board. Executive Directors are entitled to retain fees earned from any external appointments. Neither Phil Bentley nor Simon Kirkpatrick held any external positions during FY24.

External positions held by the Chairman and current Non-Executive Directors are detailed in their biographies on pages 93 to 95.

Induction and training

On joining the Board, all Directors receive a personally tailored induction which includes:

- Meetings with Executive Directors, the Chief Legal Officer & Company Secretary and other members of senior management
- An overview of the Group's governance policies, corporate structure and business functions
- Details of risks and operating issues facing the Group
- Visits (in person and/or virtually) to divisional offices
- A briefing on key contracts

Penny James completed her induction in spring 2024.

All Directors have access to Mitie's Board Handbook on an electronic Board portal, which includes:

- Schedule of matters reserved for the Board
- Board Committees' Terms of Reference
- The Company's Articles of Association
- Guidance on Directors' statutory duties
- An overview of the Group's Directors' and officers' liability insurance arrangements
- Delegated authorities register
- Share dealing procedures
- Corporate governance and regulatory guidelines
- Key corporate documents and policies

The Board Handbook is subject to regular review and was last updated in early 2024.

Briefing notes on changes in the regulatory and governance environment are circulated to Directors on an ad hoc basis. Online training on regulatory and governance changes is also made available to Directors. Visits (in person and/or virtually) to different business sites and offices are arranged for Directors to facilitate a deeper understanding of the business.

Nomination Committee report continued

Diversity and inclusion

Mitie has a Board Inclusion Policy which recognises the importance of the Board's membership reflecting diversity in its broadest sense.

The policy also sets diversity objectives, including:

- Ensuring the Board's membership reflects a combination of demographics, skills, experience, race, age, gender, educational and professional backgrounds which provides the range of perspectives, insights and challenges needed to support sound decision-making and reflects the diverse workforce at Mitie
- Maintaining a balance so that a minimum of 40% of the Directors are women, provided this remains consistent with the skills and diversity requirements when searching for a new appointment to the Board
- Ensuring at least one of the Chair, Chief Executive, Chief Financial Officer or Senior Independent Director is a woman, provided this remains consistent with the skills and diversity requirements when searching for a new appointment to the Board
- Ensuring there is at least one Director from a racially diverse background, provided this remains consistent with the skills and diversity requirements when searching for a new appointment to the Board
- Supporting and monitoring progress against Mitie's equality, diversity and inclusion strategy and goals
- Broadening Board members' perspectives in equality, diversity and inclusion by participating in Mitie diversity network events, and sharing learnings and insights

As at 31 March 2024 (the Company's chosen reference date), the Company did not meet the target set out under LR 9.8.6R (9) of the Listing Rules that at least one of the Chair, CEO, CFO or SID is a woman. The individuals currently performing these roles continue to demonstrate the appropriate skills to support the long-term strategic delivery of the Group, however, the Nomination Committee will be mindful of the requirements under this Listing Rule when considering an orderly succession for these roles as they arise under the Company's ongoing succession planning.

As at 31 March 2024, the Company met the targets set out under LR 9.8.6R (9) of the Listing Rules for one Director to be from an ethnic minority background (the Board includes two Directors from a minority ethnic background), and for 40% of Board members to be women (following the appointment of Penny James, women represent 44.44% of the Board).

The information required under LR 9.8.6R (10) is set out on page 113, for which purpose executive management comprises members of Mitie's Group Executive (the MGX). For the purpose of LR 9.8.6R (11), diversity data is disclosed by individuals via Mitie's People Hub system at the point of onboarding. Where 'prefer not to say' is selected, colleagues can choose to update this selection later in employment. Data provision is proceeded with clarity on how the data will be used.

Mitie's Board Inclusion Policy, which is monitored and reviewed by the Nomination Committee, is available at www.mitie.com/investors/corporate-governance.

A breakdown of the gender balance of the senior leadership team can be found on page 57.

Board and executive management diversity

at 31 March 2024

Gender

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	55.56%	4	8	80%
Women	4	44.44%	–	2	20%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	77.78%	4	9	90%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	2	22.22%	–	1	10%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specific/prefer not to say	–	–	–	–	–

Board skills matrix

Skills/experience area	Derek Mapp	Phil Bentley	Simon Kirkpatrick	Jennifer Duvalier	Penny James	Chet Patel	Mary Reilly	Salma Shah	Roger Yates
Leadership and business operations	Exceptional	Exceptional	✓	✓	Exceptional	✓	✓		✓
Strategy development	✓	Exceptional	✓		✓	✓	✓	✓	✓
Corporate governance	Exceptional	✓	✓	✓	✓	✓	✓	✓	✓
Audit/risk management and assurance		✓	Exceptional		Exceptional	✓	Exceptional		✓
Remuneration/HR				Exceptional					✓
Commercial	✓	Exceptional	✓	✓	Exceptional	Exceptional	✓		✓
Technology/digital				✓		Exceptional			
Finance		Exceptional	Exceptional		Exceptional	✓	✓		✓
Investment community		Exceptional	✓		✓				Exceptional
Government/public sector experience	✓				✓		✓	Exceptional	

The collective skills and experience of individual Directors support the work of the Board and there is clear alignment between their respective competencies and the Group's strategy. Board discussions further benefit from the diversity of approach taken by each Director due to their individual background, career development and training.

Audit Committee report



The Group continued to transform and grow in FY24 with several strategic acquisitions, and further enhancements have been made in the internal controls environment to ensure rigour around financial reporting.

Mary Reilly

Chair of the Audit Committee



Report from the Audit Committee Chair

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31 March 2024 (FY24). During the year, Penny James was appointed to the Audit Committee in February 2024. I would like to extend a warm welcome to Penny.

I would also like to thank my fellow Audit Committee members, who bring insights from their diverse experience, and other attendees from the Group's finance team, the Internal Audit function and BDO LLP (BDO), the Group's external auditor, who have contributed to open and robust Audit Committee discussions during the year.

This report provides an insight into key areas considered by the Audit Committee during the year to discharge its responsibilities in relation to financial reporting, risk management, internal control, the Internal Audit function and interactions with BDO.

The Group has acquired several strategically important businesses during the year, where integration activities have ensured robust controls and processes while seeking to preserve the entrepreneurial cultures that have made them successful.

Mitie has also continued to focus on the implementation of its transformation programme, including the transition to a new shared services partner for outsourced finance activities, which was reflected in the nature of some of the matters presented for consideration at Audit Committee meetings during the year.

Given the evolving environment, I have continued to make a conscious effort to meet senior finance staff, the Internal Audit team and BDO's senior staff, which has given me an opportunity to gauge the extent of any significant emerging issues and to monitor developments.

During the year, BDO was subject to a review by the Financial Reporting Council's (FRC) Audit Quality Review (AQR) team, as part of the FRC's ongoing process for listed businesses, in respect of the audit for the year ended 31 March 2023. I have had several discussions with the FRC and BDO at various stages of the review. The Audit Committee has discussed the observations with BDO and is satisfied with BDO's response and commitment to address the findings raised.

Audit Committee members

Chair:

Mary Reilly

Committee members:

Roger Yates

Chet Patel

Penny James

(appointed 1 February 2024)

Frequency of meetings

The Audit Committee met seven times during FY24.

Key purpose of the Committee

The Audit Committee provides effective governance of the appropriateness of the Group's financial reporting and the performance of both the Internal Audit function and the external auditor.

The Audit Committee also supports the Board in meeting its responsibilities in respect of overseeing the Group's internal control systems, business risk management and related compliance activities.

The Audit Committee's Terms of Reference are available at www.mitie.com/investors/corporate-governance.

Key responsibilities in relation to financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review, with both management and the external auditor, the appropriateness of the half-yearly financial report and the Annual Report and Accounts, concentrating on, among other matters:

- The consistency of, and any changes to, significant accounting policies and practices on a year-on-year basis;
- The clarity and completeness of disclosures and the context in which statements are made;
- The methods used to account for significant or unusual transactions where different approaches are possible; and
- Whether the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

To aid its review, the Audit Committee considers reports from the Chief Financial Officer on judgemental areas, and also reports from the external auditor on the outcomes of the half-year review and year end audit.

The Group has made good progress on enhancing its internal controls framework to ensure rigour around financial reporting as the Group transforms and delivers growth, including:

- The independent Internal Audit function has been further strengthened in size and experience, which is in line with Mitie's growing focus on further improving its control environment in readiness for the corporate governance reforms introduced by the FRC in January 2024;
- An internal audit testing programme has commenced to ensure key controls are updated to reflect organisational changes in a transformative and growth driven environment, and to ensure these key controls continue to function effectively;
- Proactive data-led reviews have been undertaken to identify fraud risks and strengthen preventative controls around fraud, including mandatory training for Mitie staff;
- For the acquired businesses, reviews of balance sheets, accounting policies, processes and controls as part of the acquisition accounting and integration processes are conducted; and
- Training has continued to be provided to finance teams on a regular basis across the year, as part of the Group's continuous professional development (CPD) programme.

In addition to fulfilling its normal programme of activities during the year, the areas of focus for the Audit Committee in relation to the FY24 financial statements have been:

- Reviewing the judgements made by management in respect of acquisitions accounting, including accounting treatment for deferred consideration and employment-linked earnouts, and challenging the methodologies used for the valuation of acquired intangible assets;
- Challenging management on the accounting for the step acquisition of Landmarc, following changes to the shareholder agreement as a result of which the Group obtained control of the business during FY24, to ensure that the IFRS criteria for consolidation had been appropriately met;
- Evaluating judgements made by management related to provisions required on onerous contracts and other contract specific provisions, including assessing the adequacy of the provisions and the appropriateness of the related disclosures;
- Reviewing management's approach to determine whether the output or input revenue recognition method should be applied for measuring progress on projects which were ongoing at year end;
- Assessing the classification of amounts reported within Other Items and the associated disclosure, by reviewing the framework of controls operated by management around this area, and challenging the nature of the charges and credits classified as Other Items. The focus was to ensure that the result is beneficial for a reader of the Annual Report and Accounts, by providing meaningful insight into the underlying results of the business;
- Challenging management's judgements in relation to impairment assessments for the carrying value of goodwill, and the recoverability of deferred tax assets in relation to losses;
- Reviewing the appropriateness of recognition of surpluses on defined benefit schemes as assets on the Group balance sheet, based on the Group's unconditional right to a refund of the surplus, including the Landmarc scheme;
- Assessing the appropriateness of controls established to ensure the continued completeness and accuracy of financial reporting during the transition to a new shared services partner for outsourced finance activities, including use of the Internal Audit function to provide assurance;
- Challenging the approach taken by management to support the going concern and viability statements set out on pages 168 and 90 respectively;
- Reviewing the distributable reserves position of Mitie Group plc, to ensure shareholder distributions are appropriately supported;
- Assessing the appropriateness of climate-related disclosures and evaluations to ensure that the Task Force on Climate-related Financial Disclosures (TCFD) requirements have been met;
- Reviewing and challenging the progress made on key workstreams in readiness for the corporate governance reforms introduced by the FRC in January 2024; and
- Assessing key financial reporting judgements made by management in the context of applying the remuneration policy for executive management as set out by the Remuneration Committee.

Further detail regarding the Audit Committee and its work can be found on pages 116 to 122.

In conclusion, the Audit Committee can provide positive assurance to the Board that the Annual Report and Accounts 2024, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. As Chair of the Audit Committee, I will be available at the 2024 AGM to answer any questions about the work of the Audit Committee.

Mary Reilly
Chair of the Audit Committee

Audit Committee report continued

Significant issues considered by the Audit Committee during the year

The Audit Committee gives attention to matters it considers to be important by virtue of their size, complexity, level of judgement required or potential impact on the financial statements and wider business model, and matters pertaining to governance. Identification of the issues deemed to be significant takes place following open, frank and challenging discussion between the Audit Committee members, with input from the Chief Financial Officer, the external auditor, the Director of Internal Audit, the Director of Group Finance, the Group Financial Controller and other relevant Mitie employees.

The Audit Committee considered the significant matters set out below. Papers were presented to the Audit Committee by management, setting out the relevant facts, material accounting estimates and the judgements associated with each item. The external auditor provided papers setting out its views on each area of judgement.

The Audit Committee discussed the papers with management, challenged the underlying assumptions and sought the views of the external auditor on each matter. For each area of judgement, the Audit Committee concurred with the treatment adopted by management and the related disclosure presented in the Annual Report and Accounts.

Contract-specific provisions

During the year, management performed reviews of contracts to assess whether any contracts may be onerous over the remaining term of the contract and, where this is the case, the extent to which a provision should be made for future forecast losses. Management also conducted an assessment of the adequacy of provisions related to material contractual disputes.

Onerous contract provisions totalling £8.8m have been recognised at 31 March 2024 (2023: £10.5m). These primarily relate to a number of loss-making contracts that were acquired with the Interserve business, which are within the Communities division. Management's assessments were made in the context of the plans that have been developed and are being implemented by divisional management to improve the profitability of these contracts. Management also presented papers, which included a scenario analysis on ranges of outcomes based on plausible assumptions, to support the conclusion to not recognise an onerous contract provision on a certain contract which made a loss of £3.9m in the year ended 31 March 2024 (2023: £8.4m) with 17 years remaining on the contract.

Other contract-specific provisions, totalling £40.4m, have been recognised at 31 March 2024 (2023: £38.8m), which primarily relate to remedial and rectification costs required to meet clients' contract terms. Management's assessment included external expert opinions obtained, where necessary, to assess the adequacy of the provisions recognised.

The Audit Committee has reviewed the assessments presented by management, and taken into account the views expressed by the external auditor, based on their independent reviews of these contracts and the related forecasts.

Revenue recognition

Due to the complexity and scale of many of the Group's contracts, revenue recognition continues to be an area of focus for the Audit Committee. The Audit Committee received updates from management throughout the year and also reviewed and discussed papers presented by management on specific areas of revenue recognition, where judgement is required.

During the year, the Audit Committee reviewed management's assessment on accounting for projects, where revenue is recognised over time. This included challenge by the Audit Committee on the approach to determine whether the output or input revenue recognition method should be applied for measuring progress on projects which were ongoing at year end.

Accounting for acquisitions

The Group continued to transform and grow in FY24 with several strategic acquisitions, including JCA Engineering, RHI Industrials, GBE Converge and the step acquisition of Landmarc. The Audit Committee reviewed management's assessments of accounting outcomes for each acquisition and specifically challenged management's valuation techniques used to determine intangible assets arising on acquisition.

The Audit Committee also challenged management on the step acquisition of Landmarc, where the Group obtained control of the business during FY24, to ensure the IFRS criteria for consolidation had been met.

Valuation of goodwill

The Group carries goodwill as an intangible asset on its balance sheet in respect of businesses it has acquired (see Note 11 to the consolidated financial statements).

The Group considers the carrying value of all goodwill on at least an annual basis, or when an indicator of impairment has occurred. The valuation and impairment review of goodwill is assessed for each individual cash-generating unit (CGU) and management considers the balance sheet value of the goodwill compared with the net present value of the post-tax cash flows that are expected to be generated by that CGU. The approach involves an estimation of the future cash flows expected to be derived from each CGU and the selection of appropriate discount rates, which are then applied to the cash flows to calculate a net present value. The cash flow forecasts used in the review were derived from the most recent strategic forecast.

Management concluded that there was no impairment using either the latest forecast or as a result of applying reasonable sensitivities to key variables. The Audit Committee considered papers prepared by management and challenged the assumptions and methodology applied to assess the carrying value of goodwill.

Use of Alternative Performance Measures (APMs)

The Group's performance measures continue to include some measures which are not defined or specified under IFRS. The Audit Committee has considered presentation of these additional measures in the context of the guidance issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC) in relation to the use of APMs, challenge from the external auditor and the requirement that such measures provide meaningful insight for shareholders into the results and financial position of the Group.

In particular, the Audit Committee challenged the classification of certain costs and income within Other Items, ensuring that there is a robust framework of controls around the assessment, and that the classification and disclosure are appropriate, with the aim of providing a reader of the Annual Report and Accounts with a meaningful understanding of the underlying results of the business. This was achieved through the review by the Audit Committee of detailed papers prepared by management throughout the year, setting out each category of Other Items, analysing the charges and credits reported within each category, ensuring consistency of treatment and documenting the rationale as to why these charges and credits were both incremental to 'business as usual' activities and directly related to the category.

The Audit Committee challenged as to whether any charges or credits had been rejected from the Other Items category, based on the framework of controls operated by Group Finance around the reporting of Other Items. Management confirmed that this had been the case and that the divisions continued to engage proactively with Group Finance to discuss whether potential charges or credits would qualify for reporting as Other Items.

The Audit Committee concurred with the judgements made by management in respect of the presentation of the APMs and noted in particular that £17.9m of income has been reported within Other Items, in addition to the charges. Furthermore, the Audit Committee concluded that clear and meaningful descriptions have been provided for the APMs used, that the relationship between these measures and the equivalent IFRS measures is clearly explained, that the IFRS measures are afforded equal prominence to the APMs, and that the APMs would enhance a reader's understanding of the financial performance and position of the business.

A reconciliation of the APMs to the equivalent IFRS measures is provided in the Appendix – Alternative Performance Measures on pages 228 to 231.

Review of the Group's going concern and viability statements

The Audit Committee has reviewed the Group's assessment of going concern. The Audit Committee also reviewed the Group's viability assessment over a period of three years to 31 March 2027, which considered a range of scenarios that were based on the potential financial impact of the Group's principal risks and uncertainties as set out on pages 78 to 88.

After due consideration, the Audit Committee concluded that the assumptions used in both these assessments were appropriate and reflected the Group's principal risks and uncertainties. The Audit Committee also reviewed the Group's reverse stress test and challenged management as to the likelihood of any such scenario occurring, to assess whether it was reasonable to assume that the likelihood of any such scenario was remote. Factors that were considered included the current trading performance compared with the base case and further mitigation actions available to management.

Based on the Group's forecasts for the going concern assessment period, and the Audit Committee's recommendation, the Board is satisfied that the Group will be able to operate within the level of its facilities for a period of no less than 12 months from the date of approval of the FY24 consolidated financial statements. For this reason, the Board considered it appropriate for the Group to adopt the going concern basis in preparing its consolidated financial statements. Further details of the going concern assessment are set out in Note 1 to the financial statements on page 168.

In accordance with the Code, the Directors have assessed the viability of the Group over the three-year period to 31 March 2027. Based on this assessment, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2027. The more detailed assessment of the Group's long-term viability is set out in the viability statement on page 90.

Transition of outsourced shared services provider

During the year, as part of the Target Operating Model (TOM) programme, the Group successfully transitioned its outsourced finance activities to a new shared services partner, which included the 'Record-to-report', 'Procure-to-pay' and 'Order-to-cash' processes. Management presented numerous updates to the Audit Committee during the transition process to ensure robustness of financial reporting during and after the transition and an appropriate internal control environment is maintained.

The Audit Committee also engaged the Internal Audit function to provide independent assurance to ensure the transition process was adequately managed and challenged the transition process where required.

In addition, the Audit Committee also challenged management and BDO to ensure that the external audit process was appropriately modified to ensure audit testing was completed effectively, taking into account the phases of the transition during the year.

Climate reporting

The Audit Committee reviewed the climate-related disclosures across governance, strategy, risk management and metrics and targets and concurred with management that all 11 TCFD disclosure requirements have been complied with.

The Audit Committee challenged management on the impact of climate risks on financial results, in particular relating to asset impairments. Following this review, the Audit Committee concurred with management that there were no material financial statement impacts for FY24 in respect of these matters.

Other material accounting estimates and judgements

Management has continued to operate an established, structured process for the identification of material accounting judgements made, which are assessed at both a divisional and Group level, in arriving at the results. The judgements with a significant actual or potential impact on the Group's results are presented to the Audit Committee for consideration.

In addition to the matters outlined above, the Audit Committee considered papers prepared by management in respect of the following matters:

- Assumptions used for pensions actuarial valuations for accounting purposes;
- Key assumptions around tax, including recoverability of deferred tax assets; and
- Distributable reserves assessments prior to distributions to shareholders and review of interim accounts for the eight months ended 30 November 2023 prepared for Mitie Group plc.

Risk management and internal controls

The Board is responsible for maintaining and monitoring sound risk management and internal control systems. The Audit Committee supports the Board in this respect by monitoring the effectiveness of the overall risk management process and the system of internal controls.

The Audit Committee considers emerging risks with management as part of the risk management update it receives and reviews the risk management framework and outcomes to support the Group's going concern and viability statements.

Audit Committee report continued

The Audit Committee also keeps under review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems established to identify, assess, manage and monitor financial risks. The Audit Committee also advises the Board on such risks and how these are tracked, managed, mitigated and reported.

Risk management approach

The approach to risk management is regularly reviewed by the Audit Committee, the Board and the Mitie Group Executive (MGX) and continues to evolve in line with the business structure and risk profile. The Board understands that effective risk management and a sound system of internal control are essential to the achievement of the Group's strategy and supporting objectives.

The Risk Committee, chaired by the Chief Risk Officer (Mitie's Chief Legal Officer) and comprising the Managing Directors of each of the divisions, the heads of all functions, and relevant subject matter experts, focuses on the risk management framework to increase understanding of the nature of the risks faced by the Group and the actions and controls in place to mitigate them.

The Group continues to review and improve its approach to governance, risk management and internal controls and, during FY24, the Group made significant progress in its risk management approach. Notable enhancements to the Group's Enterprise Risk Management (ERM) framework during FY24 include the development of a new risk quantification modelling framework, completion of a third-party assessment for ISO 31000:2018 and the establishment of a structure for incorporating annual Risk and Resilience Weeks, which aids in fostering a heightened risk-aware mentality and a more resilient workforce.

The Risk Committee met four times in FY24 and continues to oversee the risk assessment processes across the Group. This allows better coordination for the reporting of risks to the MGX, the Audit Committee and the Board. Details related to the Group's principal risks and uncertainties and risk profile can be found on pages 78 to 88.

The Board considers the nature and extent of significant risks in setting the Group's strategy. The Group's Delegated Authority Register (DAR), which sets out the accountabilities and authority to take decisions on specific matters within defined financial limits and authority limits and are aligned at divisional level. This approach helps to clearly disseminate the appetite of the Board to key risks. This structure ensures a consistent approach to acceptance and management of risk across the business and provides the Board with greater visibility of how effectively risks are being managed.

Risk culture

It is recognised that the risk management culture within the business is as important as an effective risk management framework. In support of this, the 'One Mitie' Vision and Values have an important role to play. As well as helping to achieve common ways of working and clarity of approach for customers and employees, they also help set out, together with the Employee Handbook and ethical business conduct policies, the framework upon which Mitie's risk culture is built. Emphasis is placed on the importance of embedding risk management into all key decisions, such that opportunities to grow the Group are balanced with effective risk management decision-making. This means that opportunities may continue to be exploited, provided risks have been properly identified and the appropriate controls and mitigation plans established, or, in some cases, potential opportunities are declined if they sit outside the Group's risk appetite.

The Employee Handbook sets out the expected behaviours for all employees and supply chain partners and establishes zero tolerance in specific areas as part of an established ethical business framework. The Group continues to review and reaffirm its ethical business practice policies with employees and supply chain partners to ensure awareness of the 'One-Mitie' vision, values and expected behaviours is maintained.

Risk management process

The Audit Committee monitors the effectiveness of the overall risk management process. The Group's risk management framework provides a flexible and adaptable approach to the identification of risk across all areas of the business, to meet the demands of the dynamic and fast evolving environment in which the Group operates. Ultimate responsibility for risk management lies with the Board, delegated to the Chief Executive Officer, who further delegates it to the Chief Legal Officer (in capacity as Chief Risk Officer) and the MGX, with accountability and responsibility assigned to specific risk owners.

The Group's risk profile is reviewed by the Chief Executive Officer, Chief Financial Officer and Chief Legal Officer in advance of formal review and approval by the Board. All risks across the business are captured on the Group's automated risk management platform (Risk Safe) and are subject to regular reviews.

Risk identification and assessment

The Board carries out robust assessments of the Group's principal risks, including emerging risks. In doing so, the Board takes both internal and external perspectives into account to ensure the risk identification process is thorough. The internal perspective takes into account factors such as the changing and developing business profile, operational processes, technology and people, while the external perspective includes the economic environment, political factors and sector and geographical risks. During FY24, the Risk Committee regularly reviewed the impact on the business of the risks associated with the changing external environment through horizon scanning. Changes to the risk profile were then reported to the Audit Committee, the MGX and the Board for their consideration. Employing both top-down and bottom-up approaches ensures the systematic identification of significant risks to the business. Once identified, risks are assessed using standard impact and likelihood ratings to quantify the risk to the achievement of business objectives.

Risk assessments are based on a '5x5' scale ranging from minimal to catastrophic, with any risks falling into the Group's upper limits having mandatory mitigation plans with the expectation that these risks are managed down to acceptable levels.

Risk mitigation

Each identified risk has a defined control owner who is responsible for developing and implementing a risk mitigation plan. As part of the risk review process, each action and control is required to be reviewed and formally assessed for its effectiveness in mitigating risk. The Risk Committee provides oversight of the risk processes and monitors risk mitigation actions.

In addition, second line assurance activities occur across the business, the terms of reference for which are aligned with the objectives of the Risk Committee. Reviews of business area risks and the progress of associated mitigation plans are undertaken.

Assessment of the effectiveness of the control environment is undertaken at both business and Group level, led by the Director of Internal Audit. The Audit Committee formally reviews performance throughout the year and advises on the effectiveness of the risk management system in place.

Risk monitoring and review

Risk registers are reviewed regularly throughout the year. Principal risks to the business and associated mitigation plans are reviewed by the Risk Committee and then presented to the Board, and are monitored on an ongoing basis. In doing so, the Board considers the level of exposure for each risk against an agreed appetite to the level of risk.

The risk management framework is designed to manage, rather than eliminate, the risk of failing to achieve the objectives and strategy of the Group and can therefore only provide reasonable, and not absolute, assurance against material risk and loss. Details of the principal risks of the Group are set out on pages 78 to 88. It should be noted that other risks are identified as part of the risk management process, but these are not considered to have a material impact on the Group's overall ability to achieve its business objectives.

The Audit Committee confirms that this risk management process was in place during FY24 and remains in place up to the date of approval of the Annual Report and Accounts. The process is continuing to evolve and will be subject to review and improvement.

Internal controls

The Board is accountable for maintaining an effective system of internal controls across Mitie. The Board discharges this responsibility through the Audit Committee, which provides independent assessment and oversight of the financial reporting processes and related internal controls, risk management and compliance.

Management is responsible for maintaining a robust system of internal controls. The independent Internal Audit function within the Group comprises three distinct yet interlinked teams: Internal Audit, Internal Controls, and Investigations. During FY24, the Internal Controls team was further strengthened in size and experience. The Internal Audit function acts as the intermediary between the business and BDO on controls related matters, and ensures appropriate recommendations are implemented in a timely manner.

The Group's internal control framework has been strengthened over recent years and, to ensure consistency with best practice, has been devised in accordance with the Committee of Sponsoring Organizations (COSO) framework. The framework encompasses financial reporting, including fraud, operational and compliance related controls, and incorporates a maturity model that enables assessment of the Group's performance and culture of compliance.

Another key aspect of the Group's controls governance model is the Group's Integrated Management System (IMS), which is a repository for Mitie's policies and procedures, to ensure management's directives are applied. The Internal Controls team provides the necessary input to ensure adherence to policies and procedures when further developing or modifying controls.

In readiness for compliance with the changes to the UK Corporate Governance Code (the Code), the Group introduced a programme of independent testing of internal controls. In previous years, the Group has relied on self-assessment to determine the effectiveness of the Group's controls, and this is a major enhancement to ensure compliance with the updated Code, as it provides the mechanism to validate assurance over Mitie's internal control framework.

The Audit Committee has reviewed, challenged and approved the testing approach over key controls which has undergone a successful pilot programme and is now being rolled out across business units and functional areas. In formulating testing of internal controls, data has been utilised effectively to enable informed data-driven decisions, which has resulted in a more robust and comprehensive approach to testing.

The independent test results have led to a decrease in the self-assessed maturity ratings; however, these are still in line with the Group's target maturity rating which is reviewed by the Audit Committee. This exercise has been successful in identifying gaps and improvement opportunities, enabling collaboration between the Internal Controls and Finance teams across the Group in creating practical improvement plans.

In addition, targeted deeper-dive activities have resulted in spot-check audits and observation reports. Results and findings are discussed in detail with respective business owners, and remediation plans are established adopting a collaborative approach. All remediation measures have clear business ownership, ensuring appropriate oversight. These actions are not considered closed until the Internal Controls team has reviewed and verified the adequacy of the provided evidence, thereby maintaining a high standard of accountability and transparency within the organisation.

There has been good engagement from senior stakeholders on internal controls and, considering its importance for compliance with the updated Code, the Audit Committee reviews and challenges testing results and progress against remediation plans regularly, ensuring preparedness for regulatory scrutiny.

The programme of internal control works currently being undertaken by the Group is not solely focused on compliance with the Code and extends to improve, streamline and standardise the Group's processes. Effectiveness of internal controls is embedded within the objectives for the Chief Financial Officer and senior finance individuals, to ensure appropriate focus on improvement of internal controls.

During FY24, the Group placed a particular emphasis on IT General Controls (ITGC) and Environmental, Social and Governance (ESG) controls testing, recognising their importance in the overall success and sustainability of the business. By concentrating on ITGC, the Group aims to maintain robust, reliable and secure technology infrastructure and systems, to ensure the resilience and efficiency of its operations. The ESG controls testing serves as an essential aspect of Mitie's approach to responsible business practices, addressing key metrics and performance indicators related to its environmental impact, social responsibility and corporate governance.

Audit Committee report continued

Assurance

In accordance with the Code, the Audit Committee performs an evaluation of the effectiveness of internal controls across the Group on an annual basis, covering all material controls, including financial, operational and compliance controls. Previously, along with findings from the audit and assurance tasks conducted by the Internal Audit team, this has been based on the self-assessed control ratings by Mitie divisions. During FY24, the independent testing results informed the basis of this evaluation, enabling the Audit Committee to make better informed decisions about resource allocation, risk mitigation strategies and operational guidance.

In addition, the Director of Internal Audit provided regular updates to the Audit Committee during the year and provided visibility over the progress made against control remediation and gap analysis activity. Board members meet privately with the Director of Internal Audit for detailed discussion and to provide robust challenge where required.

Features of the internal control and risk management frameworks which ensure accuracy and reliability of financial reporting comprise:

- A culture that promotes good governance, integrity, transparency, fairness and accountability;
- The implementation of Group-wide policies and procedures that foster consistency across the business;
- Clearly defined responsibilities, allocated in accordance with the Group's delegated authority register;
- A defined and agreed approach and tolerance for handling risks and opportunities that the business encounters; and
- The recognition and documentation of key internal controls, along with the clear assignment of responsibility for their efficient operation, tracking and reporting.

The focus for independent testing in FY24 was a 'bottom up' approach, focusing on Mitie's business-critical processes that feed into financial reporting, operations and compliance. The Internal Audit function have also begun a 'top down' approach, linking the Group's principal risks with the various assurance activities relied on to ensure completeness and accuracy of the day-to-day business operations. This layered approach will widen the scope of independent testing in future years, demonstrating top to bottom risk and control assurance and enabling the Group to improve the maturity ratings across the entire control environment.

Senior Accounting Officer update

The Chief Financial Officer presented a paper to the Audit Committee detailing the processes in place to ensure that the relevant controls had operated effectively during FY24, thereby supporting signature of the Senior Accounting Officer certificate. The Audit Committee considered this paper and was satisfied with the approach taken by management.

Internal audit

The Director of Internal Audit at Mitie has continued to strengthen the independent Internal Audit function by providing a range of services covering various types of assurance activities, including controls testing. The Internal Audit function engaged with key stakeholders across the Group to gain business insight, which has been used to develop an internal audit strategy for the next three years.

The authority and responsibilities of the Internal Audit function are defined in its charter, which is reviewed regularly by the Audit Committee. Reporting directly to the Audit Committee (administratively to the Chief Financial Officer) allows the Internal Audit function to achieve objectivity and offers independence from those activities being audited.

The work of the Internal Audit function helps to provide assurance over the effectiveness of the Group's governance, risk management and internal control frameworks. The Audit Committee Chair assesses the Internal Audit function's performance against internal audit objectives and oversees the appointment and removal of the Director of Internal Audit. The Audit Committee reviews and approves the annual internal audit plan and all amendments to it are communicated to the Audit Committee through periodic update reports.

The annual internal audit plan has been created following discussion with the Board members and wider Mitie leadership teams, including the Executive Committee, Risk Committee and finance leadership team, and after careful consideration of the key developments and risks in the Group and the updated UK Corporate Governance Code and other regulatory changes. The audits are aligned to the Principal Risks and the Group's three-year plan, and the annual internal audit plan has been mapped against Gartner's 'audit hot spots dashboard' and other industry insights.

An audit report is produced to present the findings of each internal audit and any remedial action plans developed by management in response, which are tracked to completion by the Internal Audit team and presented to the Audit Committee. Throughout FY24, in response to ever-changing stakeholder needs, improved formats of reporting were used, including an 'audit on a page' concept of one-page spot-check audits, designed to offer rapid assurance over specific risk areas, in addition to comprehensive reports and ongoing assurance memorandums over in-flight projects and technology solutions.

All internal audit reports issued during the year are made accessible to the members of the Audit Committee and BDO. In order to provide an independent perspective on the Group's internal financial control systems, the Audit Committee also receives a regular report on internal audits completed in the period and reports from BDO arising from its audit work.

The internal audit plan for FY24 was presented to and approved by the Audit Committee in March 2023, and was kept under continual review throughout the year. The plan was approved and delivered accordingly.

The key areas of focus in the FY24 internal audit plan included:

- A review of the control effectiveness of key operational systems (CAFMS);
- A review of the control environment around the transition of outsourced finance activities to a new shared services partner;
- A review of user access controls across systems and applications;
- Assessment of the risks, controls and reporting within the bidding process;
- Ongoing assurance over process and controls workstream related to the Target Operating Model (TOM) programme;
- Inflight review of the MyMitie application and assessment of vendor selection and procurement process; and
- Review of the occupational health assessment process.

Regular updates were provided to the Audit Committee throughout FY24 by the Director of Internal Audit. These covered the results of the audit work undertaken and developments in the internal control environment, highlighting areas where improvements in risk, governance and control processes were required. In addition, progress on the review, improvement and

documentation of the key internal controls across the business, including internal controls over financial reporting, was presented to the Audit Committee regularly. As described previously, this will help ensure compliance with the updated Code on reporting of internal controls and raise awareness of the importance of internal controls in the business.

Through the updates from the Director of Internal Audit, the Audit Committee also monitored the progress by management in completing actions to address the findings from internal audit reports. The vast majority of actions continue to be closed by the agreed completion date. This remains an important area for the Audit Committee, and management is required to provide an explanation if planned completion dates are not met.

Review of whistleblowing processes

The Investigations team supports the whistleblowing and investigations process by providing dedicated resource and expertise for fraud investigations. In FY24, the Group continued to operate its independent whistleblowing service via the 'EthicsPoint' service, as well as receiving whistleblowing concerns through the Chief Executive Officer's direct channel entitled 'Grill Phil', and various other means.

Investigations of all natures are taken seriously by management and the Board, and documented reports for each investigation are created and approved via a formalised process. Improvement actions recommended by the Investigations team are tracked to completion. An update on whistleblowing activity is provided at each Audit Committee and at every Board meeting.

Allegations of fraud

In instances where allegations of fraud have been reported, these are investigated as a matter of priority by the Investigations team and reported to the Audit Committee. The related reports summarising the issues, conclusions and recommendations were reviewed and discussed by the Audit Committee. The Audit Committee then monitored the implementation of any required actions, aimed at preventing future occurrence of similar issues and enhancing internal processes and controls.

The Investigations team also regularly delivers fraud awareness sessions across the business and conducts proactive reviews to identify fraud trends using data analytics.

External audit

The Audit Committee is committed to ensuring the independence, effectiveness and objectivity of the external auditor, and reviews the performance of the external auditor in respect of audit-related services and non-audit services every year.

Appointment and re-appointment of the external auditor

The Group undertook a competitive external audit tendering process in 2017 and BDO LLP (BDO) was selected as the Company's external auditor with effect from 19 September 2017.

BDO has continued to provide external audit services to the Group. Greg Watts was the lead partner for BDO on the Group audit for FY24, which was his second year on the Group audit. For FY24, Peter Latham and Richard Bedlow took over as lead auditors for BDO on the divisional audits for Technical Services and Central Government & Defence respectively, with appropriate transition processes adopted by BDO.

During the year, it was noted that a Board member's child had joined BDO as a trainee. The Audit Committee reviewed the matter with BDO and it was confirmed that the individual is not part of the Group's audit team and is not in a managerial position over any individuals in that team. In addition, appropriate safeguards have been embedded by BDO to ensure the continued independence of the external auditor.

The Audit Committee considers annually the need to tender the audit for audit quality or independence reasons. There are no contractual obligations in place that restrict the Group's choice of statutory auditor.

The Audit Committee confirms that the Group is in compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

External auditor effectiveness

The Audit Committee monitored the conduct and effectiveness of the external auditor through its assessment of:

- The experience, expertise and perceptiveness of the auditor;
- The planning and execution of the agreed audit plan and quality of reports from the auditor; and
- The conduct of the auditor, including the Audit Committee's experience of interaction with the auditor.

In addition to receiving written reports from the external auditor and from management, the Audit Committee also conducted private meetings with the external auditor and separately with management. These meetings provided the opportunity for open discussion and feedback on the audit process, the responsiveness of management and the effectiveness of both the internal and external audit teams.

Meetings with the external auditor included challenge from the Audit Committee around the audit process and opportunities to place more reliance on controls as part of the audit approach.

During the year, BDO was subject to a review by the FRC's Audit Quality Review (AQR) team, as part of its ongoing process for listed businesses, in respect of Mitie's audit for the year ended 31 March 2023. The Audit Committee Chair had several discussions with the FRC and BDO at various stages of the review. The Audit Committee Chair shared the AQR Inspection Report with the Audit Committee, and also discussed the findings directly with the lead partner for BDO. The Audit Committee noted the scope of the review, the key findings raised, together with BDO's proposed plan to address the findings. The Audit Committee was satisfied with BDO's response and commitment to address the findings raised. The BDO plan was implemented as part of the audit for the year ended 31 March 2024.

Non-audit services provided by the external auditor

The Group has a non-audit services policy, approved by the Audit Committee, that ensures the external auditor remains independent and objective throughout the provision of its independent audit services and when formulating its audit opinion. This non-audit services policy is underpinned by principles that ensure that the external auditor does not:

- Audit its own work;
- Make management decisions for the Group;
- Create a conflict of interest; or
- Find itself in the role of advocate for the Group.

Audit Committee report continued

The Group non-audit services policy reflects the requirements of the FRC's Revised Ethical Standard 2019, which limits the types of non-audit services that external auditors can provide. Under the requirements, permitted services are largely those required by law or regulation, loan covenant reporting, other assurance services closely related to the audit or annual report and reporting accountant services. The Audit Committee confirms that the Group non-audit services policy is consistent with the FRC's Revised Ethical Standard 2019.

Under this policy, prior to the appointment of the external auditor to provide any permitted non-audit services, approval must be obtained from the Chair of the Audit Committee.

A report of all non-audit services performed by the external auditor during FY24, irrespective of value, was submitted to the Audit Committee.

A summary of the fees paid to the external auditor for FY24 is set out in Note 5 to the consolidated financial statements. Fees for other audit-related services of £230,000 related to the review of the half-yearly financial report and no other non-audit services were provided by BDO for FY24. The Audit Committee considered reports from both management and the external auditor, which included monitoring of fees for permitted non-audit services compared with the FRC fee cap, none of which raised concerns about external auditor independence.

Fair, balanced and understandable

In accordance with Provision 27 of the Code, the Directors confirm that they consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. When arriving at this position, the Board was assisted by various processes, including the following:

- The Annual Report and Accounts was drafted by senior management with overall coordination by Group Finance to ensure consistency across the relevant sections;
- A review was undertaken to assess the consistency of the Annual Report and Accounts with internally reported information and investor communications, and to assess the balance between reported measures and alternative performance measures;

- Reviews of drafts of the Annual Report and Accounts were undertaken by the Executive Directors, Chief Legal Officer & Company Secretary, other senior management and external advisors; and
- The final draft was reviewed by the Audit Committee prior to consideration by the Board.

Details of the basis on which the Company generates and preserves value over the long-term and the strategy for delivering the Company's objectives are set out in the Strategic report. An explanation by the Directors of their responsibility for preparing the Annual Report and Accounts can be found on page 152.

Environment, Social & Governance (ESG) Committee report



As Chair of the ESG Committee, I am delighted to present the Committee's report for the year ended 31 March 2024. This report outlines our key activities and accomplishments over the past year, alongside our strengthened governance in response to growing regulatory demands.

Salma Shah

Chair of the ESG Committee



Report from the ESG Committee chair

This report highlights the ESG Committee's key activities and achievements during FY24 and enhanced governance involvement in relation to increasing regulatory requirements. Highlights of Mitie's ESG activities and outputs are set out in pages 54 to 77 of this Annual Report and further information is also available at www.mitie.com/esg.

As detailed over the following pages, in FY24 the Committee focused on areas such as:

- Completing an updated double materiality assessment, ensuring compliance with the Corporate Sustainability Reporting Directive;
- Enhancing the quality of our reporting both internally and externally to ESG rating agencies and other disclosure organisations;
- Updating Mitie's Supplier Code of Conduct to include enhanced environmental and social value requirements;
- Enhancing our Modern Slavery procedures and the Group's Modern Slavery statement;
- Reviewing Mitie's long-term ESG targets;
- Supporting the creation and expansion of trailblazer apprenticeship schemes, with the aim of closing future skills gaps;
- Supporting the launch of Mitie's first Level 7 Leadership cohort for senior women in conjunction with Corndel;
- Guiding our Apprenticeship Levy lobbying activity;
- Enhancing environmental training to ensure Board and senior leadership ESG competence;
- Improving metrics around business ethics reporting, incorporating environment, labour standards and human rights;
- Developing an ESG scorecard to understand our suppliers' ESG performance and help identify opportunities for collaboration; and
- Supporting the implementation of Mitie's M&A strategy, with its focus on acquiring businesses that can enhance our decarbonisation project delivery capabilities.

Mitie's ESG leadership position has continued to receive external recognition through both accreditations and awards, including the following:

- Edie awards 2024 – Transport/Fleet Management Project of the Year
- Top Employers Institute 2024 – Top Employer United Kingdom
- Inclusive Companies 2023 – Inclusive Top 50 UK Employer
- National Apprenticeship Service 2023 – Top 100 Apprenticeship Employer
- EMA Energy Management Awards 2023 – Net Zero Strategy of the Year

ESG Committee members

At the date of this report and throughout FY24, the ESG Committee comprised:

Chair:

Salma Shah

Committee members:

Peter Dickinson, Chief Legal Officer & Company Secretary
 Jasmine Hudson, Chief People Officer
 Claire Lovegrove, Head of External Communications
 Jason Roberts, Group Director for Sustainability & Social Value
 Danny Spencer, Managing Director of Care & Custody
 Jason Towse, Managing Director of Business Services
 Simon Venn, Managing Director of Technical Services & Chief Government Officer

ESG Committee meetings

The ESG Committee met six times during FY24.

Key purpose of the ESG Committee

The purpose of the ESG Committee is to provide oversight and governance for all of Mitie's ESG initiatives, ensuring they are aligned to Mitie's Purpose, Promises and Values.

Key responsibilities of the ESG Committee

To benefit Mitie's customers, employees, shareholders and other key stakeholders, the key responsibilities of the ESG Committee include:

- To prepare the ESG strategy of the Group on an annual basis, and submit it to the Mitie Board for final approval and adoption
- To promote, oversee and monitor the implementation of the Group's ESG strategy
- To seek to ensure that the Group conducts its business in a responsible way with the aim of achieving positive impact on the communities, people and the environment in which it works, and which is consistent with its ESG strategy

The ESG Committee Terms of Reference are available at www.mitie.com/investors/corporate-governance.

Environment, Social & Governance (ESG) Committee report continued

- Construction News Specialists Awards 2023 – Project of the Year by a Specialist Contractor (subcontract from £2m to £5m)
- ESG Investing's Corporate ESG Awards 2023 – Best Company for Carbon Transition
- Ministry of Defence's Employer Recognition Scheme from 2020 – Gold award holder
- HR Excellence Awards 2023 – Best Early Careers Strategy
- ProShare Awards 2023 – Best Overall Performance in Fostering Employee Share Ownership (50,000+ employees)
- B2B Marketing Awards 2023 – Silver Award for Best Use of Customer Insight for Decarbonisation, Delivered™

Areas of focus for the Committee in FY25 are expected to include:

- Embedding Mitie's materiality assessment results into strategies across the business
- Supporting the social mobility of underrepresented groups
- Deploying Mitie's social value delivery programme across a wide range of client accounts
- Incorporating further circular economy and reuse initiatives into internal operations
- Expanding our internal deployment of nature-based initiatives to improve biodiversity within the Mitie estate
- Monitoring Mitie's performance against its FY25 social value targets and intervening if required to ensure their fulfilment
- Ensuring successful utilisation of our supplier ESG scorecard and upskilling procurement teams on its application and purpose, aiming to identify opportunities to accelerate our suppliers' Net Zero journeys and reduce Mitie's Scope 3 emissions
- Enhancing colleagues' knowledge and awareness of sustainability

Salma Shah

Chair of the ESG Committee

Task Force on Climate-Related Financial Disclosures (TCFD) **Board oversight of climate-related risks and opportunities**

Both the Board and the ESG Committee have oversight of climate-related risks and opportunities.

At each Board meeting, the Chair of the Committee provides an update which includes an overview of any Committee meeting and any recommendations from the Committee requiring approval by the Board.

All members of the Board have access to ESG Committee meeting papers via an electronic Board portal.

Management's role in assessing and managing climate-related risks and opportunities

Due to the action-oriented nature of the Committee, a significant proportion of its membership comprises members of the MGX and senior management.

As set out on pages 64 to 66, a governance framework comprising the Plan Zero Working Group, Plan Zero Steering Group, the Committee, and the Board, ensures that climate-related risks and opportunities are appropriately assessed and managed at Mitie.

Mitie's climate change risk assessment (TCFD risks and opportunities) is maintained by Jason Roberts, Group Director for Sustainability & Social Value, who is a member of the Committee and Chair of the Plan Zero Steering Group. Senior members of the Finance team distribute the document to all business areas for them to review business and operation-specific risks and opportunities.

Governance framework

Board

The Board has overall responsibility for sustainability, environmental and climate-related matters, including TCFD risks and opportunities.

The Board reviews climate-related risks and opportunities as part of its principal risks and business strategy considerations.

ESG Committee

The Committee has oversight for social value, sustainability, environmental and climate-related matters, including TCFD risks and opportunities.

The Committee reviews and approves Mitie's climate change risk assessment (TCFD risks and opportunities) following its approval by the Plan Zero Steering Group.

The Committee receives regular updates on outputs from Plan Zero Steering Group meetings.

Plan Zero Steering Group

The Plan Zero Steering Group meets quarterly in line with Risk Committee meetings, and reports to the Committee. This group comprises representatives from Finance, Risk, Legal, ESG and Investor Relations. Its key responsibilities include:

- Overseeing and directing the Plan Zero Working Group
- Reviewing and mitigating identified climate-related risks
- Realising climate-related opportunities
- Reviewing and approving Mitie's climate change risk assessment (TCFD risks and opportunities)

Plan Zero Working Group

The Plan Zero Working Group meets monthly to explore Environment, Business Ethics, Sustainable Procurement and Labour and Human Rights, and reports to the Plan Zero Steering Group. Its members include representation from ESG, Procurement, Property, Fleet, Waste, HR, Ecology, and Legal.

Its key responsibilities include:

- Identifying and delivering actions to achieve the objectives of Mitie's Plan Zero initiative
- Driving down energy consumption and associated carbon emissions
- Transitioning to a circular economy and improving biodiversity
- Improving Mitie's processes around labour, human rights and business ethics
- Engaging our supply chain and embedding sustainability within our procurement processes
- Improving the accuracy of supply chain emissions data
- Taking action in response to feedback from ESG rating agencies, and other disclosure organisations, such as CDP and EcoVadis

Key activities during the year

Materiality assessment

The Committee identified that due to Mitie's business operations in the EU, it falls into the scope of the Corporate Sustainability Reporting Directive (CSRD) framework regulations, which require the completion of a double materiality assessment. The Committee collaborated with the ESG team to identify an external organisation to complete this assessment, and which stakeholders to involve. Surveys and interviews with Mitie's stakeholders will provide results that will be fed into Mitie's FY25 strategies across the business.

Supplier ESG scorecard

The Committee worked to develop a mechanism to enable Mitie's supply chain's ESG performance to be measured, by implementing an ESG scorecard. The Committee collaborated with the ESG team to ensure this process aligns to and covers areas included in other reporting requirements such as CDP and EcoVadis. The Committee identified the potential for this engagement to identify opportunities for collaboration and enhancement of Mitie's decarbonisation delivery. This scorecard will enable Mitie to rank its suppliers in terms of ESG and directly support our related science-based targets.

Enhanced reporting

The Committee continued to look for ways to improve Mitie's ESG scores with ESG rating agencies, accrediting bodies and sustainability indices in FY24. The Committee reviewed responses to disclosure questionnaires and identified areas for improvement. The Committee also initiated engagement conversations with these organisations where needed. As a result of these engagement activities, Mitie secured a place on the CDP's Climate Change A List, one of only 362 companies worldwide to achieve this (top 2%), and within the Supplier Engagement rating, putting Mitie amongst the 7% of companies in our activity group to receive this scoring.

ESG Report 2024

The Committee reviewed Mitie's ESG Report 2024 and the Board's feedback on the report. This report outlines the progress made across all areas of Mitie's ESG strategy and shares key achievements for each of the five pillars of Mitie's social value framework: environment, responsible supply chain, people, community, and innovation. The report is available to download at www.mitie.com/esg/.

Support for apprenticeships

The Committee kept Mitie's Apprenticeship Levy strategy under review and discussed ways to increase Mitie's utilisation rate and gifting. As part of these discussions, the Committee made the decision that Mitie should join The 5% Club, an organisation committed to providing earn and learn opportunities. The Committee identified obstacles that were limiting Mitie's ability to maximise Apprenticeship Levy spend, including a gap in programmes for colleagues in certain job roles, so therefore supported the launch of the Level 2 Professional Security Operative trailblazer apprenticeship and Mitie's first Level 7 Leadership cohort for senior women in conjunction with Corndel.

Giving Back

The Committee was regularly updated on Mitie's 'Giving Back' initiative, which encourages eligible colleagues to use their annual volunteering day to support good causes in the local community. The Committee discussed the effectiveness of Mitie's volunteer recording platform, along with colleague eligibility criteria, with aims to maximise accessibility and engagement. A total of 24,626 volunteer hours were recorded during FY24, 1,920 over target.

Performance against targets

The Committee reviewed performance against its FY24 ESG targets at every meeting. At times during the year when a particular target was tracking behind schedule, the Committee discussed the reasons why and identified ways to address the shortfall. For example, Committee members promoted the importance and requirement of electric vehicle (EV) uptake amongst their teams to ensure Mitie's EV target was achieved with minimal pushback through ensuring awareness of purpose and application. Mitie achieved 13 of its 14 FY24 ESG targets.

Mitie Foundation

The Committee was regularly updated on the activities of the Mitie Foundation. During FY24, the Mitie Foundation continued to support individuals with perceived barriers to employment, such as the long-term unemployed, those with disabilities or learning difficulties, veterans, ex-offenders and young people. A total of 418 Mitie Foundation candidates were recruited into the Mitie business in FY24. Further detail of the activities of the Mitie Foundation can be found on page 76 and at www.mitie.com/mitie-foundation.

Statement from the Remuneration Committee Chair



As we embark on FY25, it is also the start of Mitie's new Three-Year Plan, and the Remuneration Committee has reviewed the remuneration policy to ensure it continues to support the Group's strategy and promotes the long-term sustainable success of Mitie.

Jennifer Duvalier

Chair of the Remuneration Committee



On behalf of the Board, I am pleased to present the Directors' remuneration report for the year ended 31 March 2024.

The report is split into three main parts:

- **Executive remuneration at a glance.**
This sets out a summary of our policy, remuneration outcomes for this year and how we intend to operate our policy for next year
- **The Annual Report on Remuneration.**
This provides more detail on the above, as well as setting out other remuneration-related disclosures
- **The remuneration policy.** Our existing policy has been in place since it was approved by shareholders at the 2021 AGM. In accordance with the normal three-year cycle, we are presenting a new policy for approval at the 2024 AGM. The policy review and the main changes are summarised below

Business performance and context

Mitie has delivered a strong financial performance in FY24. Revenue and operating profit before other items reached record levels and were up 11% and 30% on the prior year, respectively. There has been strong free cash flow generation of £158m and ROIC has significantly exceeded our target at 26.4%. EPS growth has been 29% on prior year. Performance over the last three years has also been strong with all key financial targets met or significantly exceeded. Mitie's total shareholder return performance over that period has been in the top 10 in the FTSE 250 and our market capitalisation has grown from c.£400m at the time of the Interserve acquisition in November 2020 to c.£1.6bn, a fourfold increase. Over the same period, we have made significant investments in developing a sector-leading reward package for all of our colleagues and they have benefited from: free share awards; matching share awards under the Share Incentive Plan; £10m Winter Support package during the cost of living crisis; and a SAYE share option maturity in December 2023 where the average gains were c.£14,000 as a result of significant share price appreciation and the 20% discount price.

Supporting our colleagues

Mitie is a people business; our exceptional colleagues are integral to the Group's success. During FY24, we ran national roadshows to promote the awareness of benefits, as well as Mitie's award-winning learning and development offering. We made our fourth free share award to our colleagues; with those earning the least receiving the most shares in line with previous awards.

Remuneration Committee members

At the date of this report and throughout FY24, the Remuneration Committee comprised:

Chair:

Jennifer Duvalier

Committee members:

Chet Patel

Salma Shah

Roger Yates

Remuneration Committee meetings

The Remuneration Committee met four times during FY24.

Key purpose of the Remuneration Committee

The purpose of the Remuneration Committee is to develop and oversee remuneration policies and practices that support Mitie's strategy and promote long-term sustainable success.

Key responsibilities of the Remuneration Committee

The Committee has responsibility for determining the remuneration of Mitie's Executive Directors and the Chairman, taking into account the need to ensure Executive Directors are properly incentivised to perform in the interests of the Company and its shareholders.

The Committee is also responsible for setting the remuneration for other senior executives, including the Mitie Group Executive (MGX). The Committee also reviews workforce remuneration and related policies and takes these into account when setting the policy for Executive Directors.

The Committee regularly consults with the CEO and key HR executives on various matters relating to the appropriateness of rewards for the Executive Directors. However, the CEO and other Executive Directors are not present when matters relating directly to their own remuneration are determined.

This is also the case for other executives attending Committee meetings. The Company Secretary attended the meetings as Secretary to the Committee. The CEO and HR executives attended the meetings by invitation only.

The Remuneration Committee's Terms of Reference are available at www.mitie.com/investors/corporate-governance.

For our hourly paid colleagues, we increased pay in line with the National Living Wage or Real Living Wage increases. In practice, this means that a considerable number of our people received increases of around 10%. For our salaried colleagues, the overall pay budget increase for 2024 was set at 3%, balancing Group affordability with talent market pressures.

Remuneration review and new policy

In accordance with the regulations, Mitie is required to submit the remuneration policy for approval by shareholders at the 2024 AGM. Over the last year, the Committee undertook a review of our policy to ensure that it supports the delivery of the next phase of our strategy, promotes long-term sustainable success and is aligned with our purpose. As part of our review of the policy, we consulted with major shareholders. We have taken into account the feedback we received and incorporated it into the development of the new policy.

Following our review, we concluded that our existing policy was generally aligned with Mitie's underlying purpose and values. However, taking into account a number of factors, the Committee identified an opportunity to make two key changes to the new remuneration policy:

- **Annual bonus.** Increase in maximum annual bonus opportunity under the Policy to 200% of salary for Executive Directors. Our intention is that for FY25, this would be implemented as 200% of salary for the CEO (up from FY24: 160%) and up to 175% of salary for the CFO (up from FY24: 135%). The current bonus opportunities have been in place since the CEO's appointment in 2016, when Mitie was a FTSE SmallCap company. Mitie is now established comfortably within the FTSE 250 with a market capitalisation of c.£1.6bn. We consider this a relatively modest and appropriate increase in the package in that context, to ensure ongoing market competitiveness
- **Introduction of the CEO reward plan.** This is a plan operating exclusively for Phil Bentley, our CEO, to lead Mitie through the new Facilities Transformation Three-Year Plan (FY25 - FY27). This will involve an amendment to our usual LTIP framework for the CEO and is described in more detail below

Further detail on the changes to the policy are provided in the Executive remuneration at a glance section on pages 129 and 130. The new policy is set out in full in our policy report on pages 143 to 148.

CEO reward plan

The Committee is proposing the introduction of the CEO reward plan, designed to incentivise Phil to defer his retirement and reward his commitment to the new Three-Year Plan.

- We are proposing to grant Phil an LTIP award of 600% of salary in 2024 (i.e. in respect of FY25) to motivate and retain him over the next three years. At the same time, we would commit to no further LTIP grants for Phil for FY26 and FY27. The Committee will set appropriate and stretching three-year targets

We believe this to be the right course of action to retain and motivate Phil to deliver superior shareholder returns, taking into account the following factors:

- There will be no increase to his salary of £900,000 for at least the next three years, to 1 April 2027. This means that Phil's salary will have remained the same since his appointment in 2016, through to 2027. Indeed, since appointment, Phil's fixed pay has decreased, following the reduction of his cash allowance in lieu of a pension contribution from 20% to 3% of salary (a reduction of £153,000 per annum)
- For FY23, the Committee exercised negative discretion on the LTIP (reduction of 10% in recognition of shareholder views on potential windfall gains) and the annual bonus (reduction of 20% in the round). During FY17 to FY20 inclusive, three out of four bonuses for the CEO were waived entirely, overriding formulaic outcomes. During the Covid pandemic, Phil Bentley volunteered a 30% reduction in his salary for a five-month period
- In addition, the Committee has always taken a responsible and measured approach to executive pay and as noted above there have been multiple instances of negative discretion being applied. The Committee has also always been mindful of corporate governance developments and shareholder sentiment in introducing new features (e.g. increased deferral, LTIP holding periods, recovery provisions, pension alignment and post-employment shareholding guidelines)
- Finally, we note also that Phil as CEO has been very strongly aligned with shareholder value creation, having voluntarily purchased shares worth 400% of salary in November 2016 – and has not sold any shares since appointment, whether purchased himself or delivered through Mitie plans, and indeed has self-funded tax on any awards. In aggregate therefore he now holds 13 million shares, vastly in excess of his shareholding guideline of 200% of salary

Remuneration decisions and outcomes in respect of FY24

Salary

The CEO's salary of £900,000 has been unchanged since his appointment in 2016. As in previous years the Committee has decided to not implement any salary increase for Phil Bentley.

The Committee determined that Simon Kirkpatrick's salary should be increased by 3%; which is in line with the pay review budget for salaried colleagues, and less than hourly paid colleagues who received an increase in line with the National Living Wage or Real Living Wage increases.

FY24 bonus

The annual bonus for FY24 was based on profit, revenue and strategic/individual performance. At the end of the year, the Committee assessed performance against the targets and was mindful of the latest shareholder guidance and market sentiment. As such, the Committee gave careful consideration to the year's context, taking into account the experience of colleagues, stakeholders and shareholders.

FY24 was a good year of Group performance. Operating profit of £206.3m¹ was between target and maximum, revenue of £4,511m exceeded the maximum and free cash flow of £157.6m exceeded the maximum. Assessment of strategic and individual performance was such that 96.9% and 98.9% of the maximum overall bonus was determined for the CEO and CFO on a formulaic basis.

The Committee determined that the formulaic out-turns were appropriate, prior to the application of negative discretion discussed below.

2021 LTIP

The Committee assessed the outcome of the September 2021 Long Term Incentive Plan (LTIP) award against three performance measures: Earnings Per Share (EPS) growth, cash conversion and ESG targets.

Following a review of performance against targets, the Committee determined that the formulaic out-turn, prior to the application of negative discretion discussed below, was that 97.5% of the award would vest in September 2024. Performance against targets and discussion of the negative discretion applied to this award are described in more detail on pages 136 and 137 in the Annual Report on Remuneration.

1. Operating profit before other items, which (for the purpose of the ABP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128.

Statement from the Remuneration Committee Chair continued

2021 EDP

The Committee assessed the outcome of the July 2021 Enhanced Delivery Plan (EDP) award against two performance measures: Return on Invested Capital (ROIC) and exceptional cost-saving synergies and cross-selling revenue targets.

The EDP was a one-off plan developed at the time of Mitie's acquisition of Interserve in late 2020 and implemented in 2021. This was a period of extreme turbulence in the UK due to the Covid crisis. Launching the takeover of Interserve in these circumstances was bold and represented a huge opportunity but also came with significant risk for shareholders and colleagues. The EDP was designed to both retain our talented senior management team and to focus them on delivering a successful acquisition, through the use of ROIC and synergies as performance criteria. All the targets set by the Committee were very stretching and required management to perform exceptionally well to meet them. In all cases those targets have been met. ROIC of 26.3%¹ is above the range set of 20.5% to 24.5%, cost synergies of £56m per annum are at the top of the range set of £35m to £56m and revenue synergies totalling £115m are above the range set of £50m to £100m.

Following a review of performance against targets, the Committee determined that the formulaic out-turn, prior to the application of negative discretion discussed below, was that 100% of the award would vest in July 2024. Performance against targets and discussion of the negative discretion applied to this award are described in more detail on page 137 in the Annual Report on Remuneration.

Incentive outcomes

As noted above, the Committee challenged itself to ensure that bonus, LTIP and EDP outcomes were appropriate in the round. As is usual, as part of this assessment, the Committee took into account the wider performance of the Group, the context of both the shareholder and employee experience and a number of non-recurring items through the period. In doing so, it determined that, while the formulaic out-turns under the ABP, LTIP and EDP were justified, a discretionary reduction of 7.5% to all incentive outcomes for all participants (including Executive Directors) was appropriate. This resulted in the following final out-turns as a percentage of the maximum: 89.6% and 91.5% for the CEO and CFO under the ABP; 90.2% under the LTIP; and 92.5% under the EDP.

Incentives approach for FY25

For FY25, the Committee is intending to operate the annual bonus and LTIP using the same broad framework that was used for FY24 with some changes of emphasis in the mix of measures used and incentive opportunity:

- Phil Bentley's maximum bonus opportunity will be increased to 200% of salary. As stated in the 'CEO reward plan' section above, Phil will receive a one-off LTIP award of 600% of salary in FY25
- Simon Kirkpatrick's maximum bonus opportunity will be increased from 135% to 175% of salary. Simon's LTIP opportunity will be unchanged at 175% of salary
- The annual bonus will continue to be based on financial and strategic targets, with no less than 70% based on financial measures. The mix for FY25 will be: revenue (27.5%), profit (27.5%), free cash flow (25%), individual objectives (10%) and other strategic targets (10%)
- The LTIP measures will be: EPS (33.3%), ROIC (33.3%) and revenue growth (33.3%). The Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil. For the avoidance of doubt, as part of its assessment of the appropriate vesting amount, the Committee will take into account all relevant factors relating to performance against the underpins, as well as the wider performance of the Group and the context of both the shareholder and employee experience

The change in the mix of measures relative to the approach for FY24 represents an increased focus on growth, with the previous cash conversion and ESG measures being replaced with ROIC and revenue growth. Revenue growth reflects the health of the order book, the ability to upsell and cross-sell, and contract win and retention rates, alongside Mitie's broader reputation in the sector. ROIC continues to be a key measure and provides an important counterbalance to revenue growth and EPS, as it measures how efficiently Mitie utilises its invested capital to generate profits.

Cash conversion and ESG targets remain as performance measures for the 2023 LTIP awards, for which the performance period ends on 31 March 2026. The inclusion of the leverage and ESG underpins for the 2024 LTIP awards for which the performance period ends on 31 March 2027 reflects the continuing importance of cash and ESG performance notwithstanding their replacement as performance measures.

Engaging with the workforce

The Mitie Board values the views of our colleagues and has multiple engagement routes. In addition to my role as the Chair of the Remuneration Committee, I act as the designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce. In this role, I regularly engage with the workforce on a broad range of topics, including reward and benefits. In addition, we undertake an annual engagement survey in order to better understand the views of a wider range of employees. The engagement survey includes a range of specific questions on pay practices and presents an opportunity for the workforce to ask its own questions about employee or executive reward.

Through the feedback from the engagement survey, supplemented with my findings from regular direct engagement with the workforce, the voice of Mitie employees is heard at Remuneration Committee meetings. This enables the Remuneration Committee to take into account the views of employees when considering executive remuneration and the pay and employment conditions throughout the wider workforce.

I attended a listening session with frontline colleagues specifically focused on reward and executive remuneration. Colleagues fed back on their benefits package, noting their thanks for the ongoing free share awards. Colleagues were interested in understanding the Executive Directors' incentive arrangements and were reassured to hear about the Board's rigour and fairness for the consideration of reward for executives in relation to that of the wider workforce.

Conclusion

During the year, we consulted extensively with shareholders in respect of the proposed changes to the remuneration policy outlined above. The Committee greatly values the views of shareholders and I would like to take this opportunity to thank shareholders for their input and feedback. At the 2024 AGM, we will be seeking approval for the Directors' remuneration report (advisory vote) and the remuneration policy (binding vote). I welcome your views and feedback on the report.

Jennifer Duvalier
Chair of the Remuneration Committee

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1. For the purpose of the EDP performance measure, ROIC includes adjustments agreed by the Committee, having regard to the detailed rules approved by shareholders.

Executive remuneration at a glance

How we intend to operate our policy for FY25

The following table provides an overview of our remuneration policy and summarises the approach for remuneration arrangements for Executive Directors for FY24 under the current policy approved by shareholders at the 2021 AGM, alongside how the Committee intends to apply for FY25 the policy which it has proposed for shareholder approval at the 2024 AGM.

At a glance	Overview of policy	FY24	FY25
Base salary	Salaries are generally reviewed annually, effective from 1 April. The review may be influenced by: <ul style="list-style-type: none"> The individual's role, experience and performance Business performance and the wider market and economic conditions The range of increases across the Group An external comparator group comprising sector comparators and size adjusted comparator organisations 	CEO: £900,000 CFO: £400,000	CEO: £900,000 (no increase) CFO: £412,000 (+3%, in line with the rate for salaried colleagues)
Benefits	The Group provides a range of benefits which may include a company car/car allowance, private fuel, private health insurance, life assurance and annual leave. Benefits are reviewed periodically against market and new benefits may be added and/or amended as required to support the attraction and retention of key talent.	Benefits for FY24 include private medical cover, car allowance/car and financial/tax planning advice.	No changes to benefits are planned for FY25.
Pension	Executive Directors are eligible to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of a pension contribution.	3% of base salary (in line with the workforce)	3% of base salary (in line with the workforce)
Maximum bonus opportunity	Maximum bonus opportunity is 200% of base salary.	CEO: 160% of base salary CFO: 135% of base salary	CEO: 200% of base salary CFO: 175% of base salary
Bonus deferral	50% of the bonus is normally deferred into shares which vest after a minimum of two years (subject to continued employment).	50% of bonus deferred into shares which vest after at least two years	50% of bonus deferred into shares which vest after at least two years
Bonus performance measures – mix	Measures and targets are set annually and payout levels are determined by the Committee after the year end based on performance against those targets.	80% financial, 20% strategic	At least 70% financial
Bonus performance measures – metrics	Bonuses are based on stretching financial and strategic objectives assessed by the Committee at the end of the year, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders.	Revenue (27.5%) Profit (27.5%) Free cash flow (25%) Individual (10%) Other strategic (10%)	Revenue (27.5%) Profit (27.5%) Free cash flow (25%) Individual (10%) Other strategic (10%)
Maximum LTIP opportunity (CFO only for FY25)¹	Awards may be made up to a maximum level of 200% of base salary.	CFO: 175% of base salary	CFO: 175% of base salary
CEO reward plan (Phil Bentley only)	The CEO reward plan will operate as follows for Phil Bentley only: <ul style="list-style-type: none"> The CEO's salary will remain fixed at £900,000 over the next three years A one-off LTIP award of 600% of base salary will be made in FY25. No LTIP awards will be made in FY26 and FY27 All other aspects of the remuneration policy will continue to apply as normal for Phil Bentley apart from the 'Maximum LTIP opportunity', which will operate as summarised in the 'CEO reward plan' The bonus and LTIP measures, bonus deferral, LTIP time horizon, share ownership requirements and malus and clawback provisions under the remuneration policy will apply to Phil Bentley 		

1. Maximum LTIP opportunity in FY25 of 200% of base salary is the maximum applicable for a new CEO under the remuneration policy. See 'CEO reward plan' section for the proposed application of the LTIP under the new remuneration policy for Phil Bentley.

Directors' remuneration report

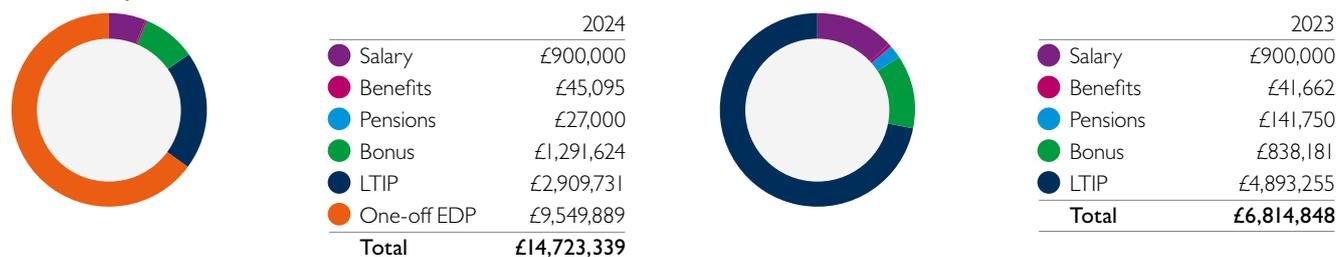
Executive remuneration at a glance continued

At a glance	Overview of policy	FY24	FY25
LTIP performance measures	Performance over at least three financial years is measured against stretching objectives which have the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders.	Adjusted EPS (50%) Cash conversion (35%) ESG (15%)	EPS (33.3%) ROIC (33.3%) Revenue growth (33.3%)
LTIP holding period of two years after vest	Awards will normally be subject to an additional holding period of at least two years.	Shares released after at least five years (vesting after three years plus two-year holding period)	Shares released after at least five years (vesting after three years plus two-year holding period)
Share ownership requirements	Executive Directors are required, over time, to build and maintain a minimum shareholding in the Company worth 200% of base salary. Executive Directors will be expected to maintain their shareholding at 100% of their ownership requirement for one year post departure, reducing to 50% for the second year post departure, or in either case the actual shareholding on departure if lower.		
Malus and clawback provisions	Recovery provisions (malus and clawback) have applied to incentives for a number of years. Further details on the recovery provisions, including the circumstances and timeframe for which they can be applied, are set out in the remuneration policy.		

Single figure for FY24

The table below reports a single figure of total remuneration for each of the Executive Directors for the financial year ended 31 March 2024 and their comparative figures for the financial year ended 31 March 2023.

Phil Bentley



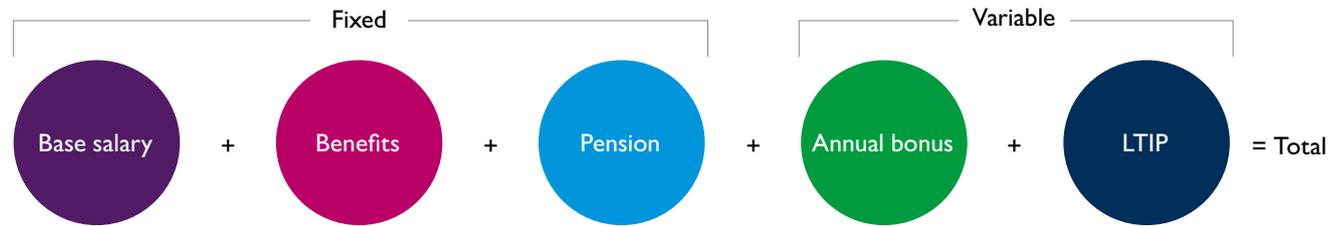
Simon Kirkpatrick



Further information on the above is provided in the Annual Report on Remuneration.

Summary of remuneration policy

Excluding the one-off awards made under the Enhanced Delivery Plan (EDP) in FY22, the standard remuneration approach for the Executive Directors comprises the following elements:



Executive incentives and link to strategy

The following table sets out how the intended measures across the incentive plans for FY25 support the Group's strategy and KPIs:

	Sustained and renewed profit growth	Quality client base	Strong cash-generative business	Strategic targets
Annual bonus	✓ 27.5% profit	✓ 27.5% revenue	✓ 25% free cash flow	✓ 20% strategic objectives (inc. ESG)
LTIP ¹	✓ 33.3% EPS	✓ 33.3% revenue	✓ 33.3% ROIC	
EDP (2021 award)	✓ 25% synergies		✓ 75% ROIC	

1. Under the LTIP 2024, the Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

Note: details of the FY25 annual bonus targets will be disclosed in the FY25 remuneration report.

UK Corporate Governance Code: Provision 40

The following table sets out how the remuneration policy addresses the factors set out in the UK Corporate Governance Code:

Clarity	The Committee considers that Mitie's remuneration structures are transparent and welcomes open and frequent dialogue with shareholders on its approach to remuneration. Major shareholders have been consulted on the Committee's approach to remuneration, including the changes to the remuneration policy which is subject to approval by shareholders at the 2024 AGM.
Simplicity	The remuneration policy is designed to be comprehensive without becoming overcomplicated and to encourage Executive Directors to concentrate on the profitable growth of the business. When developing the remuneration arrangements, the Committee was conscious of ensuring the overarching structure remained simple and easy to understand for both shareholders and participants.
Risk	The Committee considers that the structures of the incentive arrangements do not encourage inappropriate risk-taking. The following best-practice measures are in place to minimise risks: <ul style="list-style-type: none"> • Deferral under the Annual Bonus Plan, the LTIP holding period, the EDP holding period and the shareholding requirement, including post cessation, provide a clear link to the ongoing performance of Mitie's business and the experience of shareholders • The Committee has discretion to adjust the formulaic outcomes if it considers that they are not reflective of the underlying performance of Mitie or the individual • Malus and clawback provisions apply to the Annual Bonus Plan, LTIP and EDP
Predictability	One of the Committee's principles is that the majority of reward opportunity for Executive Directors should be provided through performance-related incentives linked to the Group's strategic goals and taking account of the Group's attitude to risk; reward under these incentives is linked to both individual and Group performance. Page 146 sets out four illustrations of the application of the remuneration policy, including the potential opportunity levels resulting from threshold, target and maximum performance under the Annual Bonus Plan and LTIP.
Proportionality	Performance measures and target ranges under the Annual Bonus Plan and LTIP are designed to be sufficiently stretching in order to ensure out-turns are fully aligned with Mitie's performance. As above, the Committee has discretion to override formulaic outcomes in order to ensure performance is reflective of Mitie's underlying performance.
Alignment to culture	The Committee believes in an approach to executive pay which is commensurate with value creation for shareholders. The remuneration policy and the Company's incentive schemes have been designed to drive appropriate behaviours consistent with Mitie's purpose, values and strategy.

Annual Report on Remuneration

Executive Director remuneration (subject to audit)

The table below reports a single figure of total remuneration for each of the Executive Directors for FY24 and their comparative figures for FY23:

	Year	Salary	Benefits ¹	Pension ²	Total fixed pay	Annual bonus ³	LTIP ⁴	EDP ⁵	Total variable pay	Total
Phil Bentley	2024	£900,000	£45,095	£27,000	£972,095	£1,291,624	£2,909,731	£9,549,889	£13,751,244	£14,723,339
	2023	£900,000	£41,662	£141,750	£1,083,412	£838,181	£4,893,255	–	£5,731,436	£6,814,848
Simon Kirkpatrick	2024	£400,000	£4,032	£12,000	£416,032	£494,349	£848,671	£1,508,749	£2,851,769	£3,267,801
	2023	£378,000	£3,499	£11,340	£392,839	£295,857	£744,806	–	£1,040,663	£1,433,502

- Benefits are calculated in terms of UK taxable values and relate to the cost of private medical cover, car allowance and financial/tax planning advice. Simon Kirkpatrick's benefits include the use of an electric car. Phil Bentley's benefits include the matching shares element from his SIP purchases based on the share price upon purchase.
- The pension benefit disclosed above comprises cash allowances in lieu of pension contributions. For Phil Bentley, this is 20% of base salary to 31 December 2022 and 3% of base salary thereafter. For Simon Kirkpatrick, this is 3% of base salary.
- Annual bonus payable in respect of the financial year includes any deferred element at face value at the date of award. Further information about how the level of the award for FY24 was determined is provided on pages 133 and 134.
- The LTIP figures disclosed for FY24 are in respect of the 2021 LTIP awards and have been valued, in line with the regulations, using the average share price of the last three months of FY24 (102.74p) and include dividend equivalents accrued over the vesting period. The share price at grant (using the average closing middle market price for the last five trading days prior to the start of the financial year on 1 April 2021) was 60.5p and 39.0% of the LTIP amounts included in the table above are attributable to share price appreciation. Further information about how the level of vesting (90.2%) was determined is provided on pages 136 and 137. The LTIP figure disclosed for Simon Kirkpatrick for FY23 includes a 2020 CSP award granted before he became a Director. It vested on 1 December 2022 and the valuation was based on the closing share price on the date of vesting of 75.4p and includes dividend equivalents accrued over the vesting period. The share price at grant was 38.1p and 48.3% of the CSP amount included in the table is attributable to share price appreciation. The personal performance conditions of the CSP 2020 were fulfilled. The LTIP figures disclosed for FY23 include the 2020 LTIP for which the figures included in the FY23 remuneration table have been adjusted to reflect the actual valuation based on the closing share price on the date of vesting, which was 98.3p, and include dividend equivalents accrued until the vesting dates.
- The EDP figures disclosed for FY24 are in respect of the 2021 EDP awards and have been valued, in line with the regulations, using the average share price of the last three months of FY24 (102.74p) and include dividend equivalents accrued over the vesting period. The share price at grant (using the average closing middle market price for the last five trading days prior to the start of the financial year on 1 April 2021) was 60.5p and 39.0% of the EDP amounts included in the table above are attributable to share price appreciation. Further information about how the level of vesting (92.5%) was determined is provided on page 137.

Non-Executive Director remuneration (subject to audit)

The fees for the Non-Executive Directors for FY24 and their comparative figures for FY23 are set out below:

	2024 ¹ £'000	2023 ¹ £'000
Derek Mapp ²	247	225
Jennifer Duvalier	67	67
Penny James ³	9	–
Chet Patel	52	52
Mary Reilly	62	62
Salma Shah	62	54
Roger Yates	61	61
Former Director	–	43
Total	560	564

- All amounts were paid in cash and no other UK taxable benefits were received in either year.
- Derek Mapp's fee increased to £270,000 with effect from 1 October 2023.
- Penny James joined the Board on 1 February 2024.

Base salary and benefits

For salaried colleagues, the overall pay budget increase for 2024 was set at 3%, balancing Group affordability with talent market pressures.

The CEO's salary of £900,000 has been unchanged since his appointment in 2016. As in previous years, the Committee decided to not implement any salary increase for Phil Bentley. As discussed in the Chair's letter, his salary will remain frozen for at least the next three years, to 1 April 2027.

The Committee determined that it was appropriate to increase the CFO's salary from £400,000 to £412,000 (+3%) from 1 April 2024. This increase of 3% is in line with the pay review budget for salaried colleagues, and less than hourly paid colleagues, who received an increase in line with the National Living Wage or Real Living Wage.

Non-Executive Director fees

Fees are reviewed on a periodic basis and at least every three years. Fees for the Non-Executive Directors were reviewed in 2022, and resulted in increases for the Senior Independent Director, and those chairing a Committee. Fees for the Chairman were reviewed in 2022 but remained unchanged, having not increased since his appointment in 2017. Following a market review in 2023, it was determined that from 1 October 2023 fees for the Chairman would be increased from £225k per annum to £270k per annum, with all other fees remaining unchanged. Non-Executive Director fees are summarised in the table below:

	From 1 April 2024 ¹ £'000	From 1 April 2023 £'000
Chairman fees ²	270	225
Non-Executive Director core fees ³	52	52
Additional fees:		
Senior Independent Director	9	9
Chair of a Committee	10	10
Designated Non-Executive Director for workforce engagement	5	5

- The core fees of £52,000 per annum paid to each Non-Executive Director (including the Chairman) would ordinarily total £364,000 for FY25. Total fees including additional duties would ordinarily amount to £626,000 for FY25 (£560,000 actual for FY24).
- The Chairman's fee is inclusive of the Non-Executive Director core fee and no additional fees are paid to the Chairman where he is chairman or a member of other Committees.
- For Non-Executive Directors, individual fees comprise the core fee and additional supplemental fees for the Senior Independent Director, for chairing Committees; and for the designated Non-Executive Director for workforce engagement, to reflect the greater responsibility and time commitment required.

Annual Bonus Plan (ABP) FY24

Awards in respect of FY24 were considered under the ABP. Phil Bentley was eligible for a maximum bonus opportunity of 160% of base salary. Simon Kirkpatrick was eligible for a maximum bonus opportunity of 135% of base salary.

The awards were structured by reference to performance against a blend of financial (80% of the bonus opportunity) and strategic targets (the remaining 20%). At the threshold level of performance for financial targets, 25% of the maximum bonus opportunity is due, with 50% of the maximum bonus opportunity due at the target level and 100% at the maximum level. Between these points, the out-turn is determined on a linear sliding scale basis.

The table below shows actual performance and the corresponding out-turns for each measure on a formulaic basis. The Committee then used its discretion to apply a reduction of 7.5% to formulaic out-turn. This resulted in bonuses for the CEO and CFO of 89.6% and 91.5% of the maximum.

The following tables set out performance against the financial, strategic and individual measures and targets.

Performance measure	Weighting	Performance range	Performance	Formulaic out-turn (% of bonus opportunity)
Operating profit ¹	27.5% of the award	£170.0m threshold £188.9m target £207.8m maximum	£206.3m	26.4% out of 27.5%
Revenue ²	27.5% of the award	£3,991m threshold £4,201m target £4,411m maximum	£4,511m	27.5% out of 27.5%
Free cash flow	25% of the award	£70.8m threshold £95.8m target £120.8m maximum	£157.6m	25% out of 25%
Other strategic targets – CEO and CFO	10% of the award	The Committee considered performance against the strategic objectives set out below and determined that the out-turn was 90% of the maximum for the CEO and 100% of the maximum for the CFO.		9% out of 10% for CEO 10% out of 10% for CFO
Individual objectives – CEO and CFO	10% of the award	The Committee considered performance against the individual objectives set out below and determined that the out-turn was 90% of the maximum for the CEO and 100% of the maximum for the CFO.		9% out of 10% for CEO 10% out of 10% for CFO
Total formulaic out-turn				96.9% of max. for CEO 98.9% of max. for CFO
Application of Committee discretion	As noted in the Committee Chair's statement the Committee determined that, although the formulaic bonus out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate.			
Annual bonus out-turn				89.6% of max. for CEO 91.5% of max. for CFO

- Operating profit before other items which (for the purpose of the ABP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128.
- Revenue including share of joint ventures and associates.

Performance against the strategic targets and individual objectives set for Phil Bentley and Simon Kirkpatrick were as follows:

Phil Bentley (CEO)

Strategic targets

Strategy	<ul style="list-style-type: none"> Developed and communicated a new Facilities Transformation Three-Year Plan, based on delivering high single digit revenue growth. Delivered seven strategic acquisitions to support new capabilities. Developed industry-leading relationship with Wipro, achieving savings of over £11m p.a. Won major accounts (e.g. EY and Germany DIO) retained others (e.g. Sainsbury's, LBG and Amazon) but lost DEFRA and partially lost Rolls Royce.
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Individual objectives

Colleagues	<ul style="list-style-type: none"> Championed Equality, Diversity & Inclusion (ED&I). Mitie was recognised as Leading EDI Employer for the second year. 32% of Mitie senior leadership team is now female. Developed and implemented retention plan for new three-year plan to include high potential talent as well as senior management.
Stakeholders	<ul style="list-style-type: none"> New investors interest secured in the US and Europe following a successful Capital Markets Day. Successful outreach programme to Labour party and Trade Unions (Unite, Unison, TUC) and improved access to civil servants in DWP, Home Office, Cabinet Office, MoJ and MoD.
Environment	<ul style="list-style-type: none"> Ensured 'Glide Path' to Net Zero 2025 is in place and achievable. Science-based targets in place. 5,000th EV on road but requires some carbon credits to offset fossil-fuel heavy goods vehicles.

Simon Kirkpatrick (CFO)

Strategic targets

Strategy	<ul style="list-style-type: none"> Delivered in-year savings from margin enhancement initiatives of c.£40m, and drove structural simplification of the Group, reducing legal entities by half. Identified and delivered cash improvements of more than £25m, through working capital process improvements, as well as alignment of the Mitie and ISV tax groups. Increased stakeholder engagement through site visits, European and US roadshows, Capital Markets Day, and conferences. Consolidated transactional banking under one provider, reducing fees by 20%, and facilitating cash pooling to increase interest income by c.£1.5m. Developed new capital allocation policy, including a new 'anti-dilution' policy for share purchases, and Group distributable reserves project to support shareholder distributions.
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Individual objectives

Finance function	<ul style="list-style-type: none"> Implemented process efficiencies and cost reductions to reduce the cost of the Finance function by 20%. Improved efficiency and straight through processing of Mitie Finance shared services, alongside ongoing centralisation and the transfer of almost c.200 roles to Wipro. Successful finance engagement programme through period of change; engagement increased by 14ppts.
Financial control	<ul style="list-style-type: none"> Good progress with new Mitie controls reporting framework, ahead of FRC requirement for controls self assessment for UK plcs. Successful roll out of Mitie systems and processes into new acquisitions in order to drive improvements and efficiencies.

The bonus out-turn is therefore as follows:

	% of maximum	Total bonus payable		
		Total bonus £'000	Cash £'000	Deferred shares £'000
Phil Bentley	89.6% of maximum	1,292	646	646
Simon Kirkpatrick	91.5% of maximum	494	247	247

Annual Bonus Plan FY25

Subject to shareholder approval of the remuneration policy at the 2024 AGM, the maximum bonus opportunity for FY25 for Phil Bentley and Simon Kirkpatrick will be 200% and 175% of base salary respectively. Their awards will be payable by reference to performance against a blend of financial (at least 70% of the bonus opportunity) and strategic targets (the remainder).

However, if none of the financial targets have been achieved, no bonus will be payable by reference only to the strategic targets. 50% of any bonus entitlement will be deferred into shares for two years.

The mix of measures for FY25 will be: revenue (27.5%), profit (27.5%), free cash flow (25%), individual objectives (10%) and other strategic targets (10%). The mix of measures is unchanged from FY24.

Details of the targets set will be disclosed in the FY25 remuneration report.

LTIP awards granted in 2023 (subject to audit)

On 29 June 2023, the following conditional LTIP awards were granted to the Executive Directors:

	Award	Type	Number of shares ¹	Face value (£'000)	% of base salary	Performance conditions	Performance period	% vesting at threshold
Phil Bentley	Performance LTIP June 23	Nil-cost options	2,224,969	£1,800,000	200%	Performance conditions are set out in the table below	Three financial years ending 31 March 2026	25%
Simon Kirkpatrick	Performance LTIP June 23	Nil-cost options	865,265	£700,000	175%	Performance conditions are set out in the table below	Three financial years ending 31 March 2026	25%

1. Number of shares was calculated based on the average closing middle market price of 80.9p for the five trading days prior to the start of the financial year on 1 April 2023.

The LTIP awards granted on 29 June 2023 are subject to three performance measures: adjusted EPS, cash conversion and ESG targets. These awards will vest in June 2026 conditional on performance in respect of the period of three years ending 31 March 2026 against the following measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award
Earnings Per Share (EPS)	50% of the award	Threshold = 9.9p Target = 10.9p Maximum = 12.0p	25% 70% 100%
Cash conversion	35% of the award	Threshold = 70% Target = 80% Maximum = 90%	25% 70% 100%
Environment, Social and Governance (ESG) targets	15% of the award	<ul style="list-style-type: none"> Greenhouse gas emissions: (a) revenue intensity of Scope 1 and 2 emissions reduced by 4%; and (b) 5% p.a. reduction in Scope 3 emissions Fleet zero carbon: 100% of Mitie's total fleet zero tailpipe emissions (where such vehicles exist) Employee engagement: improve employee engagement by 4ppt Customer engagement: improve NPS by 4 Diversity: increase gender and ethnic diversity among senior leaders 	

The Committee will also have reference to a Return on invested capital (ROIC) underpin such that if ROIC performance is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

Notwithstanding the above, the Committee still has full discretion to determine the performance measures and how the performance ranges applicable to the award are applied, including discretion to adjust them in the event of changes in IFRS accounting standards, while ensuring that they are not materially easier or harder to satisfy than the original performance measures and ranges.

Annual Report on Remuneration
continued

LTIP 2024

Phil Bentley and Simon Kirkpatrick will be granted LTIP awards in 2024, following the AGM, at 600% and 175% of base salary respectively. The awards will vest in 2027 conditional on performance in respect of the period of three years ending 31 March 2027 against the following measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award
EPS	33.3% of the award	Threshold = 12.3p	25%
		Target = 13.7p	70%
		Maximum = 15.0p	100%
ROIC	33.3% of the award	Threshold = 22.0%	25%
		Target = 24.0%	70%
		Maximum = 26.0%	100%
Revenue growth	33.3% of the award	Threshold = £5,200m	25%
		Target = £5,600m	70%
		Maximum = £6,000m	100%

The Committee will also have reference to leverage (average debt/EBITDA) and ESG underpins such that if leverage and/or progress against the firm's ESG strategy is poor, there is specific discretion to allow the award to be reduced accordingly, including to nil.

The change in the mix of measures relative to the approach for FY24 represents an increased focus on growth, with the previous cash conversion and ESG strategy measures being replaced with ROIC and revenue growth. Revenue growth reflects the health of the order book, the ability to upsell and cross-sell, and our contract win and retention rates, alongside Mitie's broader reputation in the sector. ROIC continues to be a key measure and provides an important counterbalance to revenue growth and EPS, as it measures how efficiently Mitie utilises its invested capital to generate profits.

Nevertheless, cash conversion still remains key and is a performance measure for the 2023 LTIP award, for which the performance period ends on 31 March 2026. ESG also remains key and is a performance measure for the 2022 and 2023 LTIP awards, for which the performance periods end on 31 March 2025 and 31 March 2026 respectively. As noted, ESG will be an underpin for the 2024 LTIP award, for which the performance period ends on 31 March 2027.

Notwithstanding the above, the Committee still has full discretion to ensure that the level of any vesting out-turn is appropriate based on the overall performance of the Group and the shareholder and employee experience. Awards are also subject to an additional post-vesting holding period of at least two years.

Details of September 2021 LTIP award vesting in FY25

The performance period for the September 2021 LTIP awards (in FY22) ended on 31 March 2024 (FY24). The Committee assessed performance against three performance measures:

Performance measure	Weighting	Performance range	Vesting of portion of the award	Mitie performance	Vesting (% of max)
EPS growth ¹	50% of the award	Threshold = 6.9p	25%	11.2p	100%
		Target = 7.4p	70%		
		Maximum = 7.8p	100%		
Cash conversion	35% of the award	Threshold = 80% p.a.	25%	106% p.a.	100%
		Target = 85% p.a.	70%		
		Maximum = 90% p.a.	100%		
ESG targets	15% of the award	<ul style="list-style-type: none"> Greenhouse gas emission reduction: 60% reduction in Scope 1 and 2 net emissions versus a FY20 baseline Fleet zero carbon: 65% of Mitie's total fleet is zero tailpipe emissions Employee engagement: improve employee engagement by 6ppt Customer engagement: improve net promoter score (NPS) by 6ppt Gender diversity: increase percentage of women in the senior leadership team and their direct reports to 30% Ethnic diversity: increase percentage of BAME colleagues holding senior leadership roles to 10% 		5 out of 6 achieved	83.3%

1. Earnings per share before other items, which (for the purpose of the LTIP performance measure) has been adjusted to exclude the profit uplift associated with the discretionary reduction of 7.5% applied to all incentive outcomes, as explained on page 128, and also to exclude the benefit of the share buyback on the weighted average number of shares used in the calculation.

This results in 97.5% vesting of the 2021 LTIP awards on a formulaic basis. However, as noted in the Committee Chair's statement the Committee determined that, although the formulaic LTIP out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate, resulting in an overall vesting level of 90.2% of maximum.

As is usual, as part of its assessment, the Committee also took into account the wider performance of the Group and the context of both the shareholder and employee experience. In doing so, it determined that this adjusted out-turn of 90.2% of the maximum was appropriate and no further discretion was applied.

The September 2021 LTIP awards will vest in September 2024 and LTIP awards granted to Executive Directors are subject to a two-year post-vesting holding period. Furthermore, in-employment and post-employment shareholding guidelines also ensure that the true value delivered to Executive Directors will be established only in the years ahead and not at 2024 share prices.

Details of July 2021 EDP award vesting in FY25

The performance period for the July 2021 EDP awards (in FY22) ended on 31 March 2024 (FY24). The Committee assessed performance against two performance measures:

Performance measure	Weighting	Threshold (1x multiplier)	Maximum (4x multiplier)	Mitie performance	Vesting (% of max)
Return on invested capital (ROIC) ¹	75% of the award	20.5% This is 1,140 bps above Mitie's WACC at 31 March 2021 of 9.1%.	24.5% This is 400 bps above the threshold level.	26.3%	100%
Synergies split as cost-saving synergies (85%) and cross-selling revenues (15%)	25% of the award	Cost-saving synergies of £35m, in line with the enhanced synergies set out in the November 2020 acquisition announcement. Cross-selling revenues into the Interserve customer base of £50m (measured as revenue from services not currently provided by Interserve to its customers).	Cost-saving synergies of £56m, representing over-performance of 60% against the £35m threshold (Interserve total overheads are c.£80m). Cross-selling revenues into the Interserve customer base of £100m.	Cost-saving synergies of £56m Cross-selling revenues into the Interserve customer base of £115m.	100%
For performance between threshold and maximum the proportion of awards vesting is determined on a linear sliding scale basis.					

1. For the purpose of the EDP performance measure, ROIC includes adjustments agreed by the Committee, having regard to the detailed rules approved by shareholders.

The EDP was a one-off plan developed at the time of Mitie's acquisition of Interserve in late 2020 and implemented in 2021. This was a period of extreme turbulence in the UK due to the Covid crisis. Launching the takeover of Interserve in these circumstances was bold and represented a huge opportunity but also came with significant risk for shareholders and colleagues. The EDP was designed to both retain our talented senior management team and to focus them on delivering a successful acquisition, through the use of ROIC and synergies as performance criteria. In all cases the targets set by the Committee were very stretching and required management to perform exceptionally well to meet them. In all cases those targets have been met. ROIC of 26.3% is above the range set of 20.5% to 24.5%, cost synergies of £56m per annum are at the top of the range set of £35m to £56m and revenue synergies totalling £115m are above the range set of £50m to £100m.

The plan incorporated several best practice features to ensure that executives were aligned with shareholders, including the following:

- Award cap: The maximum share price growth delivered at vesting cannot exceed 200% growth in the face value of the award at grant
- Holding period: To provide additional alignment with shareholders, awards to Executive Directors were subject to a two-year post-vesting holding period so that the total time horizon is five years
- Share price underpin: The vesting of awards was subject to an absolute share price underpin. The awards were granted shortly after the approval of the EDP by shareholders at the 2021 AGM, with the number of shares under award determined using the average closing share price for the five dealing days prior to the start of the financial year on 1 April 2021 (being 60.5p), to provide direct alignment with the performance period. If the average closing share price for the five days prior to 31 March 2024 did not exceed 60.5p, awards would lapse in full
- Net debt underpin: The vesting of awards was subject to a net debt underpin such that the average daily net debt for FY24 must not exceed 1x EBITDA when determining whether remuneration outcomes under the EDP remain appropriate

Following their assessment of performance, taking the above underpins into account, the Committee determined that the formulaic out-turn for the July 2021 EDP awards was 100% of maximum. However, as noted in the Committee Chair's statement the Committee determined that, although the formulaic out-turn was justified, a discretionary reduction of 7.5% to the incentive out-turn for all participants was appropriate resulting in an overall vesting level of 92.5% of maximum.

The July 2021 EDP awards will vest in July 2024 and EDP awards granted to Executive Directors are subject to a two-year post-vesting holding period. Furthermore, in-employment and post-employment shareholding guidelines also ensure that the true value delivered to Executive Directors will be established only in the years ahead and not at 2024 share prices. Note that the EDP awards were granted using the average closing share price for the five dealing days prior to 1 April 2021 (being 60.5p), whereas the share price when shareholders approved the Interserve acquisition was 39.95p and therefore there had already been a c.50% increase for shareholders prior to the EDP awards being made.

Directors' remuneration report

Annual Report on Remuneration continued

Loss of office payments (subject to audit)

There have been no loss of office payments to past Directors during FY24.

Payments to past Directors (subject to audit)

There have been no payments to past Directors during FY24 that relate to their period as a Director.

Percentage change in remuneration of Directors and employees

The table below sets out the change in remuneration of the Directors who served on the Board and Mitie's UK employees, which is considered the most appropriate group for comparison purposes.

	FY20/FY21			FY21/FY22			FY22/FY23			FY23/FY24		
	Salary ²	Benefits ³	Bonus	Salary ²	Benefits ³	Bonus	Salary ²	Benefits ³	Bonus	Salary ²	Benefits ³	Bonus
Average pay based on Mitie's UK employees ¹	2.5%	(20.8)%	(23.9)%	4.1%	5.7%	99.4%	8.1%	(0.5)%	130.6%	5.7%	(0.5)%	(5.8)%
Executive Directors												
Phil Bentley	(12.5)%	(25.0)%	N/A ⁴	14.3%	10.1%	20.9%	0%	83.5%	(38.7)%	0%	8.2%	54.1%
Simon Kirkpatrick ⁵	N/A	N/A	N/A	N/A	N/A	N/A	8.0%	(49.6)%	(31.6)%	5.8%	15.2%	67.1%
Non-Executive Directors												
Derek Mapp	(12.5)%	–	–	14.3%	–	–	0%	–	–	10.0%	–	–
Jennifer Duvalier	(12.5)%	–	–	14.3%	–	–	11.7%	–	–	0%	–	–
Mary Reilly	(12.5)%	–	–	14.3%	–	–	3.3%	–	–	0%	–	–
Roger Yates	(12.5)%	–	–	14.3%	–	–	3.4%	–	–	0%	–	–
Chet Patel ⁶	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	–	–
Salma Shah ⁶	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.1%	–	–
Penny James ⁷	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1. The average UK employee figures reflect the changes in average annual pay for UK employees employed throughout FY23 and FY24 for FY23/24, throughout FY22 and FY23 for FY22/23, throughout FY21 and FY22 for FY21/22 and throughout FY20 and FY21 for FY20/21. Employees who were on furlough during the relevant period have been excluded for the purposes of this analysis.

2. The increases in salary for Directors for FY22 compared with FY21 following the reductions in salary for FY21 compared with FY20 arose from the Non-Executive Directors and Phil Bentley volunteering 30% reductions in their fees/salaries respectively for five months from 1 April 2020 as part of Mitie's actions to mitigate the impact of Covid.

3. Includes taxable benefits such as car/car allowance, private medical benefit and private fuel. The increase of the benefit in kind tax on electric vehicles has impacted the benefits in FY22 and FY23. The car allowance for Phil Bentley has impacted the benefits in FY23, and the move from car allowance to electric vehicle for Simon Kirkpatrick has impacted his benefits figure. Also includes Phil Bentley's matching shares element from his Share Incentive Plan (SIP) purchases for January 2022 onwards based on the share price upon purchase.

4. Phil Bentley's FY20 bonus was £nil as he waived it.

5. Simon Kirkpatrick was appointed to the Board on 1 April 2021 and therefore there are no appropriate prior year comparatives in terms of Director remuneration for FY21 or FY22.

6. Chet Patel and Salma Shah joined the Board on 1 April 2022 and therefore there are no prior year comparatives for FY21, FY22 or FY23.

7. Penny James joined the Board on 1 February 2024 and therefore there are no prior year comparatives. In next year's report, it will be possible to show a FY24/FY25 change in her remuneration.

CEO pay ratio

The table below sets out the CEO pay ratio in respect of FY24. CEO pay ratio data for previous financial years is provided for reference.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY24	Option B	628:1	575:1	513:1
FY23 ¹	Option B	316:1	289:1	240:1
FY22	Option B	191:1	163:1	142:1
FY21	Option B	151:1	129:1	116:1
FY20	Option B	154:1	139:1	108:1

1. The FY23 single figure has been updated as a result of reflecting the actual valuation on the closing share price on the first date of vesting of the LTIP award.

The pay ratios set out above were calculated using the Group's FY24 gender pay data based on employees as at 5 April 2023 under method B. Method B was selected because it made use of robust, readily available data and did not require additional analysis into the 64,000 UK employees employed by the Group. Total pay was calculated for a sample of employees at each quartile in order to ensure that the three identified employees were suitably representative of their quartile. A full-time equivalent total pay figure was calculated for each identified employee using the single figure methodology.

In-line with the Committee's principles, the majority of the CEO's reward opportunity is provided through performance-related incentives linked to the Group's strategic goals. As a result the CEO's single figure and the pay ratios increase with improved Group performance. The CEO pay ratios for FY24 have increased compared to FY23. This is primarily due to the vesting of the one-off EDP share plan which vested at 92.5% of maximum following the Group's exceptional performance over the last three years. Further details of performance context for the year are provided on page 137. As a Real Living Wage service provider, Mitie continues to increase pay levels among its various contracts and to invest in competitive pay for all employees. Given that Mitie's workforce profile is made up of predominantly frontline customer-facing roles, the employees at each quartile used to compare Mitie's CEO's remuneration all operate within a frontline role. The Committee is comfortable that the pay ratios are consistent with the pay, reward and progression policies at Mitie.

The following table sets out the base salary and total pay figures for the employees identified at each quartile.

Year	Element of pay	25th percentile employee	Median employee	75th percentile employee
	Base salary (FTE)	£20,379	£22,211	£27,743
FY24	Total pay (FTE)	£23,452	£25,622	£28,680

Relative spend on pay

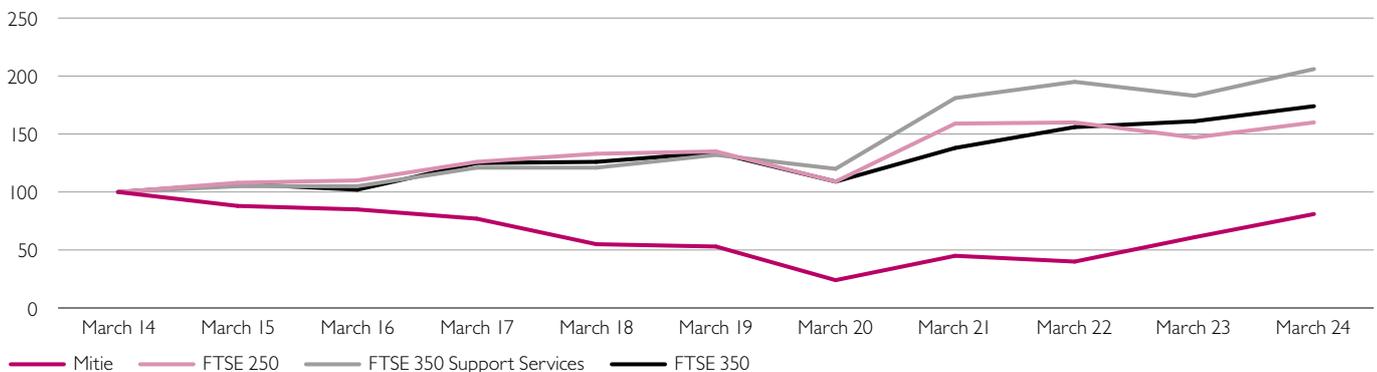
The table below shows the total cost of remuneration in the Group, compared with dividends distributed.

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Change
Aggregate employee remuneration	2,168	1,996	8.6%
Equity dividends	41.5	28.9	43.6%

Assessing pay and performance

The table below provides a summary of the Chief Executive Officer's single figure remuneration over the past 10 years, as well as the payout and vesting levels of variable pay plans in relation to the maximum opportunity. The chart below shows the historical Total Shareholder Return (TSR) performance over the same period, with Mitie's TSR restated for the bonus element of the 2020 rights issue. Three indices (FTSE 250, FTSE 350 Support Services and FTSE 350) have been chosen as they are widely recognised and Mitie has been a member of these indices during the period.

TSR (Rebased to 100)



	FY15	FY16	FY17 Ruby McGregor- Smith ¹	FY17 Phil Bentley ¹	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Single figure remuneration	£1,525,824	£2,448,161	£530,628	£479,073	£1,102,549	£2,248,948	£2,029,856	£2,891,623	£3,908,161	£6,814,848 ³	£14,723,339
Annual bonus element (actual as a % of max)	50%	73%	0%	waived	waived	79%	waived	78.6%	95%	58.2%	89.6%
Long-term incentives element (actual vesting as a % of max)	25%	69.5%	0%	N/A	N/A	N/A	79.7% ²	50%	100%	90%	91.9% ⁴

1. Ruby McGregor-Smith stepped down as Chief Executive Officer on 12 December 2016. Phil Bentley joined the Board on 1 November 2016 and assumed the position of Chief Executive Officer on 12 December 2016. The figures above include Phil Bentley's remuneration from 1 November 2016.

2. This figure includes two LTIP awards that vested based on performance to 31 March 2020 at 100% and 53% respectively.

3. The single remuneration figure for FY23 has been adjusted from the figure published in the FY23 remuneration table to reflect the actual valuation of Phil Bentley's 2020 LTIP award based on the closing share price on the date of vesting, being 98.3p.

4. This figure includes the one-off EDP award and the LTIP award that vested based on performance to 31 March 2024 at 92.5% and 90.2% respectively.

Share ownership (subject to audit)

	Number of shares owned as at 31 March 2024 ¹	Value of target holding	Target shareholding ²	Percentage of salary held as at 31 March 2024	Percentage of target achieved as at 31 March 2024	Compliance with share ownership guidelines
Phil Bentley	13,221,419	£1,800,000	2,224,969	1,188%	594%	Achieved
Simon Kirkpatrick	537,392	£800,000	988,875	109%	54%	Not achieved but compliant³

1. Includes shares owned by connected persons.

2. Target shareholding has been calculated using the average closing share price for the five business days prior to the end of FY23 (80.9p).

3. Simon Kirkpatrick was appointed to the Board on 1 April 2021.

Directors' outstanding share interests (subject to audit)

The following tables ("Directors' interests granted under the share schemes" and "Director's share ownership") provide the outstanding share interests for the Executive Directors:

Directors' interests granted under the share schemes

	Year of grant	Options outstanding as at 31 March 2023 ¹⁰	Granted in year	Lapsed in year	Exercised in year	Options outstanding as at 31 March 2024 ¹¹	Exercise price	Earliest normal exercise date
Phil Bentley	Aug 2018 LTIP ¹	1,141,535	–	–	(1,141,535)	–	Nil-cost	Aug 2021 ⁸
	June 2019 LTIP ²	2,275,608	–	–	–	2,275,608	Nil-cost	June 2022 ⁸
	Aug 2020 LTIP ³	5,278,592	–	(527,860)	–	4,750,732	Nil-cost	Aug 2023 ⁸
	Sep 2021 LTIP ⁴	2,975,206	–	–	–	2,975,206	Nil-cost	Sep 2024 ⁸
	July 2021 EDP ⁵	9,520,661	–	–	–	9,520,661	Nil-cost	July 2024 ⁸
	June 2021 Deferred Bonus Plan (DBP) ¹³	769,514	–	–	(769,514)	–	Nil-cost	June 2023
	Nov 2021 Save As You Earn (SAYE)	35,714	–	–	–	35,714	50.40p	Feb 2025
	June 2022 LTIP ⁶	3,266,787	–	–	–	3,266,787	Nil-cost	June 2025 ⁸
	June 2022 DBP ¹²	1,105,008	–	–	–	1,105,008	Nil-cost	June 2024
	June 2023 LTIP ⁷	–	2,224,969	–	–	2,224,969	Nil-cost	June 2026 ⁸
June 2023 DBP ¹³	–	440,220	–	–	440,220	Nil-cost	June 2025	
Simon Kirkpatrick	Aug 2020 LTIP ³	322,580	–	(32,258)	(290,322)	–	Nil-cost	Aug 2023
	Sep 2021 LTIP ⁴	867,768	–	–	–	867,768	Nil-cost	Sep 2024 ⁸
	July 2021 EDP ⁵	1,504,132	–	–	–	1,504,132	Nil-cost	July 2024 ⁸
	Sep 2020 SAYE	46,187	–	–	–	46,187	27.28p	Dec 2023
	June 2022 LTIP ⁶	1,029,038	–	–	–	1,029,038	Nil-cost	June 2025 ⁸
	June 2022 DBP ¹²	349,151	–	–	–	349,151	Nil-cost	June 2024
	June 2023 LTIP ⁷	–	865,265	–	–	865,265	Nil-cost	June 2026 ⁸
	June 2023 DBP ¹³	–	155,386	–	–	155,386	Nil-cost	June 2025

1. The performance criteria applicable to the 2018 LTIP awards were disclosed on page 110 of the FY21 remuneration report.

2. The performance criteria applicable to the 2019 LTIP awards were disclosed on page 125 of the FY22 remuneration report.

3. The performance criteria applicable to the 2020 LTIP awards were disclosed on pages 108 and 109 of the FY21 remuneration report.

4. The performance criteria applicable to the 2021 LTIP awards were disclosed on page 123 of the FY22 remuneration report.

5. The performance criteria applicable to the 2021 EDP awards were disclosed on page 124 of the FY22 remuneration report.

6. The performance criteria applicable to the 2022 LTIP awards were disclosed on page 124 of the FY23 remuneration report.

7. The performance criteria applicable to the 2023 LTIP awards are disclosed on page 135 of this FY24 remuneration report.

8. Awards are subject to an additional two-year holding period.

9. For all awards prior to August 2020, the number of options has been adjusted for the bonus element of the 2020 Rights Issue (x1.93426825).

10. The closing market price of the Company's shares as at 31 March 2024 was 105p. The highest and lowest closing market prices during FY24 were 107.2p and 78.8p respectively.

11. The Deferred Bonus Plan award on 17 June 2021 represents the deferral of 50% of the bonus awarded for FY21, with the number of shares based on the closing middle market price of 73.5p for the day before the date of grant.

12. The Deferred Bonus Plan award on 16 June 2022 represents the deferral of 50% of the bonus awarded for FY22, with the number of shares based on the lowest closing middle market price for the five trading days before the date of grant (61.9p).

13. The Deferred Bonus Plan award on 16 June 2023 represents the deferral of 50% of the bonus awarded for FY23, with the number of shares based on the lowest closing middle market price for the five trading days before the date of grant (95.2p).

Directors' share ownership

	Number of ordinary shares beneficially owned as at 31 March 2024 (or date of cessation if earlier) ¹	Number of ordinary shares beneficially owned as at 31 March 2023 (or date of cessation if earlier)
Executive Directors		
Phil Bentley	13,221,419	10,930,500
Simon Kirkpatrick	537,392	383,932
Non-Executive Directors		
Derek Mapp	653,189	616,935
Jennifer Duvalier	95,665	93,308
Penny James ²	0	–
Chet Patel	72,083	15,818
Mary Reilly	117,039	107,948
Salma Shah	14,738	5,648
Roger Yates	160,000	160,000

1. The number of shares beneficially owned since 31 March 2024 has changed due to planned purchases that took place on 2 April 2024 for Non-Executive Directors. The revised figures are as follows: Derek Mapp – 662,342 shares, Mary Reilly – 119,003 shares, and Salma Shah – 17,340 shares. In addition, Simon Kirkpatrick exercised his 2020 SAYE share options on 15 April 2024 increasing his shareholding to 583,579 shares and Phil Bentley made two SIP transactions, one on 16 April 2024 where an additional 189 shares were acquired and one on 14 May 2024 where 187 shares were acquired.

2. Penny James joined the Board on 1 February 2024.

There have been no changes, other than those in Note 1 above, between 1 April 2024 and 4 June 2024, the last practicable date prior to the date of this report.

Share dilution

The Company manages dilution rates within the standard guidelines of 10% of issued ordinary share capital in respect of all employee schemes and 5% in respect of discretionary schemes. In calculating compliance with these guidelines, the Company allocates available headroom on a 10-year flat-line basis, making adjustments for projected lapse rates and projected increases in issued share capital.

LTIP, EDP and deferred bonus awards are satisfied through the market purchase of shares held by the Mitie Group plc Employee Benefit Trust. The potential dilution of the Company's issued share capital is set out below in respect of all awards granted in the last 10 years under the Company's equity-based incentive schemes which are being satisfied through the allotment of new shares or treasury shares.

Share dilution at 31 March 2024	Dilution
All share plans (maximum 10%)	6.0%
Discretionary share plans (maximum 5%)	0.5%

Shareholder voting

Mitie remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Group seeks to understand the reasons for any such vote, and will detail here any actions in response to it.

A resolution to approve the Directors' remuneration policy as set out in the Annual Report and Accounts 2021 was passed at the Company's 2021 AGM. At the Company's 2023 AGM, a resolution was passed to approve the 2023 Directors' remuneration report. The results of the votes on these resolutions were as follows:

Number of votes	Votes in favour	Votes against	Withheld ¹
2021 Directors' remuneration policy – 2021 AGM	835.7m 70.1%	356.9m 29.9%	1.4m
2023 Directors' remuneration report – 2023 AGM	1,005.5m 98.09%	19.6m 1.91%	0.0m

1. Votes withheld are not counted in the calculation of the proportion of votes for or against a resolution.

The Board notes that, although the resolution to approve the Directors' remuneration policy was passed by a majority of shareholders, a significant minority of shareholders voted against the resolution. The Company undertook extensive consultation with major shareholders prior to the 2021 AGM regarding remuneration matters and some changes were made to the final EDP to reflect shareholder feedback. The Board has a clear understanding of the reasons why a minority of shareholders were not supportive of the EDP.

Remuneration Committee and its advisors

The Remuneration Committee seeks and considers advice from independent remuneration advisors where appropriate.

Deloitte LLP have acted as independent remuneration advisors to Mitie since September 2017. The advisors attended Committee meetings and provided advice and analysis of executive remuneration. During their tenure, the advisors have provided no other services to the Company (save in relation to services connected to executive remuneration and share plans) and have also complied with the Code of Conduct for Remuneration Consultants. The advisors' total cost of advice to the Committee for the year was £57,600 (such fees being charged in accordance with their standard terms of business).

The Committee specifically considered the position of the advisors and was satisfied that the advice the Committee received from them was objective and independent, given that they provided no other services to the Company.

Directors' remuneration policy report

Decision-making process and changes to the policy

The following tables and accompanying notes in this section of the report set out the remuneration policy for Executive Directors and Non-Executive Directors. The policy is intended to apply, subject to approval by shareholders, for three years from the 2024 AGM.

Following a considered decision-making process, changes have been made to the policy approved by shareholders at the 2021 AGM, as detailed in the Statement from the Remuneration Committee Chair on pages 126 to 128. These include the increase in maximum annual bonus opportunity allowable under the new policy to 200% of salary for all Executive Directors, and (for 2024 only) an LTIP award of 600% for the Chief Executive, Phil Bentley.

As part of its review, the Committee consulted with Mitie's major shareholders and took into account their views when considering changes to the policy. In addition, the Committee considered the input of its independent advisors (Deloitte LLP) and the Mitie Group Executive (MGX) (while ensuring conflicts of interest were appropriately mitigated).

The policy

The key elements of the policy, to be approved at the 2024 AGM, are set out below.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base salary Set at levels to attract and retain individuals of the calibre required to drive the vision and direction of Mitie.	Salaries are generally reviewed annually, effective from 1 April. The review may be influenced by: <ul style="list-style-type: none"> • The individual's role, experience and performance; • Business performance and the wider market and economic conditions; • The range of increases across the Group; and • An external comparator group comprising sector comparators and size adjusted comparator organisations. 	Base salary increases will normally be in line with the average increase for salaried non-contract UK employees whose salaries Mitie determines, although on occasion other specific circumstances such as changes of responsibilities, progression in role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group may also be taken into consideration.	N/A
Benefits To aid retention and be competitive within the marketplace.	The Group provides a range of benefits which may include a company car/car allowance, private fuel, private health insurance, life assurance and annual leave. Benefits are reviewed periodically against market and new benefits may be added and/or amended as required to support the attraction and retention of key talent. Additional benefits may be awarded in certain recruitment circumstances which may include relocation expenses and housing allowance. Other benefits may be offered if considered appropriate and reasonable by the Committee.	Benefits are set at a level which the Committee considers: <ul style="list-style-type: none"> • Is appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market; and • Provides a sufficient level of benefit based on the role and individual circumstances (e.g. relocation). The Committee retains discretion to approve a higher cost than currently incurred where factors outside the Company's control have changed materially (e.g. medical inflation) or in exceptional circumstances (e.g. relocation).	N/A
All Employee Share Schemes To provide opportunities for the Directors to voluntarily invest in the Company on the same terms as other employees.	Executive Directors are eligible to participate in any all-employee share plan operated by the Company, in line with prevailing HMRC guidelines (where relevant), on a basis consistent with other eligible employees.	N/A	N/A
Pension To aid retention and provide competitive retirement benefits.	Executive Directors are eligible to participate in the defined contribution pension scheme or to receive a cash allowance in lieu of a pension contribution.	The maximum pension contribution or cash allowance for any incumbent or newly appointed Executive Director will be aligned with the rate available to the wider workforce.	N/A

Directors' remuneration report

Directors' remuneration policy report continued

Purpose and link to strategy	Operation	Opportunity	Performance metrics
<p>Annual Bonus Plan (ABP)</p> <p>To incentivise and recognise execution of the Company's strategy on an annual basis. Rewards the achievement of annual financial and strategic goals. Deferral provides alignment with shareholder interests.</p>	<p>Measures and targets are set annually and payout levels are determined by the Committee after the year end based on performance against those targets. The Committee may, in exceptional circumstances, amend the bonus payout should this not, in the view of the Committee, reflect overall business performance or individual contribution.</p> <p>50% of the bonus is normally deferred into shares which vest after a minimum of two years (subject to continued employment). Dividend equivalents are paid in cash on deferred shares which vest. Malus and clawback provisions apply as detailed on page 145.</p>	<p>Maximum bonus opportunity is 200% of salary for any Executive Director.</p>	<p>Bonuses are based on stretching financial and strategic objectives assessed by the Committee at the end of the year, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders.</p> <p>The Committee has discretion to determine the appropriate weightings each year depending on business priorities. The financial measures will represent the majority of the bonus, with any strategic objectives representing the balance. These elements are measured and calculated independently of each other.</p> <p>For the financial element, no more than 25% of maximum is normally payable for threshold performance.</p>
<p>Long Term Incentive Plan (LTIP)</p> <p>To motivate and incentivise delivery of sustained performance and provide alignment with shareholder interests.</p>	<p>Annual awards (in the form of nil-cost options, conditional share awards or cash settlements) are made, with vesting dependent upon the achievement of performance conditions over three years.</p> <p>Award levels and the framework for determining vesting are reviewed annually to ensure they continue to support the Group's strategy. The Committee has discretion to decide whether, and to what extent, targets have been met, and, if an exceptional event occurs that causes the Committee to consider that the targets are no longer appropriate, the Committee may adjust them. Awards will normally be subject to an additional holding period of at least two years. Dividend equivalents may be paid on shares that vest. Malus and clawback provisions apply as detailed on page 145.</p>	<p>For FY25 only:</p> <ul style="list-style-type: none"> The maximum level of the FY25 LTIP award for the Chief Executive, Phil Bentley, will be 600% of salary; and Awards may be made up to a maximum level of 200% of base salary for any other Executive Director. <p>For the remaining duration of the policy (FY26 to FY27):</p> <ul style="list-style-type: none"> The Chief Executive, Phil Bentley, will not be granted an LTIP award in FY26 or FY27; and Annual awards may be made up to a maximum level of 200% of base salary for any other Executive Director. 	<p>Performance over at least three financial years is measured against stretching objectives assessed by the Committee at the end of the performance period, with the underlying aim of encouraging and rewarding the generation of sustainable returns to shareholders. The Committee has discretion to determine the appropriate weightings each year depending on business priorities. Vesting under the LTIP depends on the achievement of performance conditions. Awards attributable to each performance condition vest at 25% on achievement of the minimum performance threshold, rising to 100% for achievement of a defined upper performance level. These elements are measured and calculated independently of each other.</p>
<p>Share ownership</p> <p>To ensure alignment of interests between Executive Directors and shareholders.</p>	<p>Executive Directors are required, over time, to build and maintain a minimum shareholding in the Company worth 200% of base salary.</p> <p>Executive Directors are required to retain half of the post-tax shares vesting under the LTIP and other share schemes until the guideline is met.</p> <p>Executive Directors are normally expected to maintain a shareholding for two years following stepping down from the Board, as described on page 130.</p>	N/A	N/A

Purpose and link to strategy	Operation	Opportunity	Performance metrics
<p>Chairman and Non-Executive Director fees</p> <p>To attract and retain high-calibre individuals.</p> <p>Non-Executive Directors do not participate in any incentive schemes.</p>	<p>Fees are normally reviewed every three years.</p> <p>The fee structure is as follows:</p> <ul style="list-style-type: none"> The Chairman is paid an all-inclusive single fee for all Board responsibilities; The Non-Executive Directors are paid a basic fee, plus additional fees for further responsibilities, such as the chairing of Board Committees; Fees are currently paid in cash, but the Company may choose to provide some of the fees in shares; and Benefits, including expenses, can be provided if considered necessary on a case-by-case basis. 	<p>Fees are set at a level which:</p> <ul style="list-style-type: none"> Reflects the commitment and contribution that is expected from the Chairman and the Non-Executive Directors; and Is appropriately positioned against comparator roles in companies of a similar size and complexity in the relevant market. <p>Actual fees are disclosed in the Directors' remuneration report for the relevant financial year.</p> <p>Aggregate fees/value of benefits are capped at the amount set out in the Company's Articles of Association.</p>	N/A

Malus and clawback provisions

The malus and clawback provisions under the ABP, the LTIP and the EDP may be operated if it comes to light within two years from vesting that information used to determine performance was materially inaccurate and resulted in a material overstatement of an award or in the event of any act/omission by an individual that would give grounds for summary dismissal (with no time limit). The period of operation of these malus and clawback provisions has been chosen to align with the Company's long-term business strategy and performance goals, while also ensuring that any potential misconduct or poor performance can be appropriately addressed and remedied within a reasonable timeframe. For the avoidance of doubt, the clawback provisions apply to any cash payments made and/or any shares into which bonus is deferred in relation to the ABP and LTIP awards made after the 2024 AGM.

Clawback provisions are such that:

- Cash payment in relation to the ABP can be reclaimed for a period of up to two years after payment; and
- Vested share awards under the deferred element of the ABP, the LTIP and the EDP can be reclaimed for a period of up to two years after vesting (effected through the operation of malus provisions during the holding period).

Malus and clawback will apply in four main circumstances:

- Misstatement of results or an error in the calculation of performance;
- Misconduct;
- Reputational damage; or
- Failure of risk management or control.

Discretions retained in operating the incentive plans

The Committee will operate the ABP and LTIP according to their respective rules and the above policy table. The Committee retains discretion, consistent with market practice, in a number of respects, in relation to the operation and administration of these plans.

These discretions include, but are not limited to, the following:

- The selection of participants;
- The timing of grant of an award/bonus opportunity;
- The size of an award/bonus opportunity subject to the maximum limits set out in the policy table;
- The determination of performance against targets and resultant vesting/bonus payouts;
- Discretion required when dealing with a change of control or restructuring of the Group;
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- The annual review of performance measures, weightings and targets.

In relation to the ABP and the LTIP, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or 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. Any use of these discretions would, where relevant, be explained in the Directors' remuneration report and may, where appropriate and practicable, be the subject of consultation with the Company's major shareholders.

Legacy commitments

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed: (i) before the date Mitie's first shareholder-approved Directors' remuneration policy came into effect; (ii) before the policy set out in this report comes into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or (iii) at a time when the relevant individual was not a Director (or other person to whom this policy applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director (or other person to whom this policy applies). For these purposes, 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted. This policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

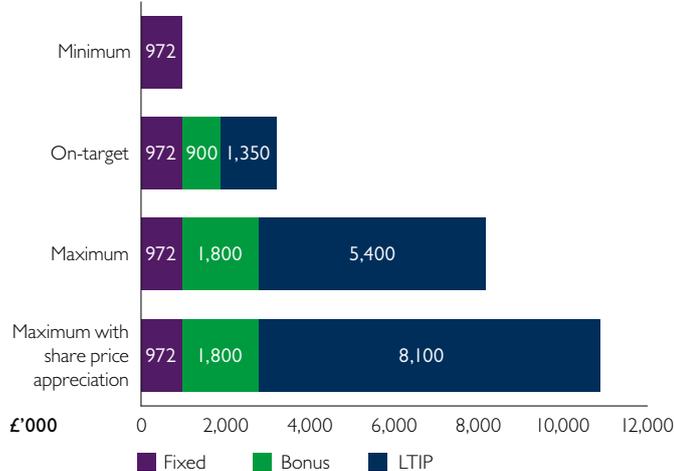
Remuneration scenarios for Executive Directors

Under the Company's policy, a significant proportion of remuneration is linked to performance. The charts below show how much the Executive Directors could earn under Mitie's remuneration policy (as detailed above) under different performance scenarios. The following assumptions have been made:

- minimum performance (below threshold) – fixed pay only, comprising base salary effective as at 1 April 2024 and the full year effect of ongoing benefits and cash allowances in lieu of pension contributions;
- on-target performance – fixed pay plus an on-target bonus of 50% of the maximum bonus and a threshold vesting of 25% of the maximum possible LTIP award vesting;
- maximum performance – fixed pay plus maximum bonus for FY25 of 200% of base salary for the Chief Executive and 175% for the Chief Financial Officer (structured 70% financial targets and 30% strategic/other) and maximum LTIP awards of 600% of base salary for the Chief Executive and 175% for the Chief Financial Officer; and
- maximum performance with share price appreciation – as per maximum performance with illustrative share price appreciation of 50% on the LTIP element.

The scenarios do not include dividend assumptions.

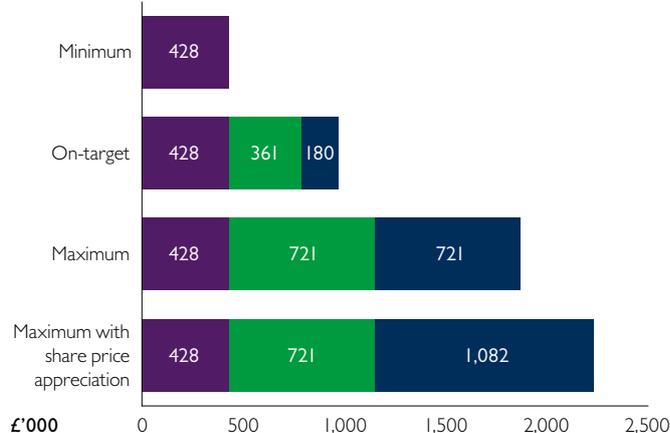
Phil Bentley



Composition of package (%)	Fixed	Bonus	LTIP
Minimum	100%	–	–
On-target	30%	28%	42%
Maximum	12%	22%	66%
Maximum with share price appreciation	9%	17%	74%

Value of package (£'000)	Fixed	Bonus	LTIP	Total
Minimum	972	–	–	972
On-target	972	900	1,350	3,222
Maximum	972	1,800	5,400	8,172
Maximum with share price appreciation	972	1,800	8,100	10,872

Simon Kirkpatrick



Composition of package (%)	Fixed	Bonus	LTIP
Minimum	100%	–	–
On-target	44%	37%	19%
Maximum	22%	39%	39%
Maximum with share price appreciation	19%	32%	49%

Value of package (£'000)	Fixed	Bonus	LTIP	Total
Minimum	428	–	–	428
On-target	428	361	180	969
Maximum	428	721	721	1,870
Maximum with share price appreciation	428	721	1,082	2,231

Executive Directors' service contracts

All Executive Directors are appointed on rolling service contracts but are subject to annual re-election at the AGM in accordance with the Code.

Under the service contracts, the Company is required to give 12 months' notice of termination of employment. Phil Bentley and Simon Kirkpatrick are required to give 12 months' notice.

For Executive Directors, if notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension cash allowance for the duration of their notice period, during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave.

The Company has the right to make a payment in lieu of notice equivalent in value up to 12 months' base salary payable either in monthly instalments or as a lump sum. The Company may also pay for any benefits, pension contributions or cash allowances for which the individual would have been eligible until the date of cessation had full notice been given.

The Executive Directors' service contracts are available for inspection at Mitie's registered office, Mitie's head office and at the 2024 AGM. There are no other provisions for compensation on termination of employment set out within the contracts of the Executive Directors.

For any newly appointed Executive Directors, notice periods will not exceed 12 months, save in exceptional circumstances; should a notice period longer than 12 months be necessary, the Committee would expect this to reduce to 12 months over time.

The effective dates of the service contracts of the current Executive Directors are set out below:

	Date of agreement
Phil Bentley	9 October 2016
Simon Kirkpatrick	1 April 2021

External appointments

The Board recognises that the appointment of Executive Directors to non-executive positions at other companies can be beneficial for both the individual director and the Group through the broadening of their experience and knowledge, and individuals are entitled to retain any fees earned in respect of these appointments.

Non-Executive Directors' remuneration and appointment terms

The Chairman and Non-Executive Directors receive an annual fee which is paid in monthly instalments. The Chairman's fee is set by the Remuneration Committee and the fees for the Non-Executive Directors are approved by the Board, on the recommendation of the Chairman and the Chief Executive. The Non-Executive Directors are paid a basic fee with an additional fee for the Senior Independent Director, for chairing a Committee, and for being the Designated Non-Executive Director responsible for oversight of the Board's engagement with the workforce, together with expenses incurred in carrying out their duties on behalf of the Company. Non-Executive Directors are not eligible to participate in any of the Company's share schemes, the ABP or the pension scheme. They do not receive any ancillary benefits.

The terms of appointment of the Non-Executive Directors are available for inspection at Mitie's registered office, Mitie's head office and at the 2024 AGM. The Non-Executive Directors are engaged for an initial term of three years which is terminable on three months' notice and thereafter on a rolling term. They are also subject to annual re-election at the AGM in accordance with the Code.

Non-Executive Directors' engagement terms

The engagement terms of the current Non-Executive Directors are set out below:

	Additional duties	Date of commencement	Initial contract term	Notice period
Derek Mapp	Chairman; Chair of the Nomination Committee	9 May 2017	3 years	3 months
Roger Yates	Senior Independent Director	1 March 2018	3 years	3 months
Jennifer Duvalier	Chair of the Remuneration Committee	26 July 2017	3 years	3 months
Mary Reilly	Chair of the Audit Committee	1 September 2017	3 years	3 months
Chet Patel		1 April 2022	3 years	3 months
Salma Shah	Chair of the ESG Committee	1 April 2022	3 years	3 months
Penny James		1 February 2024	3 years	3 months

How the executive pay policy differs from that for other Mitie employees

The remuneration policy for the Executive Directors is significantly more heavily weighted towards variable pay than for other employees, ensuring that the greater part of their pay is conditional on the successful delivery of the Group's business strategy. This helps create a clear link between the value created for shareholders and the remuneration received by the Directors. Awards under the LTIP are limited to those in the most senior leadership roles. For employees below this level, variable pay may consist of share-based awards and annual bonus (both of which will be based on role). UK-based employees have the opportunity to participate in the SAYE and SIP share schemes and become shareholders in Mitie. Since summer 2021, the offering of the SIP share scheme has been enhanced to provide employees with a greater incentive to invest in Mitie shares, and free shares have been awarded to UK-based employees. Mitie offers a cash-based alternative for free shares to employees in other countries.

How employment conditions elsewhere in the Group are taken into account

The Committee is responsible for overseeing the remuneration policy for the Group as a whole and is mindful of pay and employment conditions in the wider workforce within the Group and externally when determining executive remuneration. When considering base salary increases, benefits and pension provision, the Committee reviews overall levels and increases offered to employees across the Group. The Committee also reviews information with regard to share awards made to other senior management of the Group, noting that: (i) all UK-based employees can participate in the SAYE and SIP share schemes; and (ii) participation in the LTIP is limited to a selection of senior executives.

How shareholder views are taken into account

The Committee is committed to a continuing discussion with major shareholders and obtains their views when any significant changes to remuneration arrangements are being proposed. The Committee has undertaken an extensive two-stage consultation process to discuss the proposed changes to the remuneration policy, including the changes to Phil Bentley's incentive arrangements. Initially the Committee discussed the proposals with the Company's largest shareholders and, after refining them taking into account the feedback from this initial consultation, returned to a larger group of shareholders to obtain a wider range of views. The Committee was pleased that shareholders were broadly supportive of the proposals.

Policy on loss of office

The rules of the ABP and LTIP set out what happens to awards if a participant ceases to be an employee or Director of Mitie before the end of a vesting period, with the relevant service contracts also determining the general treatment of Executive Directors on cessation.

Regarding the ABP, in the event that the participant ceases to be an eligible employee before the date the bonus is paid or is subject to notice of termination of employment on the bonus date, all entitlement to the bonus in respect of that financial year would be forfeited, unless the Committee in its absolute discretion determines otherwise. Deferred shares would vest in full on the date of cessation for 'good leaver' reasons, but otherwise the shares lapse on cessation of employment.

Generally, any outstanding LTIP awards would lapse on cessation of employment, except in certain circumstances. Specifically, if the participant ceases to be an employee or Director of Mitie as a result of death, injury, disability, retirement, the sale of the business in which the individual works or any other reason at the discretion of the Committee, then they would be treated as a 'good leaver' under the LTIP rules, in which case awards subsist subject to any performance conditions and any applicable holding period and, if the Committee determines, a pro rata reduction. A good leaver has a 12-month period following the cessation of employment, or the end of the holding period if applicable, in which to exercise their vested awards.

In addition, and consistent with market practice, in the event of termination of an Executive Director's employment, the Company may settle any claims that may arise and pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. Should it become necessary to make additional payments in respect of such professional fees that were not ascertained at the time of reporting, the Company may do so up to a level of a further £10,000. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

Policy on the recruitment of a new Director

For a new hire, the Committee will typically align the Executive Director's remuneration package to the above remuneration policy. However, where appropriate, the Committee retains discretion to make decisions outside of policy to facilitate hiring key talent as set out below.

Base salary will be set based on the individual's role and experience, with consideration given to internal equity.

Benefits will be provided in line with those offered to other employees at a similar level, with relocation expenses/arrangements provided if necessary. Individuals will be given a choice of either participation in a defined contribution pension scheme or a cash allowance in lieu of pension, with a maximum pension contribution or cash allowance set in line with the rate available to the wider workforce.

The maximum level of variable pay that may be offered on an ongoing basis and the structure of remuneration will be in accordance with the approved policy detailed above (i.e. for any Executive Director an aggregate maximum of 400% of base salary – 200% annual bonus and up to 200% for LTIP awards). This limit does not include the value of buyout arrangements.

The above policy applies to both internal promotions to the Board and external hires. For external hires, if it is necessary to buy out existing incentive pay or benefit arrangements (which would be forfeited on leaving their previous employer), this would be provided taking into consideration relevant factors such as the commercial value of the amount forfeited from the previous employer, the performance conditions (i.e. the likelihood of achieving those) and timing (i.e. where the award is in the vesting cycle). Buyout awards, if used, would be granted under Mitie's existing share plans, although, if necessary, additional buyout awards may be made on more bespoke terms regarding matters such as vesting and performance conditions as permitted under Listing Rule 9.4.2.

In the case of an internal promotion to the Board, any outstanding variable pay awarded in relation to the individual's previous role will be allowed to pay out according to its terms of grant.

On appointment of a new Chairman or Non-Executive Director, his or her fee will be set taking into account the existing fee structure.

Mitigation of conflicts of interest

The CEO and other Executive Directors are not present at the relevant sections of the Committee when matters relating directly to their own remuneration are determined. This is also the case for other executives attending Committee meetings.

Directors' report

The Directors present their Annual Report, together with the audited financial statements of the Company and the Group, for the year ended 31 March 2024 as required by the Companies Act 2006.

The corporate governance statement required under the FCA's Disclosure Guidance and Transparency Rule 7.2 requires a corporate governance statement in the Directors' report to include certain information. You can find information that fulfils these requirements in this Directors' report, the corporate governance report, the Board Committee reports and the Directors' remuneration report.

The Directors' report required under the Companies Act 2006 comprises the corporate governance statement on pages 91 to 113. The corporate governance statement fulfils the requirement under Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (DTR) 7.2.1. For the purposes of DTR 4.1.8R, the management report for the year ended 31 March 2024 comprises the Strategic report and this Directors' report.

Cross-references

Employee engagement	Details of how Mitie encourages employee involvement can be found in the Strategic report on pages 56 to 60.
Equality, diversity and inclusion (including employment of disabled persons)	Details of Mitie's commitment to equality, diversity and inclusion, including in relation to the employment of disabled persons, can be found on pages 56 to 60.
Business relationships	Details of how the Directors have had regard to the need to foster Mitie's business relationships with suppliers, customers and others, and the effect of this on the principal decisions taken by the Company during the year, can be found in the Strategic report on pages 42 to 44.
Important events since FY 2023	Details of important events affecting the Group which have taken place since 31 March 2023, can be found on pages 26 to 31.
Greenhouse gas emissions, energy consumption and efficiency	Details of greenhouse gas emissions, energy consumption and efficiency can be found in the Strategic report on pages 61 to 75.
Environmental data	Environmental data can be found in the Strategic report on pages 70 to 75.

The information required to be disclosed by Listing Rule 9.8.4 can be found in the following locations:

Details of any long-term incentive schemes	Directors' remuneration report on pages 126 to 148 and Note 30 to the consolidated financial statements.
Details of any arrangements under which a Director has waived or agreed to waive any emoluments or future emoluments	Directors' remuneration report on pages 126 to 148.
Shareholder waiver of dividends and future dividends	Directors' report on page 149.

No shareholder is considered a controlling shareholder as defined in the Financial Conduct Authority Handbook.

The remaining disclosures required by Listing Rule 9.8.4 are not applicable to the Company.

Principal Group activities

The Company is the holding company of the Group and its principal activity is to provide management services to the Group. The Group's activities are focused on the provision of strategic outsourcing services, further details of which can be found on page 12 of the Strategic report.

The Company does not have any branches registered overseas, but certain subsidiaries of the Company have registrations/branches across the United Kingdom, Republic of Ireland, Guernsey, Jersey, Italy, Isle of Man, Ascension Island, Austria, Belgium, Cyprus, Czech Republic,

Denmark, Falkland Islands, Finland, France, Germany, Ghana, Gibraltar, Hungary, Kenya, Luxembourg, the Netherlands, Nigeria, Oman, Poland, Saudi Arabia, Slovakia, Spain, Switzerland and the United Arab Emirates. Details of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements.

Given the nature of its activities, no material research and development work is carried out by the Group.

The Board's view on the likely future development of the Group is set out in the Strategic report on pages 26 to 31.

Financial results

A detailed commentary on the operational and financial results of the Group for the year is contained within the Strategic report, including the Finance review on pages 49 to 53.

The Group's profit before tax for the year ended 31 March 2024 was £156.3m (2023: £105.5m).

Dividends

An interim dividend of 1.0p per Ordinary Share (2023: 0.7p) with a total value of £12.9m (2023: £9.4m) was paid to shareholders on 31 January 2024.

The Directors recommend a final dividend of 3.0p per Ordinary Share (2023: 2.2p) with a total value of £38.3m (2023: £28.7m) based upon the number of shares in issue (excluding treasury shares and shares held by the Employee Benefit Trust) as at 4 June 2024. Subject to approval at the 2024 AGM, the final dividend will be paid on 5 August 2024 to shareholders on the register as at close of business on 21 June 2024.

Total dividends per Ordinary Share for the year ended 31 March 2024 will be 4.0p (2023: 2.9p).

As at 31 March 2024, the Company had distributable reserves of £186.3m (2023: £116.5m).

Mitie operates a Dividend Re-Investment Plan (DRIP) which allows shareholders to use their cash dividend to purchase additional Ordinary Shares. Further details on the operation of the DRIP and how to apply are available from Mitie's Registrar, Link Group.

The Trustees of the Company's Employee Benefit Trust agreed to waive dividends payable on Ordinary Shares held by the Trust in respect of the year ended 31 March 2024.

In accordance with Section 726 of the Companies Act 2006, no dividends are paid on Ordinary Shares held in treasury.

Directors

The names of all persons who served as Directors of the Company at any time during FY24 are set out on page 98. Full biographical details of the current Directors, including Committee membership and external appointments, are set out on pages 93 to 95.

Director independence

The Board considered the independence of all Non-Executive Directors during FY24 and determined that, as at 31 March 2024, all Non-Executive Directors continued to be independent in mind and judgement, and free from any material relationship that could interfere with their ability to discharge their duties effectively.

Indemnification of Directors and insurance

The Directors and the Company Secretary benefit from an indemnity provision under the Company's Articles of Association (the Articles).

Additionally, all Directors and the Chief Legal Officer & Company Secretary have been granted a qualifying third-party indemnity provision (as defined by Section 234 of the Companies Act 2006) which has been in force throughout FY24 and remains in force as at the date of this report.

Certain employees who are directors of a subsidiary of the Company have also been granted a qualifying third-party indemnity provision which has been in force throughout FY24 and remains in force as at the date of this report.

The Group maintains Directors' and Officers' liability insurance, which provides appropriate cover for any legal action brought against the Group's directors and/or officers. The Group also maintains Pension Trustees' liability insurance, which provides cover in respect of legal action brought against the trustees of Mitie's pension schemes.

Share capital

The Group is financed through equity share capital and debt instruments. Details of the Company's share capital are given in Note 27 to the consolidated financial statements.

Details of the Group's debt instruments are set out in Note 23 to the consolidated financial statements. Throughout FY24, the Company's issued share capital was publicly listed on the London Stock Exchange and it remains so as at the date of this report.

Financial instruments

The Group's financial instruments include bank borrowing facilities, lease liabilities, overdrafts and US private placement loan notes.

The principal objective of these instruments is to raise funds for general corporate purposes and to manage financial risk. Further details of these instruments are given in Note 24 to the consolidated financial statements.

The Company has a single class of shares divided into ordinary shares of 2.5 pence each (Ordinary Shares). The holders of Ordinary Shares are entitled to one vote each per share at general meetings and have no right to any fixed income.

In accordance with the Articles, 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 to shareholders for approval at an AGM. A final dividend may be declared by the shareholders at an AGM by ordinary resolution, but such dividend cannot exceed the amount recommended by the Board.

Restrictions on the transfer of shares

The Company is not aware of any agreements between holders of its securities which may result in restrictions on the transfer of securities or voting rights. No person has any special rights of control over the Company's share capital. There are no specific restrictions on the size of any shareholding or on the transfer of shares, which are both governed by the provisions of the Articles.

Under Mitie's Rules on Share Dealing, persons with access to certain confidential Company information or inside information are required to follow a clearance to deal procedure and may be restricted from dealing in the Company's shares. Persons subject to these requirements are notified individually and appropriately informed of the rules.

Significant interests in the Company's share capital

As at 31 March 2024, insofar as it is known to the Company by virtue of notifications made pursuant to the Companies Act 2006 and/or Chapter 5 of the Disclosure Guidance and Transparency Rules or otherwise, the following persons were, directly or indirectly, interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital (being the threshold for notification that applies to shareholders pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

	Number of Ordinary Shares	% of voting rights
Silchester International Investors LLP	142,309,190	10.65%
Fidelity International Limited	109,622,185	8.21%
Alchemy Special Opportunities LLP	71,039,339	5.32%
JPMorgan Asset Management	70,198,880	5.26%
BlackRock Inc	69,920,280	5.23%
Oasis Management Company	67,110,577	5.02%
The Vanguard Group	63,717,659	4.77%
Fidelity Management & Research	62,773,375	4.70%
Apex Financial Services (Trust Company) Limited	47,721,982	3.57%
Heronbridge Investment Management	47,712,461	3.57%
Schroder Investment Management	41,805,795	3.13%

Changes that have been notified to the Company pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules between 31 March 2024 and 4 June 2024, the latest practicable date prior to the date of this report, are set out below.

	Number of Ordinary Shares	% of voting rights
Silchester International Investors LLP	133,493,114	9.997%
Alchemy Special Opportunities LLP	31,039,339	2.33%
JPMorgan Asset Management	75,474,757	5.66%
Apex Financial Services (Trust Company) Limited	55,466,846	4.16%

Directors' interests in the Company's share capital are set out in the Directors' remuneration report on page 141.

2024 Annual General Meeting

Mitie's 2024 AGM will be held on 23 July 2024 at 11.30am at Level 12, The Shard, 32 London Bridge Street, London SE1 9SG and will be viewable via a webcast.

The Board recognises that the AGM is an important event in the Company's corporate calendar, providing an opportunity to engage with shareholders. Shareholders will be able to attend the meeting in person to vote and ask questions or view the meeting via a live webcast. Shareholders can also ask questions via email to investorrelations@mitie.com. Instructions on how to register and join the webcast are set out in the Notice of AGM.

The Board also encourages shareholders to appoint the Chairman of the AGM as their proxy and provide voting instructions in advance of the meeting in accordance with the instructions set out in the Notice of AGM.

Powers of the Company to issue or buy back its own shares

At the AGM held on 25 July 2023, the Company's shareholders authorised:

- The Directors to allot Ordinary Shares up to an aggregate nominal amount of £3,388,970.68, equating to 10% of the issued share capital of the Company (excluding treasury shares) as at 6 June 2023
- The Company to make market purchases of its own shares up to a total of 135,558,827 Ordinary Shares, equating to 10% of the issued share capital of the Company (excluding treasury shares) as at 6 June 2023
- These authorities will expire on the earlier date of 30 September 2024 and the conclusion of the 2024 AGM. A renewal of these authorities will be put to shareholders at the 2024 AGM. Further details are included in the notes to the Notice of AGM

During FY24, the Company utilised the above authorities to:

- Allot 545,661 new Ordinary Shares with an aggregate nominal value of £13,641.53 in connection with the exercise of options by employees participating in the Mitie Group plc 2011 SAYE scheme for aggregate consideration of £177,810
- Undertake market purchases in relation to the share buyback programme announced on 18 April 2023 of 40,293,871 Ordinary Shares (representing 3.01% of the issued share capital of the Company (including treasury shares) as at 31 March 2024). The aggregate nominal value of the shares purchased was £1,007,347 and the total aggregate amount paid was £40,742,405 (excluding expenses). Of these shares, 17,479,835 were transferred into treasury and 22,814,036 were cancelled

During FY24, the Company utilised the authorities granted at the AGM held on 26 July 2022 to:

- Allot 634,357 new Ordinary Shares with an aggregate nominal value of £15,859 in connection with the exercise of options by employees participating in the Mitie Group plc 2011 SAYE scheme for aggregate consideration of £360,326
- Undertake market purchases in relation to the share buyback programme announced on 18 April 2023 of 18,310,305 Ordinary Shares (representing 1.37% of the issued share capital of the Company (including treasury shares) as at 31 March 2024). The aggregate nominal value of the shares purchased was £457,758 and the total aggregate amount paid was £17,257,592 (excluding expenses). Of these shares, 14,997,647 were transferred into treasury and 3,312,658 were cancelled

During FY24, the Employee Benefit Trust acquired 21.3m Ordinary Shares (including the 2.2m shares committed to during FY23) through market purchases (2023: 47.9m shares) and distributed 24.5m shares to satisfy awards under Mitie Group plc's Long Term Incentive Plan, Deferred Bonus Plan, Conditional Share Plan and to the SIP Trust.

The total number of Ordinary Shares held by the Company in treasury as at 31 March 2024 was 5,125,595, representing 0.38% of the issued share capital of the Company (2023: 2,353, representing 0.0002% of the issued share capital of the Company). During FY24, 27,354,240 shares were distributed from treasury in connection with the exercise of options for aggregate consideration of £7,473,652 by employees participating in the Mitie Group plc 2011 SAYE scheme.

Exercisable awards under the Mitie Group plc 2011 Executive Share Option scheme were underwater during FY24 and no awards were exercised.

Articles of Association

Amendments to the Articles must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. The Articles are available at www.mitie.com/investors/corporate-governance.

Significant agreements – change of control

There are a number of agreements with provisions that take effect, alter or terminate upon a change of control of the Company (including following a takeover bid), such as bank facility agreements and other financial arrangements and employee share scheme rules. None of these are considered to be significant in terms of their likely impact on the normal course of business of the Group. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs solely because of a change of control.

Disclosure of information to the auditor

Each Director in office as at the date of this Directors' report confirms that:

- So far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware
- He/she has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Post balance sheet events

Details of post balance sheet events can be found in Note 34 to the consolidated financial statements.

By order of the Board

Peter Dickinson
Chief Legal Officer & Company Secretary

5 June 2024

Statement of Directors' responsibilities

in respect of the Annual Report, remuneration report and financial statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law, including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the Group and Company and of the Group's profit or loss for the 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, relevant, reliable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements
- For the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group or Company will continue in business
- Prepare a Directors' report, Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Directors' responsibilities pursuant to DTR4.1.I2

The Directors confirm that to the best of their knowledge:

- The Group 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 Company and the undertakings included in the consolidation taken as a whole
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

Website publication

The Directors are responsible for ensuring that the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Phil Bentley
Chief Executive

5 June 2024

Simon Kirkpatrick
Chief Financial Officer

5 June 2024

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Independent auditor's report to the members of Mitie Group plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mitie Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

The Parent Company financial statements comprise the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the Company financial statements, including a summary of material accounting policies. The financial reporting framework applied in their preparation is applicable law and FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 19 September 2017 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is seven years, covering the years ended 31 March 2018 to 31 March 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We considered the principal risks identified by the Directors that are associated with the Group's customers, suppliers and workforce. We assessed these against our own views of the risks based on our understanding of the business and the business' performance in the year ended 31 March 2024;
- We obtained the Directors' cash flow forecasts covering the period to 30 September 2025 and challenged the key assumptions in respect of revenue growth, gross profit margins and cash generation with reference to our knowledge of the business, its historical performance and results. We evaluated whether the Directors had considered appropriate risks and uncertainties in the preparation of the cash flow forecasts based on our assessment of the risks and issues relating to the business;
- We tested the integrity of the forecast model and assessed its consistency with approved budgets;
- We obtained and critically reviewed the Directors' reverse stress test analysis, performed to determine the point at which:
 - A downturn in revenues; or
 - A deterioration in gross margin; or
 - An increase in costs; or
 - A downturn in cash generation due to working capital outflows and one-off significant liabilities

would result in a covenant breach or liquidity shortfall and without further mitigation would potentially impact the going concern of the business. Our consideration included an assessment of whether the reverse stress test analysis appropriately considered the key risks and issues to which the models were sensitive, and we challenged the nature and feasibility of the mitigating actions available to the business identified by the Directors;

- We challenged the Directors' conclusion that the likelihood of the downside sensitivities required for either a covenant breach or liquidity shortfall was remote by reference to our knowledge of the business, and the wider environment in which it operates. This included an assessment of reverse stress test sensitivities and current trading performance;
- We obtained the extension agreement in respect of the Revolving Credit Facility utilised by the Group during the year to confirm its terms and covenants;
- We assessed covenants at year end, to check that the Group was compliant under the terms of the financing agreements;
- We evaluated forecast covenant compliance and headroom calculations with reference to the covenants stated in the relevant financing agreements; and
- We reviewed the adequacy and completeness of disclosures in the financial statements in respect of going concern in line with the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage¹	100% (2023: 90%) of Group revenue 97% (2023: 93%) of Group total assets
Key Audit Matters ("KAMs")	1) Appropriateness of revenue recognition – consistent with prior year 2) Contract specific provisions – consistent with prior year 3) Accounting for the acquisition of Landmarc Support Services Limited ("Landmarc") – new key audit matter in the current year The prior year KAMs also included Onerous contract provisions. Whilst the Group continues to recognise a provision for onerous contracts, this is not considered a KAM in the current year due to the reduced quantum of provision required and the reduced audit risk over its completeness.
Materiality	Group financial statements as a whole £8.6m (2023: £6.3m) based on 5% (2023: 5%) of profit before tax and non-recurring Other Items.

1. These are areas which have been subject to a full scope audit by the group engagement team and specified audit procedures performed by the group engagement team and the component auditor teams.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The group operates through a number of legal entities, which form reporting components, consistent with the segmental analysis disclosed in Note 3 to the financial statements. Technical Services, Business Services, Central Government and Defence, Communities and the Parent Company were considered to be significant components subject to full scope audits.

The Corporate Centre segment was considered to be a non-significant component, where we performed specific audit procedures on discrete financial statement areas to obtain sufficient coverage over the Group financial statements. The financial information of the remaining non-significant components was subject to analytical review procedures.

BDO LLP, through either the Group audit team or component audit teams, completed all full scope audits, specific procedures and analytical review procedures.

Our involvement with component auditors

For the work performed by component auditors, the Group audit team determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Our involvement with component auditors included the following:

- Issue of group reporting instructions, which included the significant areas to be covered by their audit (including all significant risks identified by the Group audit team), materiality levels, and required procedures relating to irregularities and fraud. The instructions also set out the information required to be reported to the Group audit team;
- Regular communication with the component auditors throughout the planning, execution and completion stages of the audit;
- Members of the group audit team attended the key meetings and had detailed discussions with the component auditors and component Management throughout the audit process in respect of significant risk areas;
- Regular meetings were held between the Group and component audit teams which allowed for constant communication throughout the audit, ensuring that areas of interest for the Group audit were flagged in a timely manner; and
- Review of component auditors' working papers by senior members of the Group audit team, with additional challenge and specific work requests to ensure alignment with conclusions drawn.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of Management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out on page 61 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of Management's disclosures included as 'Statutory Other Information' on page 63 within the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Independent auditor's report to the members of Mitie Group plc

continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Appropriateness of revenue recognition</p> <p>The accounting policies and critical judgments applied are disclosed in Notes 1 and 2.</p>	<p>Accounting for new and modified contracts under IFRS 15 <i>Revenue from Contracts with Customers</i> can be complex and may be incorrectly applied, resulting in inappropriate recognition or measurement of revenue.</p> <p>The Group has material levels of accrued income for which there is a risk that cut-off has not been correctly applied and that revenue has not been appropriately recognised in respect of accrued income.</p> <p>The Group undertakes contracts for specific projects where contractual obligations span more than one financial period. There is a risk that revenue is incorrectly recognised due to inaccurate measurement of performance to date and uncertainties that depend on the outcome of future events.</p>	<p>We completed the following audit procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> • Tested a sample of new and modified contracts in the year by evaluating management's IFRS 15 <i>Revenue from Contracts with Customers</i> contract assessments, testing details to contracts and assessing whether the related revenue recognition was in accordance with the requirements of the applicable accounting standard. • Tested a sample of accrued income balances at year end to supporting documentation to confirm whether the revenue has been recognised in the appropriate period, with procedures including: verifying contractual terms, agreeing to proof and timing of service delivery, confirming customer acceptance and subsequent invoicing, and reviewing relevant customer correspondence regarding the specific accrued income balances. We also tested journals recorded within revenue, selected using specific risk criteria, to appropriate supporting evidence. • For contracts where revenue is recognised over time, we critically assessed the appropriateness of the methodology applied by Management to recognise income over time using either the input or output method. We tested the accuracy of the revenue recognised by evaluating Management's process for capturing costs incurred to date and forecast costs to complete, for contracts where income is recognised using the input method. For contracts where income is recognised using the output method, we evaluated that revenue is consistent with assessments of work completed to date. <p>Key observations:</p> <p>We found that new and modified contracts were being accounted for in accordance with the requirements of the applicable accounting standard and the recognition and measurement of the related revenue in the year was appropriate.</p> <p>We are satisfied that revenue was recognised in the appropriate period in respect of accrued income.</p> <p>We are satisfied that revenue recognised in relation to projects is accurate.</p>
<p>Contract specific provisions</p> <p>The accounting policies and key sources of estimation uncertainty applied are disclosed in Notes 1 and 2. Provisions are disclosed in Note 20.</p>	<p>Material contract provisions are recognised within the Communities component. Significant judgment is required to determine the extent of the Group's liability and estimation is involved in determining the costs likely to be incurred to resolve these claims.</p> <p>In respect of this matter, the disclosure provided and the estimated range of possible outcomes given, are key areas of Management judgement and estimation. Due to this, we considered contract specific provisions to be a key audit matter.</p>	<p>We completed the following audit procedures in relation to the contract specific provisions within the Communities component:</p> <ul style="list-style-type: none"> • Obtained an understanding of each matter through discussion with senior finance and non-finance Management, the Group's internal legal counsel and external legal counsel where applicable. • Reviewed relevant communications with third parties and Managements' experts. • Critically evaluated the capabilities, competence, and objectivity of Management's external experts. • Critically evaluated assessments prepared by Management in respect of claims, and challenged the key assumptions used within them. • Developed independent ranges and point estimates for each material provision to consider the individual and aggregate differences between those and Management's positions. • Reviewed the adequacy of the Group's disclosures in respect of claims provisions and their compliance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. <p>Key observations:</p> <p>We found that the judgements and estimates made by Management in assessing the contract specific provisions are appropriate and the amounts recorded by Management are reasonable.</p> <p>Furthermore, we consider the disclosures around these matters to be appropriate.</p>

Key audit matter	How the scope of our audit addressed the key audit matter	
<p>Accounting for the acquisition of Landmarc</p> <p>The accounting policies and critical judgments applied are disclosed in Notes 1 and 2. Acquisitions are disclosed in note 29.</p>	<p>The Group has historically accounted for Landmarc as a joint venture. On 16 November 2023, the Group applied acquisition accounting to Landmarc following amendments to the terms of the Shareholder Agreement ("SHA") with its joint venture partner. Management exercised significant judgement in the assessment of control of Landmarc at the acquisition date.</p> <p>This transaction was accounted for as a step acquisition with no cash or share consideration.</p> <p>The accounting for the acquisition balance sheet at 16 November 2023 and the subsequent Purchase Price Allocation ("PPA") assessment, including the fair value of consideration, identification and valuation of intangible assets at acquisition date and subsequent residual goodwill, and recognition of non-controlling interest ("NCI") arising on acquisition, is complex and involves estimation. Management engaged an external expert to undertake the PPA assessment. Therefore, this is considered a key audit matter.</p>	<p>We completed the following audit procedures in relation to the accounting for the acquisition of Landmarc:</p> <ul style="list-style-type: none"> • Obtained an understanding of the transaction and critically reviewed the amendments to the SHA to evaluate the appropriateness of Management's conclusion of control over Landmarc. • Evaluated the accounting treatment applied including the calculation of fair value of consideration and recognition of NCI on acquisition, in accordance with the requirements of IFRS 3 <i>Business Combinations</i>. • Critically evaluated the capabilities, competence and objectivity of Management's external valuation expert engaged for the PPA assessment. • Evaluated and concluded on the appropriateness of the external valuation expert's conclusions by comparing them to our knowledge of the industry. • Engaged with our own internal valuation experts to challenge and critically evaluate the PPA assessment completed by the external expert, including the fair value assessment of Landmarc at acquisition date and the identification of amounts related to customer relationships and other intangibles. • Tested the cash flow forecasts, including challenge and corroboration of inputs and assumptions used to assess the fair value of the consideration and fair value of the intangible assets acquired, by comparing to actual and historical results and reasonableness of underlying information used. • Challenged Management's assessment of the fair value of the assets acquired and tested a sample of balances held at the acquisition date. • Reviewed the adequacy of the Group's disclosures in respect of the business combination and their compliance with the requirements of IFRS 3 <i>Business Combinations</i>. <p>Key observations:</p> <p>We found that the judgements and estimates made by Management in accounting for the Landmarc acquisition are reasonable. Furthermore, we consider the disclosures around this matter to be appropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group		Parent Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Materiality	8.6	6.3	6.0	4.4
Basis for determining materiality	5% of recurring profit before tax and non-recurring Other Items		70% of Group materiality	
Rationale for the benchmark applied	We consider this to be the most appropriate threshold since this removes the impact of certain one-off items on the profit of the Group.		The Parent Company does not trade and materiality was set at a percentage of Group materiality.	
Performance materiality	6.0	4.4	4.2	3.0
Basis for determining performance materiality	70% of materiality			
Rationale for the percentage applied for performance materiality	The level of performance materiality was set after considering a number of factors including significant transactions in the year, the expected value of known and likely misstatements, and Management's attitude towards proposed adjustments.			

Independent auditor's report to the members of Mitie Group plc continued

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 15% and 77% (2023: 12% and 78%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.2m to £6.6m (2023: £0.75m to £4.9m). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £430k (2023: £315k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 152; and The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 90.
Other Code provisions	<ul style="list-style-type: none"> The Directors' statement on fair, balanced and understandable set out on page 122; The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 90; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 118-119; and The section describing the work of the Audit Committee set out on page 114.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with Management, the Audit Committee, the Company Secretary and in-house legal counsel; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the applicable accounting standards, the Bribery Act 2010 and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation and employment laws.

Our procedures in respect of the above included:

- Review of minutes of Board and Audit Committee meetings, and internal audit reports to identify any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with Management, the Audit Committee, in-house legal counsel and internal audit regarding any known or suspected instances of fraud;

- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of Board and Audit Committee meetings for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Involvement of forensics specialists in the audit during engagement team fraud discussions;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes, including the Enhanced Delivery Plan, and performance targets, and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls through inappropriate journal entries, accrued income cut-off, costs to complete estimates in projects revenue where the input method of revenue recognition is being used, and bias in key estimates and judgements.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of accrued income for correct cut-off (refer to revenue recognition KAM);
- Testing a sample of contracts for accuracy of estimation where revenue is recognised over time (refer to revenue recognition KAM); and
- Assessing significant estimates made by Management for bias (refer to contract specific provisions and accounting for the acquisition of Landmarc KAMs).

Independent auditor's report to the members of Mitie Group plc continued

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component engagement teams, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Greg Watts (Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London, UK

5 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

For the year ended 31 March 2024

	Notes	2024			2023		
		Before Other items £m	Other items ¹ £m	Total £m	Before Other items £m	Other items ¹ £m	Total £m
Revenue including share of joint ventures and associates	3	4,510.7	–	4,510.7	4,055.1	–	4,055.1
Less: share of revenue of joint ventures and associates ²	14	(65.5)	–	(65.5)	(110.1)	–	(110.1)
Group revenue	3	4,445.2	–	4,445.2	3,945.0	–	3,945.0
Cost of sales		(3,945.3)	–	(3,945.3)	(3,508.5)	–	(3,508.5)
Gross profit		499.9	–	499.9	436.5	–	436.5
Administrative expenses		(297.8)	(62.4)	(360.2)	(282.7)	(48.8)	(331.5)
Other income		1.7	17.9	19.6	–	3.7	3.7
Share of profit of joint ventures and associates ²	14	6.4	–	6.4	8.3	–	8.3
Operating profit/(loss)³	3, 5	210.2	(44.5)	165.7	162.1	(45.1)	117.0
Finance income	7	4.2	–	4.2	2.2	–	2.2
Finance costs	7	(13.6)	–	(13.6)	(13.7)	–	(13.7)
Net finance costs		(9.4)	–	(9.4)	(11.5)	–	(11.5)
Profit/(loss) before tax		200.8	(44.5)	156.3	150.6	(45.1)	105.5
Tax	8	(37.9)	12.5	(25.4)	(22.6)	8.2	(14.4)
Profit/(loss) after tax		162.9	(32.0)	130.9	128.0	(36.9)	91.1
Attributable to:							
Equity holders of the parent		157.8	(31.5)	126.3	128.0	(36.9)	91.1
Non-controlling interests	36	5.1	(0.5)	4.6	–	–	–
Profit/(loss) for the year		162.9	(32.0)	130.9	128.0	(36.9)	91.1
Earnings per share (EPS) attributable to owners of the parent							
Basic	10	12.3p		9.8p	9.5p		6.8p
Diluted	10	11.3p		9.1p	8.6p		6.2p

Notes:

- Other items are as described in Note 4.
- The Group obtained control of Landmarc Support Services Limited (Landmarc) on 16 November 2023, and since that date Landmarc's financial results have been consolidated as a subsidiary of Mitie (see Note 29). Prior to 16 November 2023, Landmarc was accounted for as a joint venture of Mitie (see Note 14).
- Including net impairment losses on trade receivables, accrued income and other receivables of £2.6m (2023: £5.3m) (see Note 24).

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Profit for the year		130.9	91.1
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurement of net defined benefit pension liabilities	31	(14.2)	(0.9)
Share of other comprehensive expense of joint ventures	14	(0.1)	(2.4)
Tax credit relating to items that will not be reclassified to profit or loss in subsequent years	8	3.6	2.6
		(10.7)	(0.7)
Items that may be reclassified to profit or loss in subsequent years			
Exchange differences on translation of foreign operations		(0.8)	1.5
Net losses on cash flow hedges taken to equity		–	(0.3)
Tax credit relating to items that may be reclassified to profit or loss in subsequent years	8	0.1	–
		(0.7)	1.2
Other comprehensive (expense)/income for the year		(11.4)	0.5
Total comprehensive income for the year		119.5	91.6
Attributable to:			
Equity holders of the parent		114.8	91.6
Non-controlling interests		4.7	–
Total comprehensive income for the year		119.5	91.6

Consolidated statement of financial position

As at 31 March 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Goodwill	11	361.7	312.3
Other intangible assets	12	283.4	252.6
Property, plant and equipment	13	204.7	156.9
Interests in joint ventures and associates	14	0.9	8.8
Trade and other receivables	15	21.0	23.5
Contract assets	16	0.5	0.8
Retirement benefit assets	31	4.2	2.4
Deferred tax assets	21	7.9	20.4
Total non-current assets		884.3	777.7
Current assets			
Inventories	17	14.7	13.5
Trade and other receivables	15	775.1	786.8
Contract assets	16	1.0	1.1
Current tax receivable		7.8	–
Cash and cash equivalents	22	244.9	248.3
Total current assets		1,043.5	1,049.7
Total assets		1,927.8	1,827.4
Current liabilities			
Trade and other payables	18	(892.4)	(899.5)
Deferred income	19	(91.8)	(83.3)
Current tax payable		(2.0)	(0.8)
Financing liabilities	23	(73.8)	(32.0)
Provisions	20	(66.5)	(54.2)
Total current liabilities		(1,126.5)	(1,069.8)
Net current liabilities		(83.0)	(20.1)
Non-current liabilities			
Trade and other payables	18	(12.7)	(2.3)
Deferred income	19	(15.5)	(19.8)
Financing liabilities	23	(247.7)	(254.0)
Provisions	20	(46.7)	(57.2)
Retirement benefit liabilities	31	(5.0)	(2.6)
Total non-current liabilities		(327.6)	(335.9)
Total liabilities		(1,454.1)	(1,405.7)
Net assets		473.7	421.7

Consolidated statement of financial position continued
As at 31 March 2024

	Notes	2024 £m	2023 £m
Equity			
Share capital	27	33.3	34.0
Share premium	27	132.0	131.5
Merger reserve	28	157.0	157.0
Own shares reserve	28	(69.8)	(59.0)
Share-based payments reserve	28	42.1	33.7
Capital redemption reserve	28	3.3	2.6
Hedging and translation reserve	28	(2.1)	(1.4)
Retained profits		157.4	123.3
Equity attributable to owners of the parent		453.2	421.7
Non-controlling interests	36	20.5	–
Total equity		473.7	421.7

The consolidated financial statements of Mitie Group plc, company registration number SC019230, were approved by the Board of Directors and authorised for issue on 5 June 2024. They were signed on its behalf by:

Phil Bentley
Chief Executive Officer

Simon Kirkpatrick
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Share capital £m	Share premium £m	Merger reserve ¹ £m	Own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Hedging and translation reserve £m	Retained profits/(losses) £m	Total attributable to owners of parent £m	Non-controlling interests £m	Total equity £m
At 1 April 2022	35.7	130.6	358.6	(36.9)	27.5	0.9	(2.6)	(89.1)	424.7	–	424.7
Profit for the year	–	–	–	–	–	–	–	91.1	91.1	–	91.1
Other comprehensive income/(expense)	–	–	–	–	–	–	1.2	(0.7)	0.5	–	0.5
Total comprehensive income	–	–	–	–	–	–	1.2	90.4	91.6	–	91.6
Transactions with owners											
Dividends paid	–	–	–	–	–	–	–	(28.9)	(28.9)	–	(28.9)
Purchase of own shares ²	–	–	–	(37.7)	–	–	–	–	(37.7)	–	(37.7)
Realisation of merger reserve	–	–	(201.6)	–	–	–	–	201.6	–	–	–
Share buybacks ³	(1.7)	–	–	–	–	1.7	–	(50.7)	(50.7)	–	(50.7)
Share-based payments	–	0.9	–	15.6	6.2	–	–	(6.0)	16.7	–	16.7
Tax on share-based payments	–	–	–	–	–	–	–	6.0	6.0	–	6.0
Total transactions with owners	(1.7)	0.9	(201.6)	(22.1)	6.2	1.7	–	122.0	(94.6)	–	(94.6)
At 31 March 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	(1.4)	123.3	421.7	–	421.7
At 1 April 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	(1.4)	123.3	421.7	–	421.7
Profit for the year	–	–	–	–	–	–	–	126.3	126.3	4.6	130.9
Other comprehensive (expense)/income	–	–	–	–	–	–	(0.7)	(10.8)	(11.5)	0.1	(11.4)
Total comprehensive (expense)/income	–	–	–	–	–	–	(0.7)	115.5	114.8	4.7	119.5
Transactions with owners											
Dividends paid	–	–	–	–	–	–	–	(41.5)	(41.5)	–	(41.5)
Purchase of own shares ²	–	–	–	(19.6)	–	–	–	–	(19.6)	–	(19.6)
Share buybacks ³	(0.7)	–	–	(31.8)	–	0.7	–	(26.6)	(58.4)	–	(58.4)
Share-based payments ⁴	–	0.5	–	40.6	8.4	–	–	(24.0)	25.5	–	25.5
Tax on share-based payments	–	–	–	–	–	–	–	10.7	10.7	–	10.7
Non-controlling interest arising on acquisition ⁵	–	–	–	–	–	–	–	–	–	18.3	18.3
Non-controlling interest dividends	–	–	–	–	–	–	–	–	–	(2.5)	(2.5)
Total transactions with owners	(0.7)	0.5	–	(10.8)	8.4	0.7	–	(81.4)	(83.3)	15.8	(67.5)
At 31 March 2024	33.3	132.0	157.0	(69.8)	42.1	3.3	(2.1)	157.4	453.2	20.5	473.7

Notes:

- The merger reserve represents amounts relating to premiums arising on shares issued subject to the provisions of Section 612 of the Companies Act 2006.
- The Employee Benefit Trust acquired 19.1m (2023: 50.1m) ordinary shares through market purchases for a consideration together with associated fees and stamp duty of £18.9m (2023: £37.3m) and the Share Incentive Plan Trust acquired 0.6m (2023: 0.6m) shares for a consideration of £0.7m (2023: £0.4m).
- The share buybacks resulted in the purchase of 58.6m ordinary shares (2023: 68.8m), of which 26.1m (2023: 68.8m) have subsequently been cancelled and 32.5m (2023: nil) were bought into Treasury. See Notes 27 and 28.
- Includes £0.5m and £7.5m of cash receipts in respect of new shares and treasury shares respectively, which were issued on exercise of Save As You Earn share options. See Notes 27 and 28.
- The Group obtained control of Landmarc on 16 November 2023, resulting in recognition of non-controlling interest of £18.3m at that date. See Note 29.

Consolidated statement of cash flows

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Operating profit before Other items	3	210.2	162.1
Other items	4	(44.5)	(45.1)
Operating profit		165.7	117.0
Adjustments for:			
Share-based payments expense	30	20.3	17.3
Defined benefit pension expense	31	3.1	3.4
Defined benefit pension contributions	31	(13.2)	(16.5)
Fair value gain on acquisition of Landmarc	4	(17.9)	–
Depreciation of property, plant and equipment	13, 25	48.2	43.1
Amortisation of other intangible assets	12	33.0	29.2
Share of profit of joint ventures and associates	14	(6.4)	(8.3)
Amortisation of contract assets	16	1.4	1.3
Impairment of non-current assets	12, 25	0.1	0.2
Loss on disposal of property, plant and equipment		0.1	0.1
Operating cash flows before movements in working capital		234.4	186.8
Increase in inventories		(0.6)	(0.9)
Decrease/(increase) in receivables		70.6	(89.8)
Increase in contract assets		(0.9)	–
Decrease in deferred income		–	(15.5)
(Decrease)/increase in payables		(73.5)	44.9
Decrease in provisions		(2.1)	(8.6)
Cash generated from operations		227.9	116.9
Income taxes paid		(16.9)	(19.8)
Interest paid		(13.3)	(14.1)
Net cash generated from operating activities		197.7	83.0
Investing activities			
Acquisition of businesses, net of cash acquired ¹	29	(34.0)	(16.6)
Interserve completion accounts settlement		–	6.0
Interest received		3.6	2.2
Purchase of property, plant and equipment	13	(11.5)	(10.9)
Dividends received from joint ventures and associates	14	8.4	9.0
Purchase of other intangible assets	12	(8.4)	(14.3)
Disposal of property, plant and equipment		0.2	0.1
Net cash used in investing activities		(41.7)	(24.5)

Note:

1. Acquisition of businesses is net of cash acquired of £53.6m (2023: £2.0m). See Note 29.

Consolidated statement of cash flows continued

For the year ended 31 March 2024

	Notes	2024 £m	2023 £m
Financing activities			
Purchase of own shares	28	(19.6)	(37.7)
Shares bought back	27, 28	(58.4)	(50.7)
Capital element of lease rentals	25	(41.0)	(34.5)
Lease incentives received		5.7	–
Proceeds from new private placement notes	23	–	120.0
Repayment of private placement notes	23	–	(150.8)
Settlement of derivative financial instruments		–	29.2
Repayment of bank loans		(8.4)	(4.1)
Payment of arrangement fees		(1.2)	(0.5)
Proceeds received on settlement of share-based payment transactions	27, 28	8.0	1.6
Equity dividends paid	9	(41.5)	(28.9)
Dividends paid to non-controlling interest	36	(2.5)	–
Net cash used in financing activities		(158.9)	(156.4)
Net decrease in cash and cash equivalents		(2.9)	(97.9)
Net cash and cash equivalents at beginning of the year		248.3	345.2
Effect of foreign exchange rate changes		(0.5)	1.0
Net cash and cash equivalents at end of the year	22	244.9	248.3

Notes to the consolidated financial statements

For the year ended 31 March 2024

I. Basis of preparation and material accounting policies

(a) Basis of preparation

Mitie Group plc (the Company) is a company incorporated in the United Kingdom and registered in Scotland. It was incorporated on 16 July 1936 under the Companies Act 1929. The Company's registered office is at 35 Duchess Road, Rutherglen, Glasgow, G73 1AU. The Group comprises the Company and all its subsidiaries. The Group's consolidated financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest one hundred thousand pounds, unless otherwise indicated.

The Group's consolidated financial statements for the year ended 31 March 2024 have been prepared in accordance with UK-adopted International Accounting Standards.

The Group's consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are required to be measured at fair value.

Going concern

The consolidated financial statements for the year ended 31 March 2024 have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered the Group's business activities as set out on pages 4 to 77 of the Annual Report and Accounts 2024 and the principal risks and uncertainties as set out on pages 78 to 88 and the viability statement on page 90 of the same.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the consolidated financial statements (the Going Concern Assessment Period). This assessment was based on the latest medium-term cash forecasts from the Group's cash flow model (the Base Case Forecasts), which is based on the Board approved budget. These Base Case Forecasts indicate that the debt facilities currently in place are adequate to support the Group over the Going Concern Assessment Period.

The Group's principal debt financing arrangements as at 31 March 2024 were a £250m revolving credit facility maturing in October 2027, which was undrawn as at 31 March 2024, and £150m of US private placement (USPP) notes. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis, as set out in the Finance review on page 53.

In September 2023, the revolving credit facility was increased from £150m to £250m and its maturity date was extended to October 2027, on the same terms, with a further one year extension option at the mutual agreement of all parties.

Of the USPP notes, £120.0m were issued in December 2022, split equally between 8, 10 and 12 year maturities, and with an average coupon of 2.94%. The Base Case Forecasts assume that the remaining £30.0m of USPP notes, which are due to mature in December 2024, will be replaced at higher interest rates (c.6%).

Mitie currently operates within the terms of its agreements with its lenders, with consolidated net cash (i.e. net cash adjusted for covenant purposes, primarily by the exclusion of lease liabilities) of £90.7m at 31 March 2024. The Base Case Forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's debt facilities currently in place is adequate to support the Group over the Going Concern Assessment Period.

The Directors have also completed a reverse stress test using the Group cash flow model to assess the point at which the financial covenants, or facility headroom, would be breached. The sensitivities considered have been chosen after considering the Group's principal risks and uncertainties.

The primary financial risks related to adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered in the context of any further UK budgetary changes, global political uncertainties as well as an inflationary and potential recessionary economic environment:

- A downturn in revenues: this reflects the risks of not being able to deliver services to existing customers, or contracts being terminated or not renewed;
- A deterioration of gross margin: this reflects the risks of contracts being renegotiated at lower margins, or planned cost savings not being delivered;
- An increase in costs: this reflects the risks of a shortfall in planned overhead cost savings, including the margin enhancement initiatives not being delivered, or other cost increases, such as sustained higher cost inflation; and
- A downturn in cash generation: this reflects the risks of customers delaying payments due to liquidity constraints, the removal of ancillary debt facilities or any substantial one-off settlements related to commercial issues.

As a result of completing this assessment, the Directors concluded that the likelihood of the reverse stress scenarios arising was remote. In reaching the conclusion of remote, the Directors considered the following:

- All stress test scenarios would require a very severe deterioration compared to the Base Case Forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 39% in the 12 months to 30 September 2026 compared to the Base Case Forecasts, which is considered to be very severe given the high proportion of Mitie's revenue that is fixed in nature and the fact that even in a Covid-hit year, Mitie's revenue excluding Interserve declined by only 1.6% in the year ended 31 March 2021; and
- In the event that results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions within the Group's control have been identified that would be implemented, which are not factored into the stress test scenarios. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions and share buybacks.

Based on these assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these consolidated financial statements. In addition, the Directors have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

I. Basis of preparation and material accounting policies continued

Accounting standards that are newly effective in the current year

The following new standards and amendments became effective during the year ended 31 March 2024, none of which have had a material impact on the Group:

IFRS 17 Insurance Contracts

In May 2017, the International Accounting Standards Board (IASB) issued IFRS (International Financial Reporting Standards) 17 *Insurance Contracts* and in June 2020 issued amendments to IFRS 17. IFRS 17 introduces requirements on accounting for insurance contracts which, whilst primarily expected to impact the insurance sector, apply more widely than to contracts issued by traditional insurance entities. The Group has performed an assessment and concluded that none of the Group's contracts are required to be accounted for as insurance contracts under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments to IAS 1 require the disclosure of material accounting policy information rather than significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Group has revised the accounting policy disclosures to align to the amended requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 to clarify how to distinguish changes in accounting policies from changes in accounting estimates. This amendment has had no impact on the consolidated financial statements because there have been no changes to accounting policies in the year.

Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 to require deferred tax to be recognised on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This has had no material impact on the consolidated financial statements because the Group's existing approach does not result in a materially different outcome to applying the new amendments.

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

On 23 May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12. The Group has applied the mandatory temporary exception to the accounting for deferred tax arising from the jurisdictional implementation of the Pillar Two model rules set out therein.

Accounting standards that are not yet mandatory and have not been applied by the Group

At the date of authorisation of these consolidated financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued but are not yet effective, none of which are expected to have a material effect on the Group other than presentational changes required under IFRS 18 Presentation and Disclosure in Financial Statements, the impact of which is still being assessed:

- Amendments to IFRS 16 *Leases – Lease Liability in a Sale-and-Leaseback*
- Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments – Supplier Finance Arrangements*
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
- IFRS 18 – *Presentation and Disclosure in Financial Statements*

(b) Material accounting policies

The material accounting policies adopted in the preparation of the Group's IFRS financial information are set out below.

Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of Mitie Group plc and all its subsidiaries. The Company's separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 issued by the Financial Reporting Council (FRC). Accordingly, for the year ended 31 March 2024, the Company reported under FRS 101 as issued by the FRC.

In preparing these Group consolidated financial statements, the Group's accounting policies and methods of computation were, with the exception of the changes to accounting standards referred to above, the same as those that applied in the preparation of the Group's consolidated financial statements for the year ended 31 March 2023, which were prepared in accordance with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The results, assets and liabilities of joint ventures and associates are accounted for under the equity method of accounting.

Joint ventures and associates

Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the entity, rather than rights to its individual assets and obligations for its individual liabilities.

Associates are those entities over whose financial and operating policies the Group has significant influence, but not control or joint control.

The results, assets and liabilities of joint ventures and associates are incorporated in the Group's consolidated financial statements using the equity method of accounting, except when classified as held for sale.

Under the equity method, an investment in a joint venture or associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture or associate. Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture or associate at the date of acquisition is recognised as goodwill. Where the Group entity transacts with a joint venture or associate, profits and losses are eliminated to the extent of the Group's interest in the joint venture or associate.

I. Basis of preparation and material accounting policies continued

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the right to the assets, and obligations for the liabilities, relating to the arrangement, or other facts and circumstances indicate that is the case. The Group's share of the results, assets and liabilities of contracts carried out in joint operations with another party are included under each relevant heading in the consolidated income statement and consolidated statement of financial position.

Statutory and non-statutory measures of performance

The consolidated financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the Group.

In the consolidated financial statements, the Group has elected to provide some further disclosures and performance measures, reported as 'before Other items', in order to present its financial results in a way that demonstrates the performance of its operations.

Other items are items of financial performance which management believes should be separately identified on the face of the consolidated income statement to assist in understanding the underlying financial performance achieved by the Group. The Group separately reports impairment of goodwill, impairment and amortisation of acquisition related intangible assets, acquisition and disposal costs, charges with respect to employment-linked earnouts, fair value gain on acquisitions, gain or loss on business disposals, cost of restructuring programmes and other exceptional items and their related tax effect as Other items. Should these items be reversed, disclosure of this would also be as Other items. The associated post-acquisition trading results generated by acquired businesses and the benefits from restructuring programmes are not included as Other items.

Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the year and the extent to which results are influenced by material unusual and/or non-recurring items. Further detail of Other items is set out in Note 4.

In addition, following the guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authority (ESMA), the Group has included an APM appendix to the consolidated financial statements on pages 228 to 231.

Revenue recognition policy

The Group operates contracts with a varying degree of complexity across its service lines, so a range of methods are used for the recognition of revenue based on the principles set out in IFRS 15. Revenue represents income recognised in respect of services provided during the year based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

IFRS 15 provides a single, principle-based five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts.

Step 1 – Identify the contract(s) with a customer

For all contracts with customers, the Group determines if the arrangement creates enforceable rights and obligations. This assessment results in certain Framework arrangements or Master Service Agreements (MSAs) not meeting the definition of contracts under IFRS 15 unless they specify the minimum quantities to be ordered. Usually the work order and any change orders together with the Framework or MSA will constitute the IFRS 15 contract.

Duration of contract

The Group frequently enters into contracts with customers which contain extension periods at the end of the initial term, automatic annual renewals, and/or termination for convenience and break clauses that could impact the duration of the contract. Judgement is applied to assess the impact that such clauses have in determining the relevant contract term. The term of the contract affects the period over which amortisation of contract assets and revenue from performance obligations is recognised. In forming this judgement, management considers certain influencing factors, including the amount of discount provided, the presence of significant termination penalties in the contract, and the relationship, experience and performance of contract delivery with the customer and/or the wider industry, in understanding the likelihood of extension or termination of the contract.

Contract modifications

Where the Group's contracts are amended for changes to customer requirements, such as change orders and variations, a contract modification takes place when the amendment creates new enforceable rights and obligations or changes the existing price or scope (or both) of the contract, and the modification has been approved. Contract modifications can be approved in writing, by oral agreement, or implied by customary business practices.

If the parties to the contract have not approved a contract modification, revenue is recognised in accordance with the existing contractual terms. If a change in scope has been approved but the corresponding change in price is still being negotiated, change to the total transaction price is estimated.

Contract modifications, including contract renewals, are accounted for as a separate contract if the contract scope changes due to the addition of distinct goods or services and the change in contract price reflects the stand-alone selling price of the distinct goods or services. If the price of additional distinct goods or services is not commensurate with the stand-alone selling prices for those goods or services, then this is considered a termination of the original contract and the creation of a new contract which is accounted for prospectively from the date of modification. Where new goods or services are not distinct from those in the original contract, then these are considered to form part of the original contract, with any update to pricing recognised as a cumulative catch up to revenue. The facts and circumstances of any modification are considered in isolation, as these are specific to each contract and may result in different accounting outcomes.

I. Basis of preparation and material accounting policies continued

Step 2 – Identify the performance obligations in the contract

Performance obligations are the contractual promises by the Group to transfer distinct goods or services to a customer. For arrangements with multiple components to be delivered to customers, such as in the Group's integrated facilities management contracts, judgement is applied to consider whether those promised goods or services are:

- i. distinct and accounted for as separate performance obligations;
- ii. combined with other promised goods or services until a bundle is identified that is distinct; or
- iii. part of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time, i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract, the Group treats the series as a single performance obligation.

Step 3 – Determine the transaction price

At contract inception, the total transaction price is determined, being the amount to which management expects the Group to be entitled and has rights under the contract. This includes the fixed price stated in the contract and an assessment of any variable consideration. Variability in revenue can arise from a number of factors, including discounts, rebates or service penalties. Variable consideration is typically estimated based on the expected value method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Certain contracts across the Group incorporate indexation related adjustments to consideration, whereby pricing is adjusted based on an external metric (such as CPI or RPI). Variable consideration related to indexation adjustments is only recognised once these are confirmed.

Step 4 – Allocate the transaction price to the performance obligations in the contract

The Group allocates the total transaction price to the identified performance obligations based on their relative stand-alone selling prices. This is predominantly based on an observable price or a cost plus margin arrangement. It is necessary to estimate the stand-alone selling price when the Group does not sell equivalent goods or services in similar circumstances on a stand-alone basis. When estimating the stand-alone selling price, the Group maximises the use of external inputs by observing the stand-alone selling prices for similar goods and services using an industry recognised price list or cost indices in applying a cost-plus reasonable margin approach.

Step 5 – Recognise revenue when or as the entity satisfies its performance obligations

For each performance obligation, management determines if revenue will be recognised over time or at a point in time. Where revenue is recognised over time, the Group applies the relevant output or input revenue recognition method for measuring progress that depicts the Group's performance in transferring control of the goods or services to the customer.

Certain long-term contracts use output methods based upon surveys of performance completed, appraisals of results achieved, or milestones reached which allow the Group to recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services under the contract.

Under the input method, measured progress and revenue are recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Group's efforts in delivering the service.

Where deemed appropriate, the Group will utilise the practical expedient within IFRS 15, allowing revenue to be recognised at the amount which the Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance obligations completed to date.

If performance obligations do not meet the criteria to recognise revenue over time, revenue is recognised at the point in time when control of the goods or services passes to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria. Sales of goods are recognised when goods are delivered and control has passed to the customer.

Long-term complex contracts

The Group has a number of long-term complex contracts which are predominantly integrated facilities management arrangements. Typically, these contracts involve the provision of multiple service lines, with a single management team providing an integrated service. Such contracts tend to be transformational in nature where the business works with the customer to identify and implement cost saving initiatives across the life of the contract.

Management considers the majority of services provided within integrated facilities management contracts meet the definition of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments (e.g. monthly or quarterly) and therefore the Group treats the series of such services as one performance obligation.

The Group also delivers major project-based services under long-term complex contracts that include performance obligations under which revenue is recognised over time as value from the service is transferred to the customer. This may be where the Group has a legally enforceable right to remuneration for the work completed to date, and therefore revenue will be recognised in line with the associated transfer of control.

The Group has a number of long-term PFI lifecycle contracts to maintain properties over periods of up to 30 years. A fund is established at the start of the contract and amounts are drawn down by the Group as maintenance work is performed. For certain contracts, the Group is also entitled to share in any surplus left in the fund. Revenue is recognised over time to reflect the rendering of the service, including an assessment of the appropriate proportion of the likely surplus in the fund, subject to being highly probable not to reverse. The amount of surplus available is dependent on the rate of wear and tear of the assets, which is substantially outside the control of the entity and the customer. As such, the Group does not deem there to be a significant financing component.

I. Basis of preparation and material accounting policies continued

Repeat service-based contracts (single and bundled contracts)

The Group operates a number of single or joint service-line arrangements where repeat services meet the definition of a series of distinct services that are substantially the same (e.g. the provision of cleaning, security, waste and landscaping services). They have the same pattern of transfer of value to the customer, as the series constitutes core services provided in distinct time increments (e.g. monthly or quarterly). The Group therefore treats the series of such services as one performance obligation.

Short-term service-based arrangements

The Group delivers a range of other short-term service-based performance obligations and professional services work across certain reporting segments for which revenue is recognised at the point in time when control of the service has transferred to the customer. This may be at the point when the customer obtains control of the service in a contract with customer-specified acceptance criteria, e.g. the delivery of a strategic operating model or report.

Contract costs

The Group incurs pre-contract expenses (e.g. legal costs) when it is expected to enter into a new contract. The incremental costs to obtain a contract with a customer are recognised within contract assets if it is expected that those costs will be recoverable. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the year.

Contract fulfilment costs

Costs incurred to ensure that the project or programme has appropriate organisational, operational and technical infrastructures, and mechanisms in place to enable the delivery of full services under the contract target operating model, are defined as contract fulfilment costs. Only costs which meet all three of the criteria below are included within contract assets on the consolidated statement of financial position:

- i. the costs directly relate to the contract (e.g. direct labour, materials, subcontractors);
- ii. the Group is building an asset that will subsequently be used to deliver contract outcomes; and
- iii. the costs are expected to be recoverable, i.e. the contract is expected to be profitable after amortising the capitalised costs.

Contract fulfilment costs covered within the scope of another accounting standard, such as inventories, intangible assets, or property, plant and equipment, are not capitalised as contract fulfilment assets but are treated in accordance with the relevant standard.

Amortisation and impairment of contract assets

The Group amortises contract assets (pre-contract costs and contract fulfilment costs) on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. The expense is recognised in the consolidated income statement.

A capitalised pre-contract cost or contract fulfilment cost is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use.

Management is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the entity expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services under the relevant contract. In determining the estimated amount of consideration, management uses the same principles as it does to determine the contract transaction price. An impairment is recognised immediately where such losses are forecast.

Accrued income and deferred income

The Group's customer contracts include a diverse range of payment schedules that are often agreed at the inception of long-term contracts under which it receives payments throughout the term of the arrangement. Payments for goods and services transferred at a point in time may be at the delivery date, in arrears or part payment in advance.

Where revenue recognised at the year end date is more than amounts invoiced, the Group recognises accrued income for the difference. Where revenue recognised at the year end date is less than amounts invoiced, the Group recognises deferred income for the difference.

Where price step-downs are required in a contract and output is not decreasing, revenue is deferred from initial periods to subsequent periods in order for revenue to be recognised on a consistent basis.

Providing the option for a customer to obtain extension periods or other services at a significant discount may lead to a separate performance obligation where a material right exists. Where this is the case, the Group allocates part of the transaction price from the original contract to deferred income which is then amortised over the discounted extension period or recognised immediately when the extension right expires.

Foreign currency

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated income statement.

Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

On consolidation, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on their acquisition, are translated into pounds sterling at exchange rates prevailing at the statement of financial position date. Income and expenses are translated into pounds sterling at average exchange rates for the period. Exchange differences arising are recognised directly in equity in the Group's hedging and translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

I. Basis of preparation and material accounting policies continued

Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are recognised in the consolidated income statement in the year in which they are incurred, with the finance charges relating to the direct cost of debt issue spread over the period to redemption using the effective interest method. The Group has elected to classify cash flows from interest paid as operating activities and interest received as investing activities. Interest paid includes the interest portion of the lease liabilities.

Taxation

The tax expense represents the sum of the current tax and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition costs incurred are expensed. The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the conditions for recognition are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

The Group recognises any non-controlling interest in an acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Where a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in the consolidated income statement.

The fair value of customer contracts or customer relationships recognised as a result of a business combination is determined using forecast customer cash flows from the contracts or relationships and expected renewal rates, and applying an appropriate discount rate specific to the asset. In determining the cash flows, management uses judgement to estimate revenue growth, profit margins, contract renewal probability and the average contract duration remaining, as well as the discount rate. Amortisation is charged on a straight-line basis through Other items over its useful economic life, up to a maximum of 15 years.

Where applicable, the consideration for an acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they result from additional information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognised in the consolidated income statement, in accordance with IFRS 9.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, of an investment in an associate or a joint venture.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

I. Basis of preparation and material accounting policies continued

The Group measures the lease liability for acquired leases at the present value of the remaining lease payments discounted using an appropriate discount rate. As required by IFRS 3 *Business Combinations*, the Group treats acquired leases as new leases, thereby recording the right-of-use asset as equal to the lease liability.

Acquisition related liabilities or employment-linked earnouts are the estimated amounts payable to previous owners. The estimated future payments that are accrued over the period the sellers are required to remain with the business are accounted for as remuneration for post-acquisition services and recognised within the consolidated income statement and classified as Other items. The amounts not linked to employment are considered to be contingent consideration and estimated and recognised at acquisition at their discounted fair value, with the unwind of the discount recorded as part of finance costs.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. It is reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated income statement for the year and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first, to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

When a business reorganisation results in changes to the composition of CGUs, goodwill is reallocated to updated CGUs. The goodwill allocated to a prior CGU is wholly reallocated to an updated CGU, where the goodwill wholly arose on the acquisition of businesses comprised within the updated CGU. Where this is not possible, a relative value approach is taken to allocate goodwill to updated CGUs.

Other intangible assets

Other intangible assets identified in a business acquisition are capitalised at fair value as at the date of acquisition.

Customer contracts and relationships are amortised over their useful lives based on the period of time over which they are anticipated to generate benefits. Other acquisition related intangibles include brands, acquired software and technology, which are amortised over their useful lives.

Software and development expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably. Software and development expenditure includes internally generated intangible assets and is amortised over its useful life once it has been brought into use.

Upfront configuration and customisation costs incurred in implementing Software as a Service (SaaS) arrangements are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of, and recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are reviewed for impairment annually, or more frequently when there is an indication that they may be impaired. Amortisation expense is charged to administrative expenses in the consolidated income statement on a straight-line basis over the useful life of the asset as follows:

Customer contracts and relationships	5–15 years
Brands, software and development expenditure	3–10 years

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged so as to write off the cost less expected residual value of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

Land and buildings	50 years or lease term if shorter
Plant and vehicles	3–10 years

The Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, management estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

I. Basis of preparation and material accounting policies continued

Financial instruments – classification and measurement

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets principally comprise cash and cash equivalents, trade receivables, accrued income and other receivables. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and bank overdrafts are only offset where the overdraft is part of the Group's cash pooling arrangements and the Group has both the legal right to offset and intends to settle on a net basis at the period end through cash sweeping arrangements.

Cash where access is constrained is classified as restricted cash. Bank transactions are recorded on their settlement date. All of the Group's cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Group's revenue streams are therefore initially measured at their transaction price and are subsequently remeasured at amortised cost.

Financial liabilities principally comprise trade and other payables, accruals, financing liabilities and contingent consideration payable. These are measured at initial recognition at fair value and subsequently at amortised cost, with the exception of contingent consideration payable which is measured at fair value through profit or loss. Financing liabilities are stated at the amount of the net proceeds after deduction of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated income statement.

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial instruments – impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECLs) on all receivable balances from customers measured at amortised cost using the simplified approach. Under this approach, the Group recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated on the basis of historical credit loss experience, adjusted for forward-looking factors that incorporate macroeconomic conditions, for example changes in interest rates and inflation, and applied to customers with common risk characteristics, such as sector type (e.g. government or non-government).

For other receivables, ECLs are measured using those expected to arise in the 12 months subsequent to the statement of financial position date.

For cash and cash equivalents, the Group does not currently anticipate any future credit losses given the high-quality credit rating of the financial institutions with which balances are held.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, including cross-currency interest rate swaps and forward foreign exchange contracts, to manage the Group's exposure to financial risks associated with interest rates and foreign exchange. Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value, determined by reference to market rates, at each statement of financial position date and included as financial assets or liabilities as appropriate. The resulting gain or loss is recognised in the consolidated income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated income statement depends on the nature of the hedge relationship.

The Group may designate certain hedging instruments including derivatives as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. On adoption of IFRS 9, the Group elected to continue to apply the hedge accounting guidance in IAS 39 *Financial Instruments: Recognition and Measurement*.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

Hedges are classified as cash flow hedges when they hedge the exposure to changes in cash flows that are attributable to a particular risk associated with either a recognised asset or liability or a forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in equity within the Group's translation and hedging reserve. The gain or loss relating to any ineffective portion is recognised immediately in the consolidated income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement, in the same line as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

I. Basis of preparation and material accounting policies continued

Hedges of net investments in foreign operations

Hedges are classified as net investment hedges when they hedge the foreign currency exposure to changes in the Group's share in the net assets of a foreign operation. Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the Group's translation and hedging reserve. The gain or loss relating to any ineffective portion is recognised immediately in the consolidated income statement. Gains or losses on the hedging instrument relating to the effective portion of the hedge accumulated in equity are reclassified to the consolidated income statement in the same way as exchange differences relating to the foreign operation.

Leases

The Group has various lease arrangements for properties (e.g. office buildings and storage facilities), vehicles and other equipment, including IT equipment and machinery. At inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee, except low-value leases and short-term leases of 12 months or less, costs for which are recognised as an operating expense within the consolidated income statement as they are incurred.

A right-of-use asset is capitalised on the consolidated statement of financial position and presented within property, plant and equipment at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term and are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

The lease liability is initially measured at amortised cost using the effective interest rate method to calculate the present value of future lease payments and is subsequently increased by the associated interest cost and decreased by lease payments made. The effective interest rate is based on the rate implicit in the lease or, where not available, the incremental borrowing rate. Lease payments made are apportioned between a capital repayment amount and an interest charge, which are disclosed within the financing and operating activities sections of the consolidated statement of cash flows respectively. Lease payments comprise fixed lease rental payments only, with the exception of property leases for which the associated fixed service charge is also included. The majority of the Group's lease contracts include inflationary linked rent review clauses. Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect. Lease liabilities are classified between current and non-current and presented within financing liabilities on the consolidated statement of financial position.

The lease term comprises the non-cancellable period in addition to the determination of the enforceable period which is covered by an option to extend the lease, where it is reasonably certain that the option will be exercised, and the period covered by the option to terminate the lease to a point in time where no more than an 'insignificant penalty' is incurred. The Group assesses an insignificant penalty with reference to the wider economics of the lease, including any investment in non-transferable leasehold improvements which may result in an impairment charge should the lease be terminated.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

Provisions and contingent liabilities

Provisions have been made for contract specific costs, onerous contracts, insurance exposures, legal claims, other property related commitments including dilapidations, restructuring related costs and pension related provisions which primarily relate to Section 75 employer debt liabilities.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contract specific cost provisions are made when the Group expects to incur future remedial and rectification costs required to meet customers' contractual terms. Costs are estimated using either the work of external consultants or internal experts. The amount recognised as a provision represents management's best estimate and is inherently uncertain and could change materially over time. The provision is reviewed at least on a biannual basis for changes in cost estimates. Any change in cost estimate is recognised as a charge or a release to the provision when it occurs.

The insurance reserve relates to employers' and motor and fleet liabilities retained in the Group's self-insurance arrangement. The insurance reserve includes the full estimated value of the liability, gross of amounts expected to be recovered from the Group's insurer. Any related insurance reimbursement asset that is virtually certain to be received is separately presented gross within trade and other receivables on the consolidated statement of financial position.

No provisions are recognised and only a disclosure in the consolidated financial statements is made for contingent liabilities. Contingent liabilities are possible obligations dependent on whether some uncertain future event occurs, or where a present obligation exists but an outflow of resources is not probable, or the amount of the obligation cannot be measured reliably.

I. Basis of preparation and material accounting policies continued

Onerous contracts

Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the remuneration expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is lower of the cost of fulfilling a contract and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises both incremental costs and an allocation of other direct costs related to contract activities.

Where a customer has an option to extend a contract and it is likely that such an extension will be made, the expected net cost arising during the extension period is included within the calculation. However, where a profit can be reasonably expected in the extension period, no credit is taken on the basis that such profits are uncertain given the potential for the customer to either not extend or offer an extension under lower pricing terms.

Share-based payments

The Group operates a number of executive and employee share option schemes. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. For grants of share options and awards, the fair value as at the date of grant is calculated using the Black-Scholes model or the share price at grant date, and the corresponding expense is recognised on a straight-line basis over the vesting period based on management's estimate of shares that will eventually vest. At each statement of financial position date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. Save As You Earn (SAYE) options are treated as cancelled when employees cease to contribute to the scheme, resulting in an acceleration of the remainder of the related expense.

The own shares reserve in equity includes the shares owned by the Employee Benefit Trust and treasury shares. When shares are transferred to employees upon exercise of options and awards, the own shares reserve is reduced by the relevant cost or value.

Retirement benefit costs

The Group operates a number of defined contribution retirement benefit schemes for all qualifying employees. Payments to the defined contribution and stakeholder pension schemes are charged as an expense as the related service is provided.

In addition, the Group operates and participates in a number of defined benefit schemes. In respect of the schemes in which the Group makes contributions under Admitted Body status to clients' defined benefit schemes in respect of certain employees who transferred to the Group under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), the Group accounts for its legal and constructive obligations over the period of its participation which is for a fixed period only.

For the defined benefit pension schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each statement of financial position date by qualified third-party actuaries. Actuarial gains and losses on obligations, the return on scheme assets (excluding interest) and the effect of the asset ceiling (if applicable, excluding interest) are recognised in the consolidated statement of comprehensive income in the period in which they occur.

Defined benefit pension costs (including curtailments) are recognised in the consolidated income statement, in administrative expenses, while the net interest cost is recognised in finance costs.

The Group's net liability in respect of defined benefit schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using the market yield on a high-quality corporate bond and deducting the fair value of any scheme assets. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the scheme, where the Group has the unconditional right to the surplus or reductions in future contributions to the scheme. Assets recognised are adjusted for tax, where relevant.

Insurance buy-in policies included within plan assets are measured at fair value. The timing and amount of payments exactly match a portion of benefits in the scheme and therefore the present value of the related obligations (determined using the project unit method as set out above) is deemed to be the fair value of the insurance policies.

The Group participates in four multi-employer defined benefit pension schemes. For three of these schemes, the Group's share of the assets and liabilities is minimal. The fourth scheme is the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Plumbing Scheme), a funded multi-employer defined benefit scheme. The Plumbing Scheme was founded in 1975 and to date has had over 4,000 employers. The Plumbing Scheme trustee has issued Section 75 employer debt notices in respect of the participation of Robert Prettie & Co Limited and Mitie FM Limited in the Plumbing Scheme (refer to Notes 20 and 31). Another Group company, Mitie Property Services (UK) Limited, continues to participate in the Plumbing Scheme and the Group accounts for its contributions as if they were paid to a defined contribution scheme. For schemes where sufficient information is not available to use defined benefit accounting, no liability is recognised on the consolidated statement of financial position.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, made by management in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's consolidated financial statements.

Revenue recognition

The Group's revenue recognition policies which are set out under Revenue recognition in Note 1, are central to how the Group measures the work it has performed in each financial year.

Some of the Group's contracts, including PFI contracts, contain variable consideration where management assesses the extent to which revenue is recognised. For certain contracts, key judgements were made on whether it is considered highly probable that a significant reversal of revenue will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Profit before Other items

Other items are items of financial performance which management believes should be separately identified on the face of the consolidated income statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item should be classified within Other items requires judgement as to whether an item is or is not part of the underlying performance of the Group. Refer to Note 1, which details the Group's accounting policy for Other items.

Other items after tax of £32.0m were charged (2023: £36.9m) to the consolidated income statement for the year ended 31 March 2024. Included within the net charge were fixed-term staff costs in respect of the implementation of the digital supplier platform of £2.8m which, in management's judgement, is a material programme delivering a step change in the Group's supply chain management capabilities and therefore meets the Group's definition to be categorised as Other items. A complete analysis of the amounts included in Other items is detailed in Note 4.

IFRS 16 – Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain the option to renew or terminate the lease will be exercised or not. That is, it considers all relevant factors that create an economic incentive for the Group to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

Landmarc joint venture

The Group holds 51% of the equity shares in Landmarc Support Services Limited (Landmarc). The remaining 49% of the equity shares in Landmarc are held by a single third-party. As at 31 March 2023, management considered Landmarc to be a joint venture despite the Group having a majority shareholding. This is because, under the terms of the shareholders' agreement prevalent at that date, joint agreement was required with the other party to pass resolutions for all significant activities. Accordingly, the Group did not control Landmarc and did not recognise it as a subsidiary as at 31 March 2023.

On 16 November 2023, the shareholders' agreement was amended. Management's judgement is that the revisions made to the shareholders' agreement resulted in the Group obtaining control of Landmarc, and therefore Landmarc has been consolidated as a subsidiary of the Group from that date. Further details are included in Note 29.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Contract specific cost provisions

The Company and various of its subsidiaries are, from time to time, party to legal proceedings and claims. Judgements are required in order to assess whether these legal proceedings and claims are probable, and the liability can be reasonably estimated, resulting in a provision or, alternatively, whether the items meet the definition of contingent liabilities.

Provisions are liabilities of uncertain timing or amount and, therefore, in making a reliable estimate of the quantum and timing of liabilities, judgement is applied and re-evaluated at each reporting date. Those subject to significant estimation uncertainty relate to contract specific costs, for which the Group recognised provisions at 31 March 2024 of £49.2m (2023: £49.3m). Further details are included in Note 20.

2. Critical accounting judgements and key sources of estimation uncertainty continued

Onerous contract provisions

Onerous contract provisions totalling £8.8m have been recognised at 31 March 2024 (2023: £10.5m). These primarily arose on the acquisition of Interserve.

Onerous contract assessments are performed by the Group at an individual contract level at each reporting date. Determining the carrying value of onerous contract provisions requires assumptions and complex judgements to be made about the future performance of the Group's contracts. The level of uncertainty in the estimates made, either in determining whether a provision is required, or in the measurement of a provision booked, is linked to the complexity of the underlying contracts.

The major sources of judgement when measuring the level of provision to book are:

- the level of accuracy in forecasting future variable revenue and costs to complete the contract;
- the ability of the Group to maintain or improve operational performance to ensure cost assumptions are in line with expected levels, including contract specific key performance indicators (KPIs);
- identifying cost saving initiatives that are considered to be probable in terms of timing and scale; and
- expectations around the resolution of contract specific disputes and the likelihood of incurring future costs associated with remediation or reactive work.

The range of possible future outcomes in respect of judgements and assumptions made to determine the carrying value of the Group's onerous contract provisions could result in a material increase or decrease in the value of the provisions, and hence, on the Group's profitability in the next financial year. To mitigate this, management regularly compares actual contract performance against previous forecasts used to measure the onerous contract provisions and considers if revised judgements are required.

The Directors have assessed the range of possible outcomes on contracts requiring an onerous contract provision, based on facts and circumstances that were present and known at the statement of financial position date. Sensitivities around the major sources of estimation uncertainty, as identified above, indicate a possible range of future outcomes on these contracts in the next financial year, ranging from a reduction in the provision of up to £2m to a further increase of up to £3m being recognised.

An onerous contract provision has not been recognised on a certain contract which made a loss of £3.9m in the year ended 31 March 2024 (2023: £8.4m) and has 17 years remaining on the contract. This contract was acquired as part of the acquisition of Interserve, and a detailed turnaround plan is in the process of being implemented. Based on the plan, including applying downside scenarios, management expects that the contract will return to profitability in the year ending 31 March 2026 and will record a cumulative profit for the remaining term of the contract.

Other contract specific provisions

In addition to the onerous contract provisions, the Group has recognised £40.4m of contract specific provisions at 31 March 2024 (2023: £38.8m). These have been recognised primarily to cover remedial and rectification costs required to meet clients' contract terms.

Within this total, £10.9m (2023: £14.7m) relates to a certain contract where a significant liability has been estimated in relation to a commercial dispute. Management sought external assistance at the time of the acquisition of Interserve to value the potential risk exposure to the Group and has periodically updated this assessment including a revised cost estimation by a third-party specialist for the current period. The actual exposure to the Group may differ from the amount provided at 31 March 2024 due to the compounding effect of multiple variables associated with the particular issues involved in the dispute. The value of the provision represents management's best estimate. Management considers that to the extent that it is agreed or determined that the Group has a liability, the assessed range of possible future outcomes could potentially lead to a reduction in the provision of up to £6m or a further increase of up to £9m being recognised, and other possible outcomes could increase the liability further. Management will continue to assess the value of the provision recorded in arriving at its best estimate of any potential resolution at each subsequent reporting date.

Provisions in relation to certain contracts are also subject to negotiation with the customers.

Measurement of defined benefit pension obligations

The net pension liability at 31 March 2024 was £0.8m (2023: £0.2m), which includes retirement benefit assets of £4.2m (2023: £2.4m).

The measurement of defined benefit obligations requires judgement. It is dependent on material key assumptions, including discount rates, inflation and life expectancy rates. See Note 31 for further details and a sensitivity analysis for the key assumptions.

Other sources of estimation uncertainty

While not considered to be a key source of estimation uncertainty, the following is an area of focus for management.

Business combinations – purchase price allocation

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired are recognised through a purchase price allocation process, the determination of which requires management judgement.

During the year ended 31 March 2024, the Group completed the acquisitions of Linx International Group Limited (Linx International), RHI Industrials Limited (RHI Industrials), JCA Head Co Ltd (JCA Engineering), Biservicus Sistemas De Seguridad S.A.(Biservicus), Cliniwaste Holdings Limited (Cliniwaste), GBE Converge Group Ltd (GBE) and Landmarc. The most significant fair value adjustments arising on the acquisitions related to attributing value to the acquired intangible assets recognised in the form of customer contracts and relationships.

In determining the fair value of customer contracts and relationships, the Group used forecast customer cash flows from the contracts and expected renewal rates and applied an appropriate discount rate. In determining the cash flows, management used judgement to estimate revenue growth, profit margins, contract renewal probability and the average contract duration remaining, as well as the discount rate. A specialist third-party valuation expert was used to assist in determining the discount rates for acquisitions. Further details are included in Note 29.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

3. Business segment information

The Group manages its business on a service division basis. For the year ended 31 March 2024, the Group had four reportable segments (2023: eight reportable segments). This follows the reorganisation of the Group's Specialist Services division, as a result of which the Landscapes, Spain, and Waste divisions were moved into the Business Services division and the Care & Custody division was moved into the Communities division. The change in operating segments reflects how the Chief Operating Decision Maker evaluates the divisions and their performance, and decides on resource allocation. The comparatives for the year ended 31 March 2023 have been restated for the change in the composition of reportable segments.

Revenue including share of joint ventures and associates, operating profit before Other items and operating profit margin before Other items are the primary measures of performance that are reported to and reviewed by the Board. Segment assets and liabilities have not been disclosed as they are not reviewed by the Board.

Consolidated income statement information

	2024			2023 (restated) ¹		
	Revenue ² £m	Operating profit/ (loss) before Other items ³ £m	Operating margin before Other items ³ %	Revenue ² £m	Operating profit/(loss) before Other items ³ £m	Operating margin before Other items ³ %
Business Services	1,489.7	97.0	6.5	1,413.8	92.3	6.5
Technical Services	1,326.5	44.3	3.3	1,154.1	34.1	3.0
Central Government & Defence (CG&D)	937.7	80.4	8.6	828.3	59.8	7.2
Communities	756.8	39.1	5.2	658.9	31.4	4.8
Corporate Centre	–	(50.6)	–	–	(55.5)	–
Total Group	4,510.7	210.2	4.7	4,055.1	162.1	4.0

Notes:

- The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments.
- Revenue includes share of joint ventures and associates' revenue, of which £55.5m (2023: £100.1m) is included within CG&D and £10.0m (2023: £10.0m) within Communities.
- Other items are as described in Note 4.

No single customer accounted for more than 10% of external revenue in the year ended 31 March 2024 or in the comparative year. The UK Government is not considered a single customer.

A reconciliation of segment operating profit before Other items to total profit before tax is provided below:

	2024 £m	2023 £m
Operating profit before Other items	210.2	162.1
Other items ¹	(44.5)	(45.1)
Net finance costs	(9.4)	(11.5)
Profit before tax	156.3	105.5

Note:

- Other items are as described in Note 4.

Geographical segments

Revenue, operating profit and operating margin from external customers by geographical segment are shown below:

	2024			2023		
	Revenue ¹ £m	Operating profit before Other items ² £m	Operating margin before Other items ² %	Revenue ¹ £m	Operating profit before Other items ² £m	Operating margin before Other items ² %
United Kingdom	4,336.9	200.1	4.6	3,895.2	153.9	4.0
Other countries	173.8	10.1	5.8	159.9	8.2	5.1
Total	4,510.7	210.2	4.7	4,055.1	162.1	4.0

Notes:

- Revenue includes share of joint ventures and associates, of which £65.2m (2023: £110.1m) is included within the United Kingdom and £0.3m (2023: £nil) in other countries.
- Other items are as described in Note 4.

3. Business segment information continued

The carrying amount of non-current assets, excluding retirement benefits, interest in joint ventures and associates and deferred tax assets, by geographical segment is shown below:

	2024 £m	2023 £m
United Kingdom	846.3	732.5
Other countries	25.0	16.0
Total	871.3	748.5

Supplementary information

	2024				2023 (restated) ¹			
	Depreciation of property, plant and equipment £m	Amortisation of other intangible assets £m	Amortisation of contract assets £m	Other items ² £m	Depreciation of property, plant and equipment £m	Amortisation of other intangible assets £m	Amortisation of contract assets £m	Other items ² £m
Business Services	4.9	0.1	0.2	3.3	3.9	–	–	1.5
Technical Services	1.5	0.2	0.4	10.2	1.3	0.6	0.3	10.8
CG&D	0.8	–	–	(17.9)	0.4	–	–	(0.8)
Communities	1.2	–	0.8	1.3	1.3	–	1.0	0.4
Corporate Centre	39.8	32.7	–	47.6	36.2	28.6	–	33.2
Total	48.2	33.0	1.4	44.5	43.1	29.2	1.3	45.1

Notes:

- The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments.
- Other items are as described in Note 4.

Disaggregated revenue

The Group disaggregates revenue from contracts with customers by sector (government and non-government). Management believes this best depicts how the nature and amount of revenue and cash flows are affected by economic factors. The following table includes a reconciliation of disaggregated revenue with the Group's reportable segments.

	2024			2023 (restated) ²		
	Sector ¹		Total £m	Sector ¹		Total £m
Government £m	Non-government £m	Government £m		Non-government £m		
Business Services	418.1	1,071.6	1,489.7	457.1	956.7	1,413.8
Technical Services	274.7	1,051.8	1,326.5	262.4	891.7	1,154.1
CG&D	937.7	–	937.7	828.3	–	828.3
Communities	754.9	1.9	756.8	656.6	2.3	658.9
Total Group including joint ventures and associates	2,385.4	2,125.3	4,510.7	2,204.4	1,850.7	4,055.1
Less: Joint ventures and associates ³	(65.5)	–	(65.5)	(110.1)	–	(110.1)
Total Group excluding joint ventures and associates	2,319.9	2,125.3	4,445.2	2,094.3	1,850.7	3,945.0

Notes:

- Sector is defined by the end customer on any contract. For example, if the Group is a subcontractor to a company repairing a government building, then the contract would be classified as government.
- The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments.
- Revenue from joint ventures and associates includes £55.5m (2023: £100.1m) and £10.0m (2023: £10.0m) within the CG&D and Communities segments respectively.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

3. Business segment information continued

Transaction price allocated to the remaining performance obligations

The table below shows the secured forward order book for each segment at the reporting date with the time bands of when the Group expects to recognise secured revenue on its contracts with customers. Secured revenue corresponds to all fixed work contracted with customers and excludes the impact of any anticipated contract extensions, indexation and new contracts with customers.

	2024			2023 (restated) ¹		
	Less than 1 year £m	More than 1 year £m	Total secured revenue £m	Less than 1 year £m	More than 1 year £m	Total secured revenue £m
Business Services	831.0	1,315.5	2,146.5	623.4	853.2	1,476.6
Technical Services	469.0	659.6	1,128.6	482.6	678.0	1,160.6
CG&D ²	415.5	1,468.3	1,883.8	503.8	1,263.3	1,767.1
Communities ²	504.1	2,838.2	3,342.3	377.5	2,687.5	3,065.0
Total Group	2,219.6	6,281.6	8,501.2	1,987.3	5,482.0	7,469.3

Notes:

1. The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments.
2. Forward order book includes share of joint ventures and associates.

4. Other items

Other items are items of financial performance which management believes should be separately identified on the face of the consolidated income statement to assist in understanding the underlying financial performance achieved by the Group.

The Group separately reports impairment of goodwill, impairment and amortisation of acquisition related intangible assets, acquisition and disposal related costs, charges with respect to employment-linked earnouts, fair value gain on acquisitions, gain or loss on business disposals, cost of restructuring programmes and other exceptional items as Other items, together with their related tax effect.

	2024				Total £m
	Restructure costs £m	Acquisition and disposal related costs £m	Fair value gain on acquisition of Landmarc £m	Other exceptional items £m	
Other items before tax	(20.4)	(38.3)	17.9	(3.7)	(44.5)
Tax	5.1	6.5	–	0.9	12.5
Other items after tax	(15.3)	(31.8)	17.9	(2.8)	(32.0)

	2023				Total £m
	Restructure costs £m	Acquisition and disposal related costs £m	Other exceptional items £m		
Other items before tax	(16.6)	(25.1)	(3.4)		(45.1)
Tax	3.2	4.4	0.6		8.2
Other items after tax	(13.4)	(20.7)	(2.8)		(36.9)

4. Other items continued

Restructure costs

The Group has been undertaking a major transformation programme involving the restructuring of operations to reposition the business for its next phase of growth. Material transformation programmes are included as Other items where initiatives are considered to be non-recurring in nature and are not considered to be normal operating costs of the business. The costs are analysed below:

	2024 £m	2023 £m
Total Group		
Group transformation programme:		
Target Operating Model ¹	(20.4)	(7.9)
Project Forté ²	–	(8.7)
Restructure costs	(20.4)	(16.6)
Tax	5.1	3.2
Restructure costs net of taxation	(15.3)	(13.4)

Notes:

- The Target Operating Model is the Group's transformation programme and includes the further outsourcing of back-office functions, consolidating systems and processes, and optimising the organisation structure. Since its launch in the year ended 31 March 2022, cumulative costs of £28.6m have been recognised within the consolidated income statement and classified as Other items, all of which were cash costs. The programme is expected to complete by 31 March 2025.
- Project Forté was launched in 2019, primarily focusing on re-engineering the Technical Services business to modernise and optimise workflow processes. The project was completed in the year ended 31 March 2023.

The costs associated with the Group transformation programme include £5.7m of external consultancy costs (2023: £6.9m), fixed-term staff costs of £7.1m (2023: £6.9m) to manage and implement changes, redundancy costs of £4.5m (2023: £2.1m), dual-run licence costs in relation to decommissioned operating systems of £2.6m (2023: £0.7m) and certain property exit costs of £0.5m (2023: £nil).

Acquisition and disposal related costs

	2024 £m	2023 £m
Amortisation of acquisition related intangible assets	(24.8)	(21.4)
Employment-linked earnout charges ¹	(9.5)	(0.2)
Transaction costs ²	(2.9)	(1.7)
Other acquisition related (costs)/income ³	(1.1)	3.7
Integration costs	–	(5.5)
Acquisition and disposal costs	(38.3)	(25.1)
Tax	6.5	4.4
Acquisition and disposal costs net of taxation	(31.8)	(20.7)

Notes:

- Comprises amounts payable to former owners of acquired businesses where a condition of receiving the payment is the continued employment of the individual receiving the payment. These payments are accrued over the period that the related employment services are received up until the point at which the consideration becomes payable.
- Comprises professional fees of £3.1m (2023: £1.7m) and staff related integration costs of £0.4m (2023: £nil), offset by professional fee accrual releases of £0.6m for completed acquisitions where the Group expects no further costs (2023: £nil).
- Amounts for the year ended 31 March 2024 include a provision charge of £9.0m in respect of a certain PFI contract, offset by release of other contract specific provisions of £7.9m. See Note 20. These adjustments relate to provisions that were recognised on the acquisition of Interserve and were originally recognised against goodwill. Amounts for the year ended 31 March 2023 include a provision release of £1.2m for a certain pension scheme, £0.7m release of an employer liability insurance provision created on the acquisition of Interserve, £0.9m professional fee accruals release and derecognition of a £0.9m pre-acquisition contractual liability originally recognised against goodwill.

Other exceptional items

Other exceptional items of £3.7m (2023: £3.4m) relate to the implementation of a new digital supplier platform, resulting in a step change in the Group's supply chain management capabilities. These comprise fixed-term staff costs of £2.8m (2023: £2.4m) and third-party implementation costs of £0.9m (2023: £1.0m). This implementation, which is transformational in nature, is expected to be completed during the year ending 31 March 2025. Cumulative cash costs of £11.5m have been recognised within the consolidated income statement and classified as Other items since its launch in 2022.

Fair value gain on Landmarc acquisition

The Group obtained control of Landmarc on 16 November 2023, and since that date Landmarc's financial results have been consolidated as a subsidiary. See Note 29. Prior to 16 November 2023, Landmarc was accounted for as a joint venture of the Group. See Note 14.

In accordance with IFRS 3 Business Combinations, the Group fair valued its investment in the joint venture as at 16 November 2023. This resulted in a fair value gain of £17.9m, being the difference between the fair value of the Group's joint venture interest of £23.7m and its carrying value of £5.8m as at the acquisition date. The gain has been recognised as Other items, as it is material and non-recurring in nature. See Note 29 for further details.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

5. Operating profit

Operating profit includes the following expenses:

	2024 £m	2023 £m
Total Group		
Depreciation of property, plant and equipment (Notes 13 and 25)	48.2	43.1
Amortisation of other intangible assets (Note 12)	33.0	29.2
Amortisation of contract assets (Note 16)	1.4	1.3
Impairment of other intangible assets (Note 12)	0.1	–
Impairment of right-of-use assets (Note 25)	–	0.2
Loss on disposal of property, plant and equipment	0.1	0.1
Impairment loss recognised on trade and other receivables (Note 24)	2.6	5.3

A detailed analysis of auditor's remuneration is provided below:

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	323	299
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation – current year	4,041	3,475
Total audit fees – current year	4,364	3,774
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation – prior year	–	563
Total audit fees	4,364	4,337
Audit-related assurance services to the Group (interim review)	230	195
Other assurance services	–	11
Total non-audit fees	230	206
Total	4,594	4,543

6. Employees

The average number of people employed during the financial year was:

Number of people	2024	2023 (restated) ¹
Business Services	37,722	35,880
Technical Services	9,803	9,540
CG&D	6,247	5,452
Communities	11,052	10,315
Corporate Centre	156	133
Total Group	64,980	61,320

Note:

1. The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments.

The total employment costs, including Directors, were:

	2024 £m	2023 £m
Wages and salaries	1,926.9	1,776.0
Social security costs	177.5	163.5
Other pension costs	43.2	39.1
Share-based payments (Note 30)	20.3	17.3
Total	2,167.9	1,995.9

6. Employees continued

Executive and Non-Executive Directors' aggregate emoluments are shown below:

	2024 £m	2023 £m
Short-term benefits	3.6	3.0
Pension and other employment benefits	0.1	0.2
Share-based payments	5.5	5.6
Total	9.2	8.8

7. Finance costs and income

Finance costs	2024 £m	2023 £m
Interest on bank loans	1.8	2.2
Interest on private placement loan notes	4.8	5.9
Bank fees	1.4	1.1
Interest on lease liabilities (Note 25)	5.6	4.2
Unwinding of discounts on provisions	–	0.2
Net interest on defined benefit pension scheme assets and liabilities (Note 31)	–	0.1
Total	13.6	13.7

Finance income	2024 £m	2023 £m
Bank interest	3.7	2.2
Net interest on defined benefit pension scheme assets and liabilities (Note 31)	0.5	–
Total	4.2	2.2

8. Tax

Total Group	2024 £m	2023 £m
Current tax	22.1	19.2
Deferred tax (Note 21)	3.3	(4.8)
Tax charge for the year	25.4	14.4

Corporation tax is calculated at 25% (2023: 19%) of the estimated taxable profit for the year. A reconciliation of the tax charge to the elements of profit before tax per the consolidated income statement is as follows:

Total Group	2024			2023		
	Before Other items £m	Other items ¹ £m	Total £m	Before Other items £m	Other items ¹ £m	Total £m
Profit/(loss) before tax	200.8	(44.5)	156.3	150.6	(45.1)	105.5
Tax at UK rate of 25% (2023: 19%)	50.2	(11.1)	39.1	28.6	(8.5)	20.1
Reconciling tax charges for:						
Non-taxable items	(1.0)	(1.1)	(2.1)	(0.8)	0.3	(0.5)
Impact of equity accounted investments	(1.6)	–	(1.6)	(1.6)	–	(1.6)
Credit for losses not previously recognised	(8.8)	–	(8.8)	(5.3)	–	(5.3)
Overseas tax rates	(1.3)	–	(1.3)	(0.3)	–	(0.3)
Prior year adjustments	0.4	(0.3)	0.1	2.0	–	2.0
Tax charge/(credit) for the year	37.9	(12.5)	25.4	22.6	(8.2)	14.4
Effective tax rate for the year	18.9%	28.1%	16.3%	15.0%	18.2%	13.6%

Note:

1. Other items are as described in Note 4.

In addition to the amounts charged to the consolidated income statement: (i) a £3.6m credit for current tax (2023: £1.1m) relating to remeasurements of retirement benefit liabilities has been recognised within the consolidated statement of comprehensive income; (ii) a £0.1m credit for current tax (2023: £nil) relating to hedged items has been recognised within the consolidated statement of comprehensive income; and (iii) a £7.3m credit for current tax (2023: £1.1m) and a £3.4m credit for deferred tax (2023: £4.9m) relating to share options have been recognised directly within equity.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

8. Tax continued

In the year ended 31 March 2023, a credit for deferred tax of £1.5m relating to remeasurements of net defined benefit pensions liabilities was also recognised within other comprehensive income.

Impact of Pillar Two legislation

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 April 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

9. Dividends

	2024 Pence per share	2024 £m	2023 Pence per share	2023 £m
Amounts recognised as distributions in the year:				
Final dividend for the prior year	2.2	28.6	1.4	19.5
Interim dividend for the current year	1.0	12.9	0.7	9.4
	3.2	41.5	2.1	28.9
Proposed final dividend for the year ended 31 March	3.0	38.3	2.2	28.7

Dividends are recognised as distributions in the year in which they are declared. Subject to approval at the Annual General Meeting on 23 July 2024, the final dividend for the year ended 31 March 2024 will be paid on 5 August 2024 to holders on the register on 21 June 2024. The ordinary shares will be quoted ex-dividend on 20 June 2024.

10. Earnings per share

The calculation of the basic and diluted earnings per share (EPS) is based on the following data:

	2024 £m	2023 £m
Net profit before Other items attributable to owners of the parent	157.8	128.0
Other items net of tax attributable to owners of the parent ¹	(31.5)	(36.9)
Net profit attributable to owners of the parent	126.3	91.1

Note:

1. Other items are as described in Note 4.

	2024 million	2023 million
Number of shares		
Weighted average number of ordinary shares for the purpose of basic EPS ¹	1,282.9	1,348.4
Effect of dilutive potential ordinary shares ²	108.9	132.9
Weighted average number of ordinary shares for the purpose of diluted EPS^{1,2}	1,391.8	1,481.3

Notes:

1. The weighted average number of ordinary shares in issue during the year excludes those accounted for in the Own shares reserve.

2. The dilutive potential ordinary shares relate to instruments that could potentially dilute basic earnings per share in the future, such as share-based payments. The diluted earnings per share uses the weighted average number of shares adjusted for potentially dilutive ordinary shares, unless it has the effect of increasing the earnings per share.

	2024 Pence per share	2023 Pence per share
Basic earnings before Other items ¹	12.3	9.5
Basic earnings	9.8	6.8
Diluted earnings before Other items ¹	11.3	8.6
Diluted earnings	9.1	6.2

Note:

1. Other items are as described in Note 4.

II. Goodwill

	£m
Cost	
At 1 April 2022	333.8
Arising on business combinations	11.0
At 31 March 2023	344.8
Arising on business combinations ¹	49.4
At 31 March 2024	394.2
Accumulated impairment losses	
At 1 April 2022, 31 March 2023 and 31 March 2024	32.5
Net book value	
At 31 March 2024	361.7
At 31 March 2023	312.3

Note:

1. Refer to Note 29 for details of the current year acquisitions.

Goodwill impairment testing

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The Group tests goodwill at least annually for impairment or more frequently if there are indicators that goodwill may be impaired.

The Group has reorganised its business in the year ended 31 March 2024, and the determination of CGUs has been updated accordingly to meet the criteria included in IAS 36 *Impairment of Assets*. Business Services, Technical Services, Communities, Central Government & Defence (CG&D) and Spain have been determined to be the relevant CGUs for the year ended 31 March 2024. The information presented for the year ended 31 March 2023 has been re-presented to reflect these changes, and, as a result, the Business Services CGU includes goodwill of £6.7m, which as at 31 March 2023 was attributable to the Landscapes CGU.

A summary of the goodwill balances and the discount rates used to assess the forecast cash flows from each CGU are as follows:

	Pre-tax discount rate %	Goodwill 2024 £m	Goodwill 2023 (restated) ¹ £m
Business Services	10.6	138.1	111.8
Technical Services	10.6	133.0	116.8
Communities	10.7	81.0	81.0
CG&D	10.7	7.4	2.7
Spain	11.0	2.2	–
Total		361.7	312.3

Note:

1. The 2023 goodwill allocation by CGU has been restated to reflect the changes in the year to the way in which the Group monitors CGUs for goodwill impairment purposes.

At 31 March 2023 and under the previous organisational structure, the goodwill was allocated as follows:

	Pre-tax discount rate %	Goodwill 2023 £m
Business Services	14.7	105.1
Technical Services	12.3	116.8
Communities	13.8	81.0
CG&D	13.2	2.7
Landscapes	12.8	6.7
Total		312.3

Key assumptions

The recoverable amounts for each CGU are based on value-in-use, which is derived from discounted cash flow calculations. The key assumptions applied in value-in-use calculations are those regarding forecast operating profits, growth rates and discount rates.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

11. Goodwill continued

Forecast operating profits

For all CGUs, the Group prepared cash flow projections derived from the most recent forecasts for the year ending 31 March 2025 and the Group's strategic plan to 31 March 2029. Forecast revenue and direct costs are based on past performance and expectations of future changes in the market, operating model and cost base including the impact of inflation.

Growth rates and terminal values

Medium-term revenue growth rates applied to the value-in-use calculations of each CGU reflect management's strategy for a period of five years. Terminal values were determined using a long-term growth assumption of 2.0% (2023: 2.0%).

Discount rates

The pre-tax discount rates used to assess the forecast cash flows from CGUs are derived from the Group's post-tax weighted average cost of capital, which was 7.9% as at the time of the Group's annual impairment review (2023: 9.8%). These rates are reviewed annually by external advisors and adjusted for the risks specific to the business being assessed and the market in which the CGU operates. All CGUs have the same access to the Group's treasury functions and borrowing lines to fund their operations.

Sensitivity analysis

A sensitivity analysis has been performed and management has concluded that no reasonably foreseeable change in the key assumptions would result in an impairment of the goodwill of any of the Group's CGUs.

12. Other intangible assets

	Acquisition related		Total acquisition related £m	Software and development expenditure £m	Total £m
	Customer contracts and relationships £m	Other £m			
Cost or valuation					
At 1 April 2022	329.5	10.9	340.4	76.8	417.2
Additions	–	–	–	14.3	14.3
Arising on business combinations	8.7	–	8.7	–	8.7
Disposals	–	–	–	(0.3)	(0.3)
At 31 March 2023	338.2	10.9	349.1	90.8	439.9
Additions	–	–	–	8.4	8.4
Arising on business combinations	53.7	1.2	54.9	0.6	55.5
Disposals	(82.9)	(9.8)	(92.7)	(0.1)	(92.8)
At 31 March 2024	309.0	2.3	311.3	99.7	411.0
Amortisation and impairment					
At 1 April 2022	113.9	10.7	124.6	33.7	158.3
Charge for the year	21.3	0.1	21.4	7.8	29.2
Disposals	–	–	–	(0.3)	(0.3)
Effect of movements in exchange rates	–	–	–	0.1	0.1
At 31 March 2023	135.2	10.8	146.0	41.3	187.3
Charge for the year	24.6	0.2	24.8	8.2	33.0
Disposals	(82.9)	(9.8)	(92.7)	(0.1)	(92.8)
Impairments	–	–	–	0.1	0.1
At 31 March 2024	76.9	1.2	78.1	49.5	127.6
Net book value					
At 31 March 2024	232.1	1.1	233.2	50.2	283.4
At 31 March 2023	203.0	0.1	203.1	49.5	252.6

Customer contracts and relationships are amortised over their useful lives based on the period of time over which they are anticipated to generate benefits, with an average remaining useful life of eight years (2023: nine years). Other acquisition related intangibles include brands and acquired software and technology which are amortised over their useful lives, with an average remaining useful life of three years.

Following a review of the carrying amount of intangible assets, an impairment of £0.1m has been recorded in the year ended 31 March 2024 (2023: £nil).

13. Property, plant and equipment

Property, plant and equipment comprise owned and leased assets.

	2024 £m	2023 £m
Owned property, plant and equipment	39.2	33.1
Right-of-use assets (Note 25)	165.5	123.8
Total	204.7	156.9

The table below relates to owned property, plant and equipment.

	Land and buildings £m	Plant and vehicles £m	Total £m
Cost or valuation			
At 1 April 2022	9.0	58.2	67.2
Additions	–	10.9	10.9
Disposals	(0.4)	(3.9)	(4.3)
Arising on business combinations	–	1.2	1.2
Effect of movements in exchange rates	–	0.4	0.4
At 31 March 2023	8.6	66.8	75.4
Additions	0.7	10.8	11.5
Disposals	–	(8.0)	(8.0)
Arising on business combinations	0.7	5.0	5.7
Effect of movements in exchange rates	–	(0.4)	(0.4)
At 31 March 2024	10.0	74.2	84.2
Accumulated depreciation and impairment			
At 1 April 2022	6.3	31.0	37.3
Charge for the year	0.6	8.1	8.7
Disposals	(0.4)	(3.7)	(4.1)
Effect of movements in exchange rates	–	0.4	0.4
At 31 March 2023	6.5	35.8	42.3
Charge for the year	0.7	9.8	10.5
Disposals	–	(7.7)	(7.7)
Effect of movements in exchange rates	–	(0.1)	(0.1)
At 31 March 2024	7.2	37.8	45.0
Net book value			
At 31 March 2024	2.8	36.4	39.2
At 31 March 2023	2.1	31.0	33.1

No impairment of property, plant and equipment has been recorded in the year ended 31 March 2024 (2023: £nil).

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For the year ended 31 March 2024

14. Interests in joint ventures and associates

The Group has interests in joint ventures and associates, which are equity accounted. Landmarc was accounted for as a joint venture of Mitie until 16 November 2023, which is when the Group obtained control of Landmarc. Since 16 November 2023, Landmarc's financial results have been consolidated as a subsidiary of the Group.

All equity accounted entities provide facilities management services. Details of all joint ventures and associates are provided in Note 35.

Interests in joint ventures and associates

	Ownership %	Nature of relationship	2024 £m	2023 £m
Landmarc	51	Joint venture until 16 November 2023	–	7.9
Sussex	35	Associate	0.9	0.6
Other		Joint ventures	–	0.3
At 31 March			0.9	8.8

	2024			2023	
	Landmarc ¹ £m	Sussex ¹ £m	Other ¹ £m	Group share of joint ventures and associates £m	Group share of joint ventures and associates £m
At 1 April	7.9	0.6	0.3	8.8	11.9
Share of profit before Other Items	4.6	1.8	–	6.4	8.3
Share of other comprehensive expense	(0.1)	–	–	(0.1)	(2.4)
Dividends	(6.9)	(1.5)	–	(8.4)	(9.0)
De-recognised on obtaining control ²	(5.5)	–	(0.3)	(5.8)	–
At 31 March	–	0.9	–	0.9	8.8

Notes:

1. Net assets/results of the entity multiplied by the respective proportion of the Group's ownership.
2. The Group's investment in the Landmarc joint venture was de-recognised on 16 November 2023. See Note 29.

Summarised statement of total comprehensive income (100%)

	2024			2023			
	Landmarc ¹ £m	Sussex £m	Total £m	Landmarc £m	Sussex £m	Other £m	Total £m
Revenue (100%)	108.8	28.6	137.4	196.5	28.4	–	224.9
Group's share of revenue of joint ventures and associates	55.5	10.0	65.5	100.2	9.9	–	110.1
Depreciation and amortisation	(0.7)	–	(0.7)	(1.4)	–	–	(1.4)
Operating profit/(loss)	10.9	4.5	15.4	18.8	3.0	(0.9)	20.9
Finance income	0.2	–	0.2	0.3	–	–	0.3
Tax (expense)/credit	(2.1)	0.5	(1.6)	(3.6)	(0.6)	–	(4.2)
Profit/(loss) for the year	9.0	5.0	14.0	15.5	2.4	(0.9)	17.0
Other comprehensive expense	(0.2)	–	(0.2)	(4.7)	–	–	(4.7)
Total comprehensive income/(expense) (100%)	8.8	5.0	13.8	10.8	2.4	(0.9)	12.3

Note:

1. Reflects the financial performance of Landmarc as a joint venture until 16 November 2023, from which point the Group consolidated the results of Landmarc. See Note 29.

14. Interests in joint ventures and associates continued

Summarised statement of financial position (100%)

	2024			2023			
	Sussex £m	Other £m	Total £m	Landmarc £m	Sussex £m	Other £m	Total £m
Non-current assets	–	–	–	5.8	–	–	5.8
Current assets	7.9	0.8	8.7	52.6	9.9	1.3	63.8
Current liabilities	(5.4)	(0.8)	(6.2)	(43.0)	(8.3)	(0.8)	(52.1)
Net assets (100%)	2.5	–	2.5	15.4	1.6	0.5	17.5
Group's share of net assets	0.9	–	0.9	7.9	0.6	0.3	8.8
The above includes the following:							
Cash and cash equivalents (100%)	0.5	0.8	1.3	35.4	5.3	1.3	42.0

The Group is not aware of any material commitments in respect of its interests in joint ventures and associates. There are no significant restrictions on the ability to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

15. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	411.5	450.8
Accrued income	302.7	278.9
Prepayments	50.5	40.2
Other receivables	31.4	40.4
Total	796.1	810.3
Included in current assets	775.1	786.8
Included in non-current assets	21.0	23.5
Total	796.1	810.3

Trade receivables at 31 March 2024 represent 25 days credit on sales (2023: 31 days).

Management considers that the carrying amount of trade and other receivables approximates their fair value.

Information about the Group's exposure to credit risk and its loss allowance against the balance of trade receivables, accrued income and other receivables is provided in Note 24.

16. Contract assets

	Pre-contract costs £m	Contract fulfilment costs £m	Total £m
At 1 April 2022	0.7	2.5	3.2
Amortisation	(0.1)	(1.2)	(1.3)
At 31 March 2023	0.6	1.3	1.9
Additions	–	1.0	1.0
Amortisation	(0.4)	(1.0)	(1.4)
At 31 March 2024	0.2	1.3	1.5
Included in current assets	0.1	0.9	1.0
Included in non-current assets	0.1	0.4	0.5
Total	0.2	1.3	1.5

Pre-contract costs and contract fulfilment costs are amortised on a straight-line basis over the contract life which is consistent with the transfer of services to the customer to which the asset relates.

Management has determined that no impairment of contract assets is required as at 31 March 2024 (2023: £nil).

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For the year ended 31 March 2024

17. Inventories

	2024 £m	2023 £m
Materials and total	14.7	13.5

18. Trade and other payables

	2024 £m	2023 £m
Trade payables	171.6	230.5
Other taxes and social security	156.1	123.0
Other payables	42.9	22.7
Accruals	534.5	525.6
Total	905.1	901.8
Included in current liabilities	892.4	899.5
Included in non-current liabilities	12.7	2.3
Total	905.1	901.8

Trade payables at 31 March 2024 represent 22 days credit on trade purchases (2023: 32 days).

Management considers that the carrying amount of trade and other payables approximates their fair value.

19. Deferred income

The significant changes in deferred income are as follows:

	2024 £m	2023 £m
At 1 April	103.1	116.1
Revenue recognised that was included in the deferred income balance at the beginning of the year	(65.4)	(83.7)
Increase due to cash received, excluding amounts recognised as revenue during the year	65.4	68.3
Arising on business combinations	4.2	2.4
At 31 March	107.3	103.1
Included within current liabilities	91.8	83.3
Included within non-current liabilities	15.5	19.8
Total	107.3	103.1

20. Provisions

	Contract specific costs £m	Insurance reserve £m	Pension £m	Dilapidations £m	Restructuring £m	Other £m	Total £m
At 1 April 2023	49.3	26.2	21.7	8.0	2.5	3.7	111.4
Additional provisions	18.9	9.4	–	0.3	2.1	0.9	31.6
Released to the consolidated income statement	(11.3)	–	–	(0.2)	–	(0.4)	(11.9)
Arising on business combinations	2.7	–	–	0.1	–	0.9	3.7
Utilised	(10.4)	(8.4)	–	–	(2.2)	(0.6)	(21.6)
At 31 March 2024	49.2	27.2	21.7	8.2	2.4	4.5	113.2
Included in current liabilities	27.8	9.5	21.7	1.0	2.4	4.1	66.5
Included in non-current liabilities	21.4	17.7	–	7.2	–	0.4	46.7
Total	49.2	27.2	21.7	8.2	2.4	4.5	113.2

Contract specific costs

Contract specific costs provisions of £49.2m (2023: £49.3m) comprise onerous contract provisions of £8.8m (2023: £10.5m) and other contract specific provisions of £40.4m (2023: £38.8m).

Onerous contracts are mainly in respect of certain long-term PFI contracts. It is expected that the majority of these provisions will be utilised over a number of years. Given the long-term nature of these contracts, the calculation of onerous contract provisions is a key source of estimation uncertainty. Key judgements used in the calculation of the provision and sensitivity to change in assumptions are set out in Note 2. The Group recognised additional onerous contract provisions of £1.4m and utilised £3.1m in the year.

Contract specific provisions have been made primarily to cover remedial and rectification costs required to meet clients' contract terms, and include a £10.9m (2023: £14.7m) provision relating to a significant liability risk on a certain contract which is subject to dispute, a £3.8m (2023: £6.2m) provision relating to remedial works on a certain contract, a £4.6m (2023: £4.5m) provision relating to a commercial settlement dispute for a certain contract, and a £6.3m provision for rectification works on a certain contract. The value of these provisions reflects the single most likely outcome and is expected to be utilised over a maximum period of eight years. The remaining provision relates to other potential commercial claims and rectification work for other contracts.

During the year the Group recognised additional contract specific provisions of £20.2m, of which £2.7m arose on business combinations, utilised £7.3m, and released £11.3m. Charges with respect to additional provisions of £9.0m and provision releases of £7.9m have been classified as Other items, as these relate to liabilities that were originally recognised on the acquisition of Interserve. See Note 4.

Insurance reserve

The Group retains a portion of the exposure in relation to insurance policies for employer liabilities and motor and fleet liabilities. Judgement is involved in assessing outstanding liabilities, the ultimate cost and timing of which cannot be known with certainty at the consolidated statement of financial position date. The provision includes claims incurred but not yet reported and is based on information available at the consolidated statement of financial position date using advice from third-party actuarial experts. The provision is expected to be utilised over five years.

The insurance reserve of £27.2m is presented gross of an insurer reimbursement asset of £4.9m (2023: £4.0m), which represents the amount the Group is virtually certain to recover for claims under its insurance policies. Of this other receivable, £3.2m (2023: £2.6m) is presented as non-current.

Pension

The pension provision balance at 31 March 2024 comprises £21.7m for Section 75 employer debt liabilities of Robert Prettie & Co Limited and Mitie FM Limited as a result of their participation in the Plumbing Scheme. This amount has been recorded as a current provision, however timing of outflows is dependent on agreement with the trustee of the Plumbing Scheme and may occur over a longer period than one year. See Note 31.

Dilapidations

The provision for dilapidations relates to the legal obligation for leased properties to be returned to the landlord in the contracted condition at the end of the lease period. This cost would include repairs of any damage and wear and tear and is expected to be utilised in the next ten years.

Restructuring

The restructuring provision as at 31 March 2024 includes additions of £2.1m, which have been recognised within Other items, in relation to redundancies with respect to the Group's Target Operating Model programme, where a detailed formal plan is in place and a valid expectation in those affected has been raised. The amount is expected to be utilised within the next year.

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For the year ended 31 March 2024

21. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

Assets/(liabilities)	Losses £m	Accelerated capital allowances £m	Retirement benefit liabilities £m	Intangible assets acquired £m	Share options £m	Short-term timing differences £m	Total ¹ £m
At 1 April 2022	34.1	13.5	2.6	(52.7)	6.5	7.1	11.1
Arising on business combinations	–	(0.2)	–	(2.1)	–	0.4	(1.9)
Credit/(charge) to consolidated income statement	5.5	(3.7)	(3.6)	4.1	0.6	1.9	4.8
Credit to equity and other comprehensive income	–	–	1.5	–	4.9	–	6.4
At 31 March 2023	39.6	9.6	0.5	(50.7)	12.0	9.4	20.4
Arising on business combinations	1.1	–	–	(13.7)	–	–	(12.6)
(Charge)/credit to consolidated income statement	(9.9)	(2.0)	0.7	6.2	1.2	0.5	(3.3)
Credit to equity and other comprehensive income	–	–	–	–	3.4	–	3.4
At 31 March 2024	30.8	7.6	1.2	(58.2)	16.6	9.9	7.9

Note:

1. Deferred tax liabilities of £58.2m (2023: £50.7m) are offset against deferred tax assets as they relate to income taxes levied by the same tax authority and the Group has the right to and intends to settle its current tax assets and liabilities on a net basis.

The Group has unutilised income tax losses of £151.4m (2023: £222.3m) that are available for offset against future profits. A deferred tax asset has been recognised in respect of £123.2m (2023: £158.4m) of these losses to the extent that it is probable that taxable profits will be generated in the future and be available for utilisation. When considering the recoverability of deferred tax assets, the taxable profit forecasts are based on the same information used to support the going concern and goodwill assessments. See Note 1 for more information on these forecasts and the methodology applied. No reasonably possible changes in the key assumptions would result in a material change to the deferred tax assets recognised as at 31 March 2024.

No deferred tax asset has been recognised in respect of losses of £13.0m (2023: £48.7m) and disallowed interest under UK corporate interest restriction rules of £15.2m (2023: £15.2m) because recoverability is uncertain. All amounts may be carried forward indefinitely. Deferred tax has been calculated using tax rates that were substantively enacted at the consolidated statement of financial position date. See Note 8.

22. Cash and cash equivalents

	2024 £m	2023 £m
Cash and cash equivalents	244.9	248.3

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The Group operates cash-pooling arrangements with certain banks for cash management purposes.

As at 31 March 2024, included within cash and cash equivalents is £4.2m (2023: £6.4m) which is subject to various constraints on the Group's ability to utilise these balances. These constraints primarily relate to amounts held in project bank accounts and cash held through a joint operation, where cash is not available for use by the Group.

23. Financing liabilities

	2024 £m	2023 £m
Bank loans – under committed facilities	–	8.4
Private placement notes	150.0	150.0
Lease liabilities (Note 25)	174.0	129.4
Loan arrangement fees	(2.5)	(1.8)
Total	321.5	286.0
Included in current liabilities	73.8	32.0
Included in non-current liabilities	247.7	254.0
Total	321.5	286.0

23. Financing liabilities continued

In September 2023, the Group increased its revolving credit facility from £150m to £250m, and the maturity date was extended by one year from October 2026 to October 2027, with an option to extend for a further one year period. All other terms remain unchanged and the facility was undrawn at the time of the modification.

In December 2022, the Group issued £120.0m of new US private placement notes (USPP), under a delayed funding agreement to avoid any overlap with the £121.6m (being the repayment amount after taking account of the cross-currency interest rate swaps) of notes that matured in the same month. The new notes are split equally between 8,10 and 12 year maturities, and were issued with an average coupon of 2.94%. A further £30.0m of USPP notes with a coupon of 4.04% are due to mature in December 2024.

The revolving credit facility and the US private placement notes are unsecured but have financial and non-financial covenants and obligations commonly associated with these arrangements. The Group was in compliance with these covenants as at 31 March 2024 and hence all amounts are classified in line with repayment dates.

At 31 March 2024, the Group had available £250.0m (2023: £141.6m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The weighted average interest rates paid during the year were as follows:

	2024 %	2023 %
Bank loans	4.9	2.9
Private placement notes	3.2	3.9

Private placement notes

The Group issued US\$153.0m and £55.0m of private placement notes on 13 December 2012, of which US\$153.0m and £25.0m matured in December 2022. The remaining £30.0m are due to mature in December 2024. The Group issued £120.0m of US private placement notes on 16 December 2022. The USPP notes are unsecured and rank pari passu with other senior unsecured indebtedness of the Group. The amount, maturity and interest terms of these USPP notes as at 31 March 2024 are shown below.

Tranche	Maturity date	Amount	Interest terms
12 year	16 December 2024	£30.0m	£ fixed at 4.04%
8 year	16 December 2030	£40.0m	£ fixed at 2.84%
10 year	16 December 2032	£40.0m	£ fixed at 2.97%
12 year	16 December 2034	£40.0m	£ fixed at 3.00%

24. Financial instruments

Classification

The Group's principal financial assets are cash and cash equivalents, trade receivables, accrued income and other receivables. The Group's principal financial liabilities are financing liabilities, trade payables, accruals and other payables.

Details of the material accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expense) for each class of financial asset and financial liability are disclosed in Note 1.

The vast majority of financial instruments are held at amortised cost. The classification of the fair value measurement falls into three levels, based on the degree to which the fair value is observable. The levels are as follows:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from other observable inputs for the asset or liability;

Level 3 fair value measurements are those derived from valuation techniques using inputs that are not based on observable market data.

There have been no transfers between levels in the year.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

24. Financial instruments continued

The Group held the following financial instruments at 31 March:

	2024 £m	2023 £m
Held at amortised cost		
Cash and cash equivalents (Note 22)	244.9	248.3
Trade receivables (Note 15)	411.5	450.8
Accrued income (Note 15)	302.7	278.9
Other receivables (Note 15)	30.5	39.4
Financing liabilities (Note 23)	(321.5)	(286.0)
Trade payables (Note 18)	(171.6)	(230.5)
Other payables (Note 18)	(42.7)	(22.2)
Accruals (Note 18)	(534.5)	(525.6)
Held at fair value through profit and loss (FVTPL)		
Other payables (Note 18)	(0.2)	(0.5)
Held at fair value through other comprehensive income (FVTOCI)		
Other receivables (Note 15)	0.9	1.0

The Group's financial assets and liabilities which are measured at fair value, categorised by the fair value hierarchy level, are included below. There have been no transfers between levels during the year.

	2024 £m			2023 £m		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets held at fair value through other comprehensive income						
Other receivables (Note 31)	–	0.9	–	–	1.0	–
Assets measured at fair value	–	0.9	–	–	1.0	–
Financial liabilities held at fair value through profit and loss						
Other payables (Note 29)	–	–	(0.2)	–	–	(0.5)
Liabilities measured at fair value	–	–	(0.2)	–	–	(0.5)

Other payables that fall within Level 3 comprise contingent consideration of £0.2m (2023: £0.5m) relating to the acquisition of Biservicus (2023: Esoteric). The fair value has been determined based on management's best estimate of achieving future targets or conditions relating to the consideration. The most significant unobservable input used in the fair value measurements is the future forecast performance of the acquired businesses. Reasonably possible changes in key unobservable inputs would not have a material impact on the Group.

Other receivables measured at fair value through other comprehensive income of £0.9m (2023: £1.0m) relate to a defined benefit reimbursement asset. See Note 31.

Risk management objectives

The Group's treasury department monitors and manages the financial risks relating to the operations of the Group. These risks include those arising from interest rates, foreign currencies, liquidity, credit and capital management. The Group seeks to minimise the effects of these risks by using effective control measures and, where appropriate, derivative financial instruments to hedge certain risk exposures. The use of financial derivatives is governed by Group policies and reviewed regularly. Group policy is to not trade in financial instruments. The risk management policies remain unchanged from the previous year.

Interest rate risk

The Group's activities expose it to the financial risks of interest rates. The Group's treasury function reviews its risk management strategy on a regular basis and will, as appropriate, enter into derivative financial instruments in order to manage interest rate risk.

Interest rate sensitivity

The Group's interest rate sensitivity has been determined based on the exposure to interest rates on cash balances net of financing liabilities (excluding lease liabilities) at the consolidated statement of financial position date. All financial liabilities, other than financing liabilities, are interest free.

If underlying interest rates had been 0.5% higher and all other variables were held constant, the Group's profit after tax for the year ended 31 March 2024 and reserves would have increased by £0.4m (2023: £0.4m).

24. Financial instruments continued

Foreign currency risk

The Group has limited exposure to transactional foreign currency risk from trading transactions in currencies other than the functional currency of individual group entities and some exposure to translational foreign currency risk from the translation of its foreign operations. The Group considers the need to hedge its exposures as appropriate and will enter into forward foreign exchange contracts to mitigate any significant risks.

The Group fully hedged the US dollar exposure on the principal and interest payments on private placement notes until settlement in December 2022 into pounds sterling using cross-currency interest rate swaps.

At 31 March 2024, £24.3m (2023: £24.1m) of cash and cash equivalents were held in foreign currencies. In the year ended 31 March 2023 included in bank loans were £8.4m of loans denominated in foreign currency.

Liquidity risk

The Group monitors its liquidity risk using a cash flow projection model which considers the maturity of the Group's assets and liabilities and the projected cash flows from operations. Bank loans under committed facilities, which allow for appropriate headroom in the Group's daily cash movements, are then arranged. Details of the Group's bank facility can be found in Note 23.

The tables below summarise the maturity profile (including both undiscounted interest and principal cash flows) of the Group's financial liabilities:

	Within one year £m	Between one and five years £m	After five years £m	Total £m
Financial liabilities at 31 March 2024				
Trade payables	171.6	–	–	171.6
Other payables	30.2	12.7	–	42.9
Accruals	534.5	–	–	534.5
Financing liabilities	87.3	141.7	150.8	379.8
Financial liabilities	823.6	154.4	150.8	1,128.8
	Within one year £m	Between one and five years £m	After five years £m	Total £m
Financial liabilities at 31 March 2023				
Trade payables	230.5	–	–	230.5
Other payables	20.4	2.3	–	22.7
Accruals	525.6	–	–	525.6
Financing liabilities	50.2	134.6	155.3	340.1
Financial liabilities	826.7	136.9	155.3	1,118.9

Credit risk

The Group's credit risk is monitored on an ongoing basis and formally reported quarterly. The value of business placed with financial institutions is reviewed on a daily basis.

The Group's credit risk on liquid funds and derivative financial instruments is limited because the external counterparties are banks with high credit ratings assigned by international credit rating agencies and are managed through regular review.

The maximum exposure to credit risk on cash and cash equivalents at the consolidated statement of financial position date is £244.9m (2023: £248.3m).

The Group's credit risk is primarily attributable to its receivable balances from customers. Before accepting a new customer, the Group uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit, which is reviewed regularly.

The maximum exposure to credit risk in relation to trade receivables and accrued income at the consolidated statement of financial position date is the fair value of trade receivables and accrued income. The Group's customer base is large and unrelated and, accordingly, the Group does not have a significant concentration of credit risk with any one counterparty or group of counterparties.

The amounts presented in the consolidated statement of financial position in relation to the Group's trade receivables, accrued income and other receivables balances are presented net of loss allowances. The Group performs an impairment analysis at each reporting period and measures loss allowances on receivable balances with customers at an amount equal to lifetime expected credit losses (ECLs) using both quantitative and qualitative information and analysis based on the Group's historical experience, and forward-looking information.

Other receivables are also subject to the impairment requirements of IFRS 9 and the loss allowance is measured using those losses expected to arise in the 12 months subsequent to the consolidated statement of financial position date. At 31 March 2024, a loss allowance of £8.6m (2023: £6.2m) was recognised in respect of other receivables.

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For the year ended 31 March 2024

24. Financial instruments continued

The following tables provide information about the Group's exposure to credit risk and ECLs against customer balances:

	2024			2023		
	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Trade receivables						
Current (not overdue)	370.8	(1.2)	369.6	420.5	(2.4)	418.1
1-30 days overdue	28.4	(0.1)	28.3	25.4	(0.2)	25.2
31-60 days overdue	5.6	(0.1)	5.5	5.4	(0.1)	5.3
61-90 days overdue	6.6	(0.1)	6.5	2.0	(0.1)	1.9
More than 90 days overdue	10.4	(8.8)	1.6	10.8	(10.5)	0.3
Total	421.8	(10.3)	411.5	464.1	(13.3)	450.8

	2024			2023		
	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Accrued income						
1-30 days overdue	241.6	(1.1)	240.5	225.4	(3.1)	222.3
31-60 days overdue	23.1	(0.2)	22.9	22.5	(0.2)	22.3
61-90 days overdue	13.1	(0.2)	12.9	11.4	(0.2)	11.2
More than 90 days overdue	39.0	(12.6)	26.4	31.2	(8.1)	23.1
Total	316.8	(14.1)	302.7	290.5	(11.6)	278.9

The following table provides the movement in the allowance for impairment in respect of trade receivables, accrued income and other receivables:

	2024				2023			
	Trade receivables £m	Accrued income £m	Other receivables £m	Total £m	Trade receivables £m	Accrued income £m	Other receivables £m	Total £m
At 1 April	13.3	11.6	6.2	31.1	11.9	10.1	3.7	25.7
Net (reversal) of impairment losses/impairment	(2.3)	2.5	2.4	2.6	1.3	1.5	2.5	5.3
Utilised	(0.7)	–	–	(0.7)	–	–	–	–
Acquisition of businesses	–	–	–	–	0.1	–	–	0.1
At 31 March	10.3	14.1	8.6	33.0	13.3	11.6	6.2	31.1

Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The capital structure of the Group consists of net debt per Note 26 and equity per the consolidated statement of changes in equity. The Group is not subject to externally imposed regulatory capital requirements.

Hedging activities

Hedge of net investment in foreign operations

Included in bank loans at 31 March 2023 was a borrowing of €9.5m which was designated as a hedge of the net investment in the Republic of Ireland business of Mitie Technical Facilities Management Limited. In the year ended 31 March 2024, the loan was repaid resulting in the termination of the hedging relationship.

25. Leases

	Properties £m	Plant and vehicles £m	Total £m
Right-of-use assets			
At 1 April 2022	42.3	71.7	114.0
Additions	1.0	40.7	41.7
Arising on business combinations	0.6	0.1	0.7
Impairment	(0.2)	–	(0.2)
Modifications to lease terms and disposals	0.5	1.5	2.0
Depreciation	(6.3)	(28.1)	(34.4)
At 31 March 2023	37.9	85.9	123.8
Additions	2.0	76.1	78.1
Arising on business combinations	2.6	2.6	5.2
Modifications to lease terms and disposals	0.1	(3.8)	(3.7)
Depreciation	(7.4)	(30.3)	(37.7)
Effect of movement in exchange rates	–	(0.2)	(0.2)
At 31 March 2024	35.2	130.3	165.5
		2024 £m	2023 £m
Lease liabilities			
At 1 April		129.4	122.5
Additions		80.2	42.0
Arising on business combinations		5.1	0.5
Modifications to lease terms and disposals		0.3	(1.1)
Interest expense related to lease liabilities		5.6	4.2
Repayment of lease liabilities (including interest)		(46.6)	(38.7)
At 31 March		174.0	129.4
Included in current financing liabilities		44.4	32.0
Included in non-current financing liabilities		129.6	97.4
Total		174.0	129.4
		2024 £m	2023 £m
Maturity analysis – contractual undiscounted cash flows			
Less than one year		50.8	36.1
One to five years		124.1	87.0
More than five years		16.6	18.4
Total undiscounted lease liabilities		191.5	141.5
		2024 £m	2023 £m
Amounts recognised in the consolidated income statement			
Depreciation of right-of-use assets		(37.7)	(34.4)
Short-term lease expense		(0.4)	(0.1)
Operating profit impact		(38.1)	(34.5)
Interest on lease liabilities		(5.6)	(4.2)
Profit before tax impact		(43.7)	(38.7)
		2024 £m	2023 £m
Amounts recognised in the consolidated statement of cash flows			
Total cash outflow for capitalised leases ¹		46.6	38.7

Note:

1. Includes capital element of lease rental payments of £41.0m (2023: £34.5m) and interest payments of £5.6m (2023: £4.2m).

As set out in the Task Force on Climate-related Financial Disclosures (TCFD) disclosures, the Group is in the process of transitioning to an all-electric fleet in response to climate change. While the fleet utilising fossil fuels will be phased out, existing vehicle leases are generally held for the full lease term. There is therefore no significant impact on the useful economic life of the current leased vehicles as a result of climate change commitments.

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26. Analysis of net debt

	2024 £m	2023 £m
Cash and cash equivalents (Note 22)	244.9	248.3
Adjusted for: restricted cash (Note 22)	(4.2)	(6.4)
Bank loans (Note 23)	–	(8.4)
Private placement notes (Note 23)	(150.0)	(150.0)
Loan arrangement fees (Note 23)	2.5	1.8
Net cash before lease obligations	93.2	85.3
Lease liabilities (Note 25)	(174.0)	(129.4)
Net debt	(80.8)	(44.1)
	2024 £m	2023 £m
Reconciliation of net cash flow to movements in net debt		
Net decrease in cash and cash equivalents	(2.9)	(97.9)
Decrease in restricted cash and cash held on trust ¹	2.2	31.1
Net decrease in unrestricted cash and cash equivalents	(0.7)	(66.8)
Cash drivers		
Proceeds from new private placement notes	–	(120.0)
Private placement notes repaid	–	150.8
Settlement of derivative financial instruments	–	(29.2)
Repayment of bank loans	8.4	4.1
Payment of arrangement fees	1.2	0.5
Capital element of lease rentals	41.0	34.5
Non-cash drivers		
Non-cash movement associated with bank loans	(0.4)	(0.4)
Non-cash movement associated with private placement notes	(0.1)	(0.3)
Non-cash movement in lease liabilities	(85.6)	(41.4)
Effect of foreign exchange rate changes	(0.5)	1.0
Increase in net debt during the year	(36.7)	(67.2)
Opening net (debt)/cash	(44.1)	26.7
Debt acquired as part of business combinations	–	(3.6)
Closing net debt	(80.8)	(44.1)

Note:

1. Includes decrease in restricted cash of £2.2m (2023: £11.1m). Amounts for the year ended 31 March 2023, a decrease of £20.0m in respect of the cash that was held across the Group's bank accounts at 31 March 2022 was also included in respect of the customer invoice discounting (CID) facility where cash collected from the Group's customers was held on trust for the CID facility provider and was subsequently remitted to the CID facility provider by 5 April 2022.

27. Share capital and share premium

	Ordinary shares		Share capital		Share premium	
	2024 Number million	2023 Number million	2024 £m	2023 £m	2024 £m	2023 £m
At 1 April	1,365.3	1,432.5	34.0	35.7	131.5	130.6
Issue of shares	1.2	1.6	–	–	0.5	0.9
Shares cancelled	(26.1)	(68.8)	(0.7)	(1.7)	–	–
At 31 March	1,340.4	1,365.3	33.3	34.0	132.0	131.5

Each allotted and fully paid ordinary share of 2.5 pence is a voting share in the capital of the Company, is entitled to participate in the profits of the Company, and on a winding-up is entitled to participate in the assets of the Company. The Company has one class of ordinary shares, which carries no right to fixed income.

Share premium represents the premium arising on the issue of equity shares.

During the year, 1.2m (2023: 1.6m) shares were issued to satisfy options under the Group's Save As You Earn (SAYE) employee share scheme, resulting in increases of £0.03m (2023: £0.04m) in issued share capital and £0.5m (2023: £0.9m) in share premium.

The Company purchased 58.6m (2023: 68.8m) shares at an average price of 100 pence (2023: 73 pence) under share buyback programmes, of which 32.5m (2023: nil) were bought into Treasury and 26.1m (2023: 68.8m) were cancelled. The consideration of £26.3m (2023: £50.2m) for the cancelled shares, together with associated fees and stamp duty of £0.3m (2023: £0.5m), utilised £26.6m (2023: £50.7m) of the Company's distributable profits. The cancellation of these shares led to a reduction of £0.7m (2023: £1.7m) in issued share capital and a corresponding increase in the capital redemption reserve (see capital redemption reserve in Note 28).

28. Reserves

Merger reserve

The merger reserve represents amounts relating to premiums arising on shares issued subject to the provisions of Section 612 of the Companies Act 2006. During the year ended 31 March 2023, the realisation of the merger reserve included £170.3m related to intercompany loans that had been settled as qualifying consideration in connection with the rights issue during the year ended 31 March 2021, which utilised a cashbox structure.

Share-based payments movement in equity

The total movement in equity as a result of share-based payment related transactions is set out below.

	2024 £m	2023 £m
Share-based payment expense (Note 30)	20.3	17.3
Cash received from the exercise of SAYE scheme options	8.0	1.6
Dividend equivalents (Note 30)	(2.8)	(2.2)
At 31 March	25.5	16.7

Details of the movements in the own shares reserve and share-based payment reserve are included below:

Own shares reserve

The Group uses shares held in the Employee Benefit Trust (EBT) to satisfy conditional awards under the Group's Long Term Incentive Plan (LTIP), Conditional Share Plan (CSP), Enhanced Delivery Plan (EDP), Retention Share Plan (RSP) and Deferred Bonus Plan (DBP) share schemes and shares held in the SIP Trust to provide free shares and matching shares under the Share Incentive Plan (SIP) scheme. During the year the trusts distributed 17.6m (2023: 20.2m) shares at a cost of £13.5m (2023: £11.9m) to satisfy awards under those schemes and 6.9m (2023: 4.4m) shares were transferred by the EBT to the SIP Trust for free shares provided to employees.

During the year the EBT acquired 19.1m shares through market purchases, excluding the 2.2m shares committed in the year ended 31 March 2023, for a total consideration of £18.8m and the SIP Trust acquired 0.6m shares through market purchases for a total consideration of £0.7m. The purchase of these shares, together with associated fees and stamp duty amounting to £0.1m, has increased the own shares reserve by £19.6m and thereby reduced the Company's distributable profits.

The Company uses treasury shares to satisfy share options under the Group's Executive Share Option Scheme (ESOS) and SAYE share schemes. During the year the Company bought 32.5m (2023: nil) shares into Treasury under share buyback programmes at a cost of £31.8m, including associated fees and stamp duty of £0.3m. The Company distributed 27.4m shares from Treasury at a net cost of £19.0m to satisfy options under the Group's SAYE share scheme (2023: £3.0m).

The own shares reserve at 31 March 2024 represents the cost of 69.9m (2023: 63.2m) ordinary shares in Mitie Group plc held for the purposes of the share schemes. In the year ended 31 March 2024, the £40.6m (2023: £15.6m) share-based payments movement in the own shares reserve includes:

- a £11.7m (2023: £10.9m) release to the share-based payment reserve in relation to share award exercises;
- a £21.4m (2023: £4.0m) transfer to retained profits which represents the difference between the option charge under IFRS 2 Share-based payments and the cost of shares used to satisfy the awards; and
- £7.5m (2023: £0.7m) of cash received from the exercise of SAYE options satisfied by the issue of treasury shares.

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28. Reserves continued

Share-based payment reserve

The share-based payments reserve represents credits in respect of the expense recognised during the vesting period for unexercised awards under the Group's equity-settled share schemes (see Note 30). In the year ended 31 March 2024, the £8.4m (2023: £6.2m) movement in the share-based payments reserve includes:

- i) the £20.3m (2023: £17.3m) share-based payment expense (see Note 30);
- ii) a £11.7m (2023: £10.9m) release in relation to share award exercises; and
- iii) a £0.2m (2023: £0.2m) release to retained profits in relation to share awards which lapsed in the year post vesting.

Capital redemption reserve

The capital redemption reserve equates to £3.3m (2023: £2.6m). The increase of £0.7m relates to the cancellation of the shares bought back by the Company in the year. See Note 27.

Hedging and translation reserve

The hedging and translation reserve includes balances arising on translation of the Group's foreign operations and in respect of net investment hedges of which the combined movement was a loss of £0.8m during the year (2023: £1.5m gain). A deferred tax credit of £0.1m (2023: £nil) has been recognised on these movements through other comprehensive income.

29. Acquisitions

Current year acquisitions

Linx International

On 5 April 2023, the Group completed the acquisition of the entire issued share capital of Linx International Group Limited (Linx International) for cash consideration of £1.1m. Linx International is a leading provider of security consultancy and technical and management training services.

Linx International contributed £3.6m of revenue and £0.8m of operating profit before Other items to the Group's results during the year ended 31 March 2024. Goodwill on the acquisition of Linx International represents the premium associated with acquiring the operations which are considered to strengthen Mitie's intelligence-led security and risk management offering.

The Group's final assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. The purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Fair value £m
Customer contracts and relationships	–	0.3	0.3
Other intangible assets	0.3	–	0.3
Trade and other receivables	0.1	–	0.1
Cash and cash equivalents	0.2	–	0.2
Trade and other payables	(0.2)	–	(0.2)
Current tax liabilities	(0.1)	–	(0.1)
Deferred tax liabilities	–	(0.1)	(0.1)
Net identifiable assets acquired	0.3	0.2	0.5
Goodwill			0.6
Total cash consideration			1.1

The estimated fair value of trade and other receivables was £0.1m, which approximated the gross contractual amount.

29. Acquisitions continued

RHI Industrials

On 2 May 2023, the Group completed the acquisition of the entire issued share capital of RHI Industrials Limited (RHI Industrials), a specialist designer, manufacturer and installer of security systems and solutions, as well as earthing services and all associated civil engineering works. The transaction consideration was £20.2m, comprised of initial cash consideration of £19.1m and contingent consideration of £1.1m, which was paid in January 2024.

RHI Industrials contributed £17.0m of revenue and £1.2m of operating profit before Other items to the Group's results during the year ended 31 March 2024.

Goodwill on the acquisition of RHI Industrials represents the premium associated with acquiring the operations which are considered to strengthen the Group's existing fire and security system capabilities.

The Group's final assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. The purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Customer contracts and relationships	–	3.4	3.4
Property, plant and equipment	0.2	–	0.2
Right-of-use assets	0.7	0.4	1.1
Inventories	0.2	–	0.2
Trade and other receivables	4.5	–	4.5
Cash and cash equivalents	1.4	–	1.4
Trade and other payables	(2.8)	–	(2.8)
Lease liabilities	(0.7)	(0.3)	(1.0)
Deferred tax liabilities	(0.1)	(0.9)	(1.0)
Net identifiable assets acquired	3.4	2.6	6.0
Goodwill			14.2
Total cash consideration			20.2
Initial cash consideration			19.1
Contingent consideration			1.1
Total consideration			20.2

The estimated fair value of trade and other receivables was £4.5m, which approximated the gross contractual amount.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

29. Acquisitions continued

JCA Engineering

On 3 September 2023, the Group completed the acquisition of the entire issued share capital of JCA Head Co Limited (JCA Engineering), a leading critical environment project designer and principal contractor for mechanical and electrical works, asset upgrades and replacements, and office fitouts. The transaction consideration comprises cash consideration of £45.0m.

Amounts up to a maximum of £10.5m payable to the former owners of the business have been accounted for as remuneration for post acquisition employment services because a condition of receiving the payment is the individuals' continued employment within the Mitie Group. These amounts are payable based on three performance periods for the years ending 31 March 2024, 2025 and 2026 up to a maximum of £10.5m in total. These payments are accrued over the period that the related employment services are received, up until the point at which the consideration becomes payable. As at 31 March 2024, £4.8m was included in other payables relating to these transactions and the expense has been included in administrative expenses and classified as Other items within the consolidated income statement.

JCA Engineering contributed £66.9m of revenue and £4.7m of operating profit before Other items to the Group's results during the year ended 31 March 2024.

Goodwill on the acquisition of JCA Engineering represents the premium associated with taking over the operations, which are considered to strengthen the Group's critical environment capabilities.

The Group's provisional assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. Management continues to seek further information to complete accounting on the business combination within the 12-month measurement period. The provisional purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Customer contracts and relationships	–	15.3	15.3
Brand	–	0.4	0.4
Property, plant and equipment	0.1	–	0.1
Right-of-use assets	–	0.4	0.4
Deferred tax assets	1.1	–	1.1
Current tax assets	1.8	–	1.8
Trade and other receivables	11.7	–	11.7
Cash and cash equivalents	19.2	–	19.2
Trade and other payables	(12.8)	–	(12.8)
Deferred income	(3.3)	–	(3.3)
Provisions	(0.1)	–	(0.1)
Lease liabilities	–	(0.4)	(0.4)
Current tax liabilities	(0.7)	–	(0.7)
Deferred tax liabilities	–	(3.9)	(3.9)
Net identifiable assets acquired	17.0	11.8	28.8
Goodwill			16.2
Total cash consideration			45.0

The fair value of acquired trade and other receivables is £11.7m. The gross contractual amount for trade and other receivables due is £11.8m, with a loss allowance of £0.1m recognised on acquisition.

Biservicus

On 7 September 2023, the Group completed the acquisition of the entire issued share capital of Biservicus Sistemas De Seguridad S.A. (Biservicus), a security business in Spain specialising in the installation, maintenance, surveillance and operation of fire, security, and alarm systems. The transaction consideration comprises an initial cash consideration equivalent to £2.7m and contingent consideration with a fair value of £0.2m, which is also the maximum contingent consideration payable.

Biservicus contributed £4.1m of revenue and £0.4m of operating profit before Other items to the Group's results during the year ended 31 March 2024.

Goodwill on the acquisition of Biservicus represents the premium associated with taking over the operations, which are considered to strengthen the Group's existing fire and security system capabilities.

29. Acquisitions continued

The Group's provisional assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. Management continues to seek further information to complete accounting on the business combination within the 12-month measurement period. The provisional purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Customer contracts and relationships	–	0.1	0.1
Other intangible assets	0.1	–	0.1
Property, plant and equipment	0.5	–	0.5
Inventories	0.1	–	0.1
Trade and other receivables	0.7	–	0.7
Cash and cash equivalents	0.2	–	0.2
Trade and other payables	(0.7)	–	(0.7)
Deferred income	(0.3)	–	(0.3)
Net identifiable assets acquired	0.6	0.1	0.7
Goodwill			2.2
Total cash consideration			2.9
Initial cash consideration			2.7
Contingent consideration			0.2
Total consideration			2.9

The estimated fair value of trade and other receivables is £0.7m, which approximates the gross contractual amount.

Cliniwaste

On 9 October 2023, the Group acquired Cliniwaste Holdings Limited (Cliniwaste) for cash consideration of £1.0m. Cliniwaste specialises in treating plastic waste generated by the NHS and pharmaceutical manufacturers, turning it into a reusable resource. The transaction consideration comprised cash consideration of £1.0m.

Cliniwaste contributed £2.0m of revenue and £0.3m of operating loss before Other items to the Group's results during the year ended 31 March 2024.

Goodwill on the acquisition of Cliniwaste represents the premium associated with taking over the operations, which are considered to strengthen the Group's ability to provide sustainable waste management solutions to its clients, particularly in the healthcare and pharmaceutical sectors.

The Group's provisional assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. Management continues to seek further information to complete accounting on the business combination within the 12-month measurement period. The provisional purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Other intangible assets	0.2	–	0.2
Property, plant and equipment	1.5	–	1.5
Right-of-use assets	–	2.0	2.0
Trade and other receivables	1.0	–	1.0
Cash and cash equivalents	0.6	–	0.6
Trade and other payables	(3.8)	(0.3)	(4.1)
Provisions	–	(0.9)	(0.9)
Lease liabilities	–	(2.0)	(2.0)
Current tax liabilities	(0.2)	–	(0.2)
Deferred tax liabilities	(0.6)	–	(0.6)
Net identifiable liabilities acquired	(1.3)	(1.2)	(2.5)
Goodwill			3.5
Total cash consideration			1.0

The estimated fair value of trade and other receivables was £1.0m, which approximated the gross contractual amount.

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

29. Acquisitions continued

GBE

On 1 November 2023, the Group completed the acquisition of GBE Converge Group Ltd (GBE), a leading independent provider of fire, security and information and communications technology (ICT) solutions. The transaction consideration comprised cash consideration of £17.6m.

Amounts up to a maximum of £7.0m payable to the former owners of the business have been treated as remuneration for post acquisition employment services because a condition of receiving the payment is the individuals' continued employment within the Mitie Group. These amounts are payable based on three performance periods for the years ending 31 October 2024, 2025 and 2026 up to a maximum of £7.0m in total. These payments are accrued over the period that the related employment services are received up until the point at which the consideration becomes payable. As at 31 March 2024, £1.4m was included in other payables relating to these transactions, and the expense has been included in administrative expenses and classified as Other items within the consolidated income statement.

GBE contributed £19.3m of revenue and £0.2m of operating loss before Other items to the Group's results during the year ended 31 March 2024.

Goodwill on the acquisition of GBE represents the premium associated with taking over the operations, which are considered to strengthen the Group's existing fire, security and information system capabilities.

The Group's provisional assessment of the fair values of the assets and liabilities recognised as a result of the acquisition has been based on the total fair value of the consideration. Management continues to seek further information to complete accounting on the business combination within the 12-month measurement period. The provisional purchase price allocation is as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Customer contracts and relationships	–	2.7	2.7
Brand	–	0.1	0.1
Property, plant and equipment	0.3	–	0.3
Right-of-use assets	–	0.4	0.4
Inventories	0.5	–	0.5
Trade and other receivables	16.9	–	16.9
Cash and cash equivalents	0.4	–	0.4
Trade and other payables	(9.4)	–	(9.4)
Provisions	(1.0)	–	(1.0)
Deferred income	(0.2)	–	(0.2)
Lease liabilities	–	(0.4)	(0.4)
Deferred tax liabilities	–	(0.7)	(0.7)
Net identifiable assets acquired	7.5	2.1	9.6
Goodwill			8.0
Total cash consideration			17.6

The fair value of acquired trade and other receivables is £16.9m. The gross contractual amount for trade and other receivables due is £17.6m, with a loss allowance of £0.7m recognised.

29. Acquisitions continued

Landmarc

The Group holds 51% of the equity shares in Landmarc Support Services Limited (Landmarc). The remaining 49% of the equity shares in Landmarc are held by a single third party (the joint venture partner). Prior to 16 November 2023, management considered Landmarc to be a joint venture despite the Group having majority shareholding. This was because, under the terms of the shareholders' agreement prevalent prior to that date, joint agreement was required with the other party to pass resolutions for all significant activities.

On 10 October 2023, the Group entered into an agreement with the joint venture partner to amend the Landmarc shareholders' agreement. The change of control in relation to Landmarc required a mandatory notification under the UK National Security and Investment Act 2021 due to Landmarc's business of providing services for the management and operation of the UK Defence Training Estate. Clearance was granted on 16 November 2023 at which point the amendments to the shareholders' agreement became effective. From that date onwards Landmarc has been consolidated as a subsidiary of the Group.

No cash was transferred to achieve control and the deemed consideration for the purpose of acquisition accounting is the fair value of the Group's previously held interest in Landmarc at the date of obtaining control. The fair value has been determined with the assistance of third-party valuation specialists by discounting the future cash flows expected to be generated by Landmarc at a discount rate to reflect the risks associated with the cash flows. The determined fair value of the Group's 51% interest in Landmarc was £23.7m which was £17.9m greater than the £5.8m carrying amount of the investment at the date of obtaining control. This £17.9m fair value gain has been included in other income and classified as Other items within the consolidated income statement (see Note 4).

The provisional fair values of assets and liabilities acquired are as follows:

	Book value £m	Fair value adjustments £m	Provisional fair value £m
Customer contracts and relationships	–	31.9	31.9
Brand	–	0.7	0.7
Property, plant and equipment	3.1	–	3.1
Right-of-use assets	–	1.3	1.3
Retirement benefit asset	2.8	–	2.8
Deferred tax assets	0.7	–	0.7
Trade and other receivables	22.0	–	22.0
Cash and cash equivalents	31.6	–	31.6
Trade and other payables	(45.0)	–	(45.0)
Provisions	(1.7)	–	(1.7)
Deferred income	(0.4)	–	(0.4)
Lease liabilities	–	(1.3)	(1.3)
Current tax liabilities	(0.3)	–	(0.3)
Deferred tax liabilities	–	(8.1)	(8.1)
Net identifiable assets acquired	12.8	24.5	37.3
Non-controlling interest ¹			(18.3)
Goodwill			4.7
Deemed consideration (fair value of previously held investment)			23.7

Note:

1. The Group has opted to recognise the non-controlling interest in Landmarc at its proportionate share of the acquired identifiable net assets.

As a subsidiary, Landmarc contributed £78.8m of revenue and £13.5m of operating profit before Other items to the Group's results during the year ended 31 March 2024.

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For the year ended 31 March 2024

29. Acquisitions continued

Revenue and operating profit from acquisitions

Five of the seven acquisitions made during the period have been integrated into the Business Services division (Linx International, RHI Industrials, Biservicus, Cliniwaste and GBE). JCA Engineering has been integrated into the Technical Services division, and Landmarc has been integrated into the CG&D division.

The acquired entities from the date of obtaining control for the year ended 31 March 2024, contributed £191.7m of revenue and £20.1m of operating profit before Other items to the Group's results.

Based on estimates made of the full year impact if all acquisitions had been completed on 1 April 2023, Group revenue for the year would have increased by approximately £268.9m and operating profit before Other items would have increased by £9.5m, resulting in total Group revenue of £4,714.1m and total Group operating profit before Other items of £219.7m.

Cash flows on acquisitions

	2024 £m	2023 £m
Cash consideration	87.6	18.6
Less: cash balance acquired	(53.6)	(2.0)
Net outflow of cash – investing activities	34.0	16.6

G2 Energy Limited asset purchase

On 28 July 2023, Mitie acquired a portfolio of assets from the liquidators of G2 Energy Limited for cash consideration of £0.6m. The purchase enhances Mitie's high voltage electrical and civil engineering capabilities. This has been accounted for as an asset purchase.

30. Share-based payments

The Group has seven equity-settled share schemes. The Group also has awarded performance-related bonuses for Executive Directors which are deferred in conditional shares under the Mitie Group plc 2010 Deferred Bonus Plan (DBP) and are accounted for as a share-based payment charge.

The Mitie Group plc Long Term Incentive Plan (LTIP)

The conditional awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management personnel. Where offered as options, the exercise price is £nil. The vesting period is generally three years, although some awards are subject to a holding period of up to a further two years. If the awards remain unexercised after a period of twelve months from the date of vesting, the awards expire. The awards may be forfeited if the employee leaves the Group. Before the awards can be exercised, performance conditions must be satisfied that are based on movements in a range of non-market measures over a three-year period.

Retention Share Plan (RSP)

The RSP was introduced in the year ended 31 March 2022. The conditional awards of shares or rights to acquire shares (the awards) are offered to a small number of key senior management personnel. Where offered as options, the exercise price is £nil. The vesting period is three years. If the awards remain unexercised after a period of ten years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the Group. There are no performance conditions attached to these awards.

The Enhanced Delivery Plan (EDP)

The EDP was introduced in the year ended 31 March 2021. The conditional awards of shares or the rights to acquire shares (the awards) are offered to a small number of key senior management personnel. Where offered as options, the exercise price is £nil. The vesting period is three years, and awards are subject to a holding period of two additional years. If the awards remain unexercised after a period of twelve months from the date of vesting (but subject to the additional holding period), the awards expire. The awards may be forfeited if the employee leaves the Group. Before the awards can be exercised, performance conditions must be satisfied that are based on movements in non-market measures over a three-year period.

The Conditional Share Plan (CSP)

The conditional awards of shares or the rights to acquire shares (the awards) are offered to a small number of key senior management personnel. Where offered as options, the exercise price is £nil. The vesting period is determined at the discretion of the Remuneration Committee and is generally two or three years. If the awards remain unexercised after a period of ten years from the date of grant, the awards expire. The awards may be forfeited if the employee leaves the Group.

The Mitie Group plc Executive Share Option Scheme (ESOS)

The ESOS exercise price is equal to the average market value of the shares on the business day preceding grant or, in case the Remuneration Committee decides, the average market value of shares over a number of preceding business days (not to exceed 20 days). The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options may be forfeited if the employee leaves the Group. Before options can be exercised, a performance condition must be satisfied; the performance condition is linked to the percentage growth in earnings per share over a three-year period. No awards have been made under the ESOS since 29 June 2015.

The Mitie Group plc Save As You Earn scheme (SAYE)

The SAYE scheme is open to eligible UK-resident employees. The exercise price is not less than 80% of the market value of the shares, determined using either: the share price preceding the date on which invitations to participate in the scheme are issued or an average share price over five days preceding the invitation date. The vesting period is three years. If the options remain unexercised after a period of six months from the date of vesting, the options expire. Options may be forfeited if the employee leaves the Group. An equivalent scheme is open to eligible Ireland-resident employees.

30. Share-based payments continued

The Share Incentive Plan (SIP)

The SIP is open to eligible employees resident in the UK. Under the scheme, eligible employees are invited to invest in partnership shares which are purchased in the market on their behalf and held in a separate UK trust. Since October 2021, one conditional matching share has been awarded for every two partnership shares purchased and has a holding period of three years. Matching shares are funded by way of market purchases. The Group also, from time to time, launches free share schemes under which all employees receive an allocation of shares at nil cost to the employee. The free shares have a holding period of three years.

Details of the awards and share options outstanding are as follows:

	2024	2023	2024	2023		
	Number of conditional share awards (million)	Number of conditional share awards (million)	Number of share options (million)	Weighted average exercise price (p)	Number of share options (million)	Weighted average exercise price (p)
Outstanding at 1 April	92.9	107.5	69.8	63	68.0	55
Granted during the year	13.6	16.2	25.2	63	18.4	69
Lapsed during the year	(6.3)	(11.4)	(7.7)	55	(13.0)	66
Exercised during the year	(17.0)	(19.4)	(29.0)	28	(3.6)	65
Outstanding at 31 March	83.2	92.9	58.3	46	69.8	63
Exercisable at the end of the year			4.0	28	7.3	142

The Group recognised the following expenses related to share-based payments:

	2024 £m	2023 £m
Discretionary share plans	14.4	13.4
Non-discretionary share plans	5.9	3.9
	20.3	17.3

The share-based payment related expense charged to the consolidated income statement for the year is £20.3m (2023: £17.3m) and represents share-based payment transactions relating to discretionary and non-discretionary share plans.

In the year ended 31 March 2024, £2.8m of dividend equivalents have been accrued in relation to outstanding share awards (2023: £2.2m). Dividend equivalents accrued under the share option schemes are forfeitable and are payable after the vesting date when the share awards are exercised.

The weighted average share price at the date of exercise for share awards and share options exercised during the year was 95p (2023: 73p). The conditional share awards and share options outstanding at 31 March 2024 had exercise prices (other than nil in the case of the LTIP, CSP, EDP, DBP and the matching shares under the SIP) ranging from 27p to 128p (2023: 26p to 131p) and a weighted average remaining contractual life of 1.9 years (2023: 3.1 years). In the year ended 31 March 2024, 34.6m options were granted in respect of the SAYE, LTIP, CSP, RSP and DBP schemes and awards of matching shares and 4.2m free shares were made under the SIP. The aggregate of the estimated fair values of those options granted and awards made was £26.5m (2023: £15.7m).

The fair value of options is measured by use of the Black-Scholes model.

The inputs into the Black-Scholes model are as follows:

	2024	2023
Share price (p)	34–103	34–151
Exercise price (p)	0–78	0–134
Expected volatility (%)	30–47	25–43
Expected life (years)	3	3
Risk-free rate (%)	(0.7)–4.2	(0.7)–3.3
Expected dividends (%)	0.0–3.1	0.0–2.7

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

31. Retirement benefit schemes

The Group operates a number of pension arrangements for employees:

- Defined contribution schemes for the majority of its employees; and
- Defined benefit schemes which include the Group scheme, the Landmarc scheme and other smaller schemes.

Defined contribution schemes

A defined contribution scheme is a pension scheme under which the Group pays contributions to an independently administered fund; such contributions are based upon a fixed percentage of employees' pay. The Group has no legal or constructive obligations to pay further contributions to the fund once these contributions have been paid. Members' benefits are determined by the amount of contributions paid, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to take at retirement. As a result, actuarial risk (that pension will be lower than expected) and investment risk (that the assets invested in do not perform in line with expectations) are borne by the employee.

The Group's contributions are recognised as an employee benefit expense when they are due.

The Group operates four separate schemes: a stakeholder defined contribution plan, which is closed to new members; a self-invested personal pension plan, which is closed to new members; and two Group personal pension (GPP) plans. Employer contributions are payable to each on a matched basis requiring employee contributions to be paid. Employees have the option to pay their share via a salary sacrifice arrangement. The scheme used to satisfy auto-enrolment compliance is a master trust, The People's Pension.

During the year, the Group made a total contribution to the defined contribution schemes of £18.1m (2023: £15.3m) and contributions to the auto-enrolment scheme of £22.1m (2023: £20.4m), which are included in the consolidated income statement charge. The Group expects to make contributions of a similar amount in the year ending 31 March 2025.

Defined benefit schemes

Mitie Group plc Pension Scheme (the Group scheme)

The Group scheme comprises two segregated sections: Part A (the Group section) and Part B (the Interserve section). The assets and liabilities of the two sections are ring-fenced.

The Group section provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their final pensionable pay.

The Group section was closed to new members in 2006, with new employees able to join one of the defined contribution schemes.

The Interserve section was formed in the year ended 31 March 2023 when the assets and liabilities were transferred from the Interserve Scheme Part C, which in turn had been formed to take Interserve members out of the Interserve Group Pension Scheme as part of the arrangements for Mitie's acquisition of Interserve in 2020.

The Group scheme is operated under the UK regulatory framework. Benefits are paid to members from the trust-administered fund, where the Trustee is responsible for ensuring that the scheme is sufficiently funded to meet current and future benefit payments. Plan assets are held in trust and are governed by pension legislation. If investment experience is worse than expected or the actuarial assessment of the scheme's liabilities increases, the Group's financial obligations to the scheme rise.

The nature of the relationship between the Group and the Trustee is also governed by regulations and practice. The Trustee must agree a funding plan with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out, with the scheme's obligations measured using prudent assumptions (which are determined by the Trustee with advice from the scheme actuary). The most recent triennial valuation was carried out as at 31 March 2023, which indicated an actuarial deficit of £19.4m, an improvement of £72.7m since the last valuation. During the year, Mitie paid £10.6m of deficit repair contributions and the Group has agreed to pay total deficit repair contributions of £22.5m over the next four years.

The Trustee's other duties include managing the investment of the scheme's assets, administration of plan benefits and exercising of discretionary powers. The Group works closely with the Trustee to manage the scheme.

The Group has an unconditional right to refund of surplus assuming the gradual settlement over time until all members have left the section. Accordingly, there is no restriction on the surplus.

The Landmarc Pension Scheme (the Landmarc scheme)

The Group obtained control of Landmarc Support Services Limited (Landmarc) on 16 November 2023 (see Note 29). Landmarc is the employing company for the Landmarc scheme, which commenced on 1 July 2003, at which time approximately 1,000 employees became members of the scheme. From that date the majority of new employees were provided with defined contribution benefits under a separate arrangement, with membership of the Landmarc Scheme for certain new employees only available at the discretion of the employing company. On 1 July 2021 the last remaining active members ceased accrual and the scheme closed to future accrual.

In December 2022 the trustee of the scheme entered into a qualifying insurance buy-in to secure the remaining uninsured benefits of the scheme.

The membership data used for the formal actuarial valuation as at 31 December 2020 has been rolled forward and used to calculate results under IAS 19 *Employee Benefits* by an independent qualified actuary. As required by IAS 19, the value of the defined benefit liabilities has been measured using the projected unit method.

The Group has an unconditional right to refund of surplus assuming the gradual settlement over time until all members have left the scheme. Accordingly, there is no restriction on the surplus on the Company's statement of financial position (or additional minimum liability to be recognised).

31. Retirement benefit schemes continued

Other defined benefit schemes

Grouped together under Other schemes are a number of schemes to which the Group makes contributions under Admitted Body status to clients' (generally local government or government entities) defined benefit schemes in respect of certain employees who transferred to the Group under TUPE, as well as three smaller schemes that the Group acquired on the acquisition of Interserve. The valuations of the Other schemes are updated by an actuary at each consolidated statement of financial position date.

For the Admitted Body schemes, which are largely sections of the Local Government Pension Scheme, the Group will only participate for a finite period up to the end of the relevant contract. The Group is required to pay regular contributions, as decided by the relevant scheme actuaries and detailed in each scheme's Contributions Certificate, which are calculated every three years as part of a triennial valuation. In a number of cases, contributions payable by the employer are capped and any excess is recovered from the entity that the employees transferred from. In addition, in certain cases, at the end of the contract the Group will be required to pay any deficit (as determined by the scheme actuary) that is assessed for its notional section of the scheme.

The Group made contributions to the Other schemes of £0.4m in the year (2023: £0.7m). The Group expects to make contributions of a similar amount in the year ending 31 March 2025.

Multi-employer schemes

As a result of acquisition activity and staff transfers following contract wins, the Group participates in four multi-employer pension schemes. The total contributions to these schemes for the financial year ending 31 March 2025 are anticipated to be £0.1m. For three of these schemes, the Group's share of the assets and liabilities is minimal.

The fourth scheme is the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Plumbing Scheme), a funded multi-employer defined benefit scheme. The Plumbing Scheme was founded in 1975 and to date has had over 4,000 employers. The Group has received a Section 75 employer debt notice in respect of the participation of Robert Prettie & Co Limited in the Plumbing Scheme.

As a result of the Interserve acquisition, the Group increased its participation in the Plumbing Scheme and the Group has received a Section 75 employer debt notice in respect of the participation of Mitie FM Limited.

Provisions of £21.7m were held at 31 March 2024 for Section 75 employer debts in respect of the participation of Robert Prettie & Co Limited and Mitie FM Limited in the Plumbing Scheme. See Note 20.

Accounting assumptions

The assumptions used in calculating the accounting costs and obligations of the Group's defined benefit pension schemes, as detailed below, are set after consultation with independent, professionally qualified actuaries.

The discount rate used to determine the present value of the obligations is set by reference to market yields on high-quality corporate bonds. The assumptions for price inflation are set by reference to the difference between yields on longer-term conventional government bonds and index-linked bonds. The assumptions for increases in pensionable pay take into account expected salary inflation, the cap at CPI, and how often the cap is likely to be exceeded.

The assumptions for life expectancy have been set with reference to the actuarial tables used in the latest funding valuations.

Principal accounting assumptions at consolidated statement of financial position date

	Group section		Interserve section		Landmarc scheme	Other schemes	
	2024 %	2023 %	2024 %	2023 %	2024 %	2024 %	2023 %
Key assumptions used for IAS 19 valuation:							
Discount rate	4.84	4.75	4.80	4.80	4.80	4.80	4.80
Expected rate of pensionable pay increases	2.63	3.25	2.80	3.40	3.30	2.80	3.40
Retail price inflation	3.26	3.25	3.20	3.40	3.30	3.20	3.40
Consumer price inflation	2.63	2.50	2.80	2.90	2.70	2.80	2.90
Future pension increases	2.63	3.25	2.80	3.40	3.30	3.20	3.40

	Group section		Interserve section		Landmarc scheme
	2024 Years	2023 Years	2024 Years	2023 Years	2024 Years
Post retirement life expectancy:					
Current pensioners at 65 – male	87.1	87.5	85.7	86.0	84.9
Current pensioners at 65 – female	88.6	88.9	88.3	88.6	88.6
Future pensioners at 65 – male	88.1	88.5	86.6	87.0	86.1
Future pensioners at 65 – female	89.1	90.1	89.4	89.7	89.7

Life expectancy for the Other schemes is that used by the relevant scheme actuary.

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31. Retirement benefit schemes continued

Sensitivity of defined benefit obligations to key assumptions

The sensitivity of defined benefit obligations to changes in principal actuarial assumptions is shown below.

	Impact on defined benefit obligations		
	Change in assumption	(Decrease)/ increase in obligations %	(Decrease)/ increase in obligations £m
Increase in discount rate	0.25%	(3.7)	(10.0)
Increase in retail price inflation ¹	0.25%	2.6	7.0
Increase in consumer price inflation (excluding pay)	0.25%	1.5	3.9
Increase in life expectancy	1 year	3.7	10.0

Note:

1. Including other inflation-linked assumptions (consumer price inflation, pension increases and salary growth).

Some of the above changes in assumptions may have an impact on the value of the scheme's investment holdings. For example, the Group scheme holds a proportion of its assets in UK corporate bonds. A fall in the discount rate as a result of lower UK corporate bond yields would lead to an increase in the value of these assets, mitigating the increase in the defined benefit obligation to some extent. The duration, or average term to payment for the benefits due, weighted by liability, is around 15 years for the Group and Interserve sections, and 13 years for the Landmarc scheme.

Amounts recognised in consolidated financial statements

Amounts recognised in the consolidated income statement are as follows:

	2024					2023			
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m
Current service cost	(0.1)	(0.5)	–	(0.9)	(1.5)	(0.2)	(0.8)	(1.5)	(2.5)
Past service cost (including curtailments)	–	–	–	(0.3)	(0.3)	–	–	–	–
Total administration expense	(1.1)	–	(0.1)	(0.1)	(1.3)	(0.9)	–	–	(0.9)
Amounts recognised in operating profit	(1.2)	(0.5)	(0.1)	(1.3)	(3.1)	(1.1)	(0.8)	(1.5)	(3.4)
Net interest income/(cost)	0.3	0.2	0.1	(0.1)	0.5	–	0.1	(0.2)	(0.1)
Amounts recognised in profit before tax	(0.9)	(0.3)	–	(1.4)	(2.6)	(1.1)	(0.7)	(1.7)	(3.5)

Amounts recognised in the consolidated statement of comprehensive income are as follows:

	2024					2023			
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m
Actuarial gains/(losses) arising due to changes in financial assumptions	2.2	0.2	(3.0)	2.6	2.0	79.5	11.1	22.8	113.4
Actuarial (losses)/gains arising from liability experience	(8.0)	–	0.4	0.5	(7.1)	(12.4)	(1.6)	1.1	(12.9)
Actuarial (losses)/gains due to changes in demographic assumptions	(0.5)	0.3	0.6	–	0.4	1.2	0.2	0.7	2.1
Movement in asset ceiling, excluding interest	–	–	–	(6.0)	(6.0)	–	–	(8.7)	(8.7)
Return on scheme assets, excluding interest income	(7.9)	(1.7)	2.2	4.0	(3.4)	(74.1)	(9.8)	(11.1)	(95.0)
Return on reimbursement asset ¹	–	–	–	(0.1)	(0.1)	–	–	0.2	0.2
Amounts recognised in consolidated statement of comprehensive income	(14.2)	(1.2)	0.2	1.0	(14.2)	(5.8)	(0.1)	5.0	(0.9)

Note:

1. Included within the consolidated statement of comprehensive income is £0.1m loss (2023: £0.2m gain) related to a defined benefit reimbursement asset of £0.9m (2023: £1.0m), which is recorded within other receivables.

31. Retirement benefit schemes continued

The amounts included in the consolidated statement of financial position are as follows:

	2024					2023				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m	
Fair value of scheme assets	174.8	24.4	41.1	80.0	320.3	170.3	24.2	77.1	271.6	
Present value of defined benefit obligations ¹	(177.4)	(23.2)	(38.1)	(58.1)	(296.8)	(169.6)	(22.5)	(62.2)	(254.3)	
(Deficit)/surplus without restriction²	(2.6)	1.2	3.0	21.9	23.5	0.7	1.7	14.9	17.3	
Asset ceiling	–	–	–	(24.3)	(24.3)	–	–	(17.5)	(17.5)	
Net pension (liability)/asset	(2.6)	1.2	3.0	(2.4)	(0.8)	0.7	1.7	(2.6)	(0.2)	

All figures above are shown before deferred tax.

Notes:

- The 31 March 2023 comparatives have been restated to increase the asset ceiling by £8.8m and reduce the present value of the defined benefit obligation by £8.8m in order to properly show the full effect of the asset ceiling separately. Some of the effect of the asset ceiling had been previously included within the defined benefit obligation. There is no impact on the net retirement benefit liabilities recognised in the statement of financial position.
- Schemes in surplus are shown net of tax of £1.4m (2023: £1.3m).

Movements in the present value of defined benefit obligations were as follows:

	2024					2023				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m	
At 1 April	169.6	22.5	–	62.2	254.3	238.3	31.0	84.7	354.0	
Arising on business combination	–	–	36.3	–	36.3	–	–	–	–	
Current service cost	0.1	0.5	–	0.9	1.5	0.2	0.8	1.5	2.5	
Interest cost	7.9	1.1	0.7	2.7	12.4	6.4	0.9	2.2	9.5	
Contributions from scheme members	–	0.1	–	0.2	0.3	–	0.1	0.2	0.3	
Actuarial (gains)/losses arising due to changes in financial assumptions	(2.2)	(0.2)	3.0	(2.6)	(2.0)	(79.5)	(11.1)	(22.8)	(113.4)	
Actuarial losses/(gains) arising from experience	8.0	–	(0.4)	(0.5)	7.1	12.4	1.6	(1.1)	12.9	
Actuarial losses/(gains) due to changes in demographic assumptions	0.5	(0.3)	(0.6)	–	(0.4)	(1.2)	(0.2)	(0.7)	(2.1)	
Benefits paid	(6.5)	(0.5)	(0.9)	(1.4)	(9.3)	(7.0)	(0.6)	(1.6)	(9.2)	
Past service cost	–	–	–	(1.4)	(1.4)	–	–	–	–	
Contract transfer	–	–	–	(2.0)	(2.0)	–	–	–	–	
Settlement gain	–	–	–	–	–	–	–	(0.2)	(0.2)	
At 31 March	177.4	23.2	38.1	58.1	296.8	169.6	22.5	62.2	254.3	

The defined benefit obligations analysed by participant status is as follows:

	2024			2023	
	Group section £m	Interserve section £m	Landmarc scheme £m	Group section £m	Interserve section £m
Active	1.8	20.3	–	3.1	19.7
Deferred	102.9	1.7	12.2	86.8	1.6
Pensioners	72.7	1.2	25.9	79.7	1.2
At 31 March	177.4	23.2	38.1	169.6	22.5

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For the year ended 31 March 2024

31. Retirement benefit schemes continued

Movements in the fair value of scheme assets were as follows:

	2024					2023				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m	
At 1 April	170.3	24.2	–	77.2	271.7	231.0	32.6	87.0	350.6	
Arising on acquisition	–	–	39.1	–	39.1					
Interest income	8.2	1.3	0.8	3.4	13.7	6.4	1.0	2.0	9.4	
Actuarial gains/(losses) on assets	(7.9)	(1.7)	2.2	4.0	(3.4)	(74.1)	(9.8)	(11.1)	(95.0)	
Contributions from the sponsoring companies ¹	11.8	1.0	–	0.4	13.2	14.9	0.9	0.7	16.5	
Contributions from scheme members	–	0.1	–	0.2	0.3	–	–	0.1	0.1	
Expenses paid	(1.1)	–	(0.1)	(0.1)	(1.3)	(0.9)	–	–	(0.9)	
Benefits paid	(6.5)	(0.5)	(0.9)	(1.4)	(9.3)	(7.0)	(0.5)	(1.6)	(9.1)	
Past service cost	–	–	–	(1.7)	(1.7)	–	–	–	–	
Contract transfer	–	–	–	(2.0)	(2.0)	–	–	–	–	
At 31 March	174.8	24.4	41.1	80.0	320.3	170.3	24.2	77.1	271.6	

Note:

1. Group section contributions of £11.8m (2023: £14.9m) is inclusive of £10.6m deficit repair contributions (2023: £13.9m).

Movements in the asset ceiling were as follows:

	2024 £m	2023 £m
At 1 April	17.5	8.7
Interest cost on asset ceiling	0.8	0.1
Change in asset ceiling excluding interest	6.0	8.7
At 31 March	24.3	17.5

Fair values of the assets held by the schemes were as follows:

	2024					2023				
	Group section £m	Interserve section £m	Landmarc scheme £m	Other schemes £m	Total £m	Group section £m	Interserve section £m	Other schemes £m	Total £m	
Equities	28.3	–	–	42.8	71.1	28.3	3.6	48.1	80.0	
Government bonds	70.7	10.6	–	4.0	85.3	67.9	10.5	1.7	80.1	
Corporate bonds	53.0	6.0	–	14.1	73.1	50.5	2.6	9.8	62.9	
Property	2.3	–	–	11.8	14.1	3.4	1.8	10.6	15.8	
Diversified growth fund	8.6	7.8	–	1.5	17.9	9.5	5.1	1.5	16.1	
Cash	11.2	–	1.9	4.7	17.8	10.7	0.6	5.4	16.7	
Insurance policies	–	–	39.2	1.1	40.3	–	–	–	–	
Commodities	0.7	–	–	–	0.7	–	–	–	–	
Total fair value of assets	174.8	24.4	41.1	80.0	320.3	170.3	24.2	77.1	271.6	

The investment portfolios are diversified, investing in a wide range of assets, in order to provide reasonable assurance that no single asset or type of asset could have a materially adverse impact on the total portfolio. To reduce volatility, certain assets are held in a matching portfolio, which largely consists of government and corporate bonds, designed to mirror movements in corresponding liabilities.

The property assets represent quoted property investments.

31. Retirement benefit schemes continued

Risks and risk management

The Group scheme, in common with the majority of UK plans, has a number of risks. These areas of risk and the ways in which the Group has sought to manage them, are set out in the table below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Group, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's consolidated financial statements:

Risk	Description
Asset volatility	The funding liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. The defined benefit obligation for accounting is calculated using a discount rate set with reference to corporate bond yields. The Group scheme holds 24% of its assets in equities and other return-seeking assets (principally diversified growth funds (DGFs) and property). The returns on such assets tend to be volatile and are not correlated to government bonds. This means that the funding level has the potential to be volatile in the short term, potentially resulting in short-term cash requirements, or alternative security offers, which are acceptable to the Trustee, and an increase in the net defined benefit liability recorded on the Group's consolidated statement of financial position. Equities and DGFs are considered to offer the best returns over the long term with an acceptable level of risk and hence the scheme holds a significant proportion of these types of assets. However, the scheme's assets are well-diversified by investing in a range of asset classes, including property, government bonds and corporate bonds. The Group scheme holds 8% of its assets in DGFs which seek to maintain high levels of return while achieving lower volatility than direct equity funds. The allocation to return seeking assets is monitored to ensure it remains appropriate, given the scheme's long-term objectives. The investment in bonds is discussed further below.
Changes in bond yields	Falling bond yields tend to increase the funding and accounting obligations. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting obligations. In this way, the exposure to movements in bond yields is reduced.
Inflation risk	The majority of the Group scheme's benefit obligations are linked to inflation. Higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the Group scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Group scheme's obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the obligations.

Areas of risk management

Although investment decisions in the Group scheme are the responsibility of the Trustee, the Group takes an active interest to ensure that pension plan risks are managed effectively. The Group and Trustee have agreed a long-term strategy for reducing investment risk where appropriate.

Certain benefits payable on death before retirement are insured.

Details of the latest funding valuation

	Group scheme
Date of latest funding valuation	31 March 2023
Assets at valuation date	£170.1m
Funding liabilities at valuation date	£189.5m
Deficit at valuation date	£19.4m

The total contribution rate was set at 33.6% of annual pay for the remaining active members. The employer contribution rate is the balance of the total cost after deducting the employee contribution rate, which varies depending on status and earnings. The total contribution excludes any allowances for expenses met by the scheme.

The following table sets out details of the membership of the Group scheme at 31 March 2024:

	Group scheme
Active members – by number	14
Active members – by proportion of funding liability	1.2%
Total pensionable salary roll p.a.	£0.4m
Deferred members – by number	696
Deferred members – by proportion of funding liability	57.9%
Total deferred pensions p.a.	£4.5m
Pensioner members – by number	852
Pensioner members – by proportion of funding liability	40.8%
Total pensions in payment p.a.	£4.5m

Notes to the consolidated financial statements continued

For the year ended 31 March 2024

32. Contingent liabilities

Contractual disputes, guarantees and indemnities

The Group is, from time to time, party to contractual disputes that arise in the ordinary course of business. Management does not anticipate that the outcome of any of these disputes will have a material adverse effect on the Group's financial position, other than as already provided for in the consolidated financial statements. In appropriate cases, a provision is recognised based on best estimates and management judgement but there can be no guarantee that these provisions (which may be subject to potentially material revision from time to time) will result in an accurate prediction, due to the uncertainty of the actual costs and liabilities that may be incurred.

The Company and its subsidiaries have given guarantees and entered into counter-indemnities amounting to £37.9m (2023: £33.7m) in respect of performance bonds and letter of credits relating to certain Group contracts. These are issued by financial institutions on behalf of the Group and are disclosed as a contingent liability until such time as it becomes probable that payment is required under the terms of the arrangements.

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Mitie Group plc has a related party relationship with the Mitie Foundation, a charitable company. During the year, the Group made donations and gifts in kind of £0.2m (2023: £0.2m) to the Foundation.

During the year ended 31 March 2024, the Group recognised revenue from transactions with joint ventures or associates of £5.3m (2023: £5.8m). There are no amounts due from joint ventures and associates at the year end (2023: £0.4m) and no expense has been recognised in the year for expected credit losses in respect of the amounts owed by joint ventures and associates (2023: £0.1m).

The Group's key management personnel include the Executive Directors, Non-Executive Directors and members of the Mitie Group Executive (MGX). Details of the Directors' remuneration are included in Note 6. The remuneration for the other members of the MGX, including the share-based payments charge, is £11.4m (2023: £9.4m).

	2024 £m	2023 £m
Short-term employment benefits	5.8	3.7
Post-employment benefits	0.3	1.1
Share-based payments	5.3	4.6
At 31 March	11.4	9.4

All transactions with these related parties were made on terms equivalent to those that prevail in arm's length transactions.

No other transactions during the year ended 31 March 2024 meet the definition of related party transactions.

34. Events after the reporting period

On 15 April 2024, the Group announced its intention to undertake a £50m share buyback programme over the next 12 months.

35. Related undertakings

The subsidiaries, joint ventures, associates, and joint operations of the Group as at 31 March 2024 have been disclosed below. Unless otherwise stated the shareholding is held indirectly by Mitie Group plc and is represented by ordinary shares, of which the proportion of ownership interests held equals the voting rights. No subsidiary undertakings have been excluded from the consolidation.

Subsidiaries

	Aggregate % of share class	Share class
United Kingdom		
35 Duchess Road, Rutherglen, Glasgow, Scotland, G73 1AU, United Kingdom		
Cliniwaste Health South Limited	100	Ordinary
Cliniwaste Holdings Limited ¹ (registration number SC699950)	100	Ordinary
P2ML Ltd ¹ (registration number SC299864)	100	Ordinary
Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom		
8point8 Support Limited ¹ (registration number 07370013)	100	Ordinary (all classes)
8point8 Training Limited ¹ (registration number 10064042)	100	Ordinary
Arc Training International Limited ²	100	Ordinary
Bateman's Cleaning Services Limited ²	100	Ordinary
Bespoke Power Solutions Global Ltd ²	100	Ordinary
Biotechture Limited ¹ (registration number 06297364)	100	Ordinary
Broadreach Group Limited ²	100	Ordinary
Building & Property Trustees Ltd ²	100	Ordinary
Care & Custody (Health) Limited ¹ (registration number 05881801)	100	Ordinary
Converge Technology Ltd	100	Ordinary (all classes)
CTI Power Limited ²	100	Ordinary
Custom Solar Ltd ¹ (registration number 07886213)	100	Ordinary (all classes)
Esoteric Limited ¹ (registration number 04441008)	100	Ordinary
First Security Group Limited ²	100	Ordinary (all classes)
G.B. Electronics Limited	100	Ordinary
GBE Converge Group Ltd	100	Ordinary (all classes)
Global Aware International Ltd ¹ (registration number 06753723)	100	Ordinary
Insitu Cleaning Company Limited ¹ (registration number 01623889)	100	Ordinary
J C A Engineering Ltd	100	Ordinary
Jabez Holdings Limited ¹ (registration number 05129988)	100	Ordinary
JCA Head Co Limited ¹ (registration number 09828272)	100	Ordinary (all classes)
JCA HQ Group Holdings Ltd. ¹ (registration number 07251790)	100	Ordinary
Knightsbridge Guarding Holdings Limited ²	100	Ordinary (all classes)
Landmarc Support Services Limited	100 ³	Ordinary-A
Linx International Group Limited ¹ (registration number 02057133)	100	Ordinary
MacLellan Group Limited ²	100	Ordinary
MacLellan International Limited ¹ (registration number 03688689)	100	Ordinary
MacLellan Limited ²	100	Ordinary
MacLellan Management Services Limited ²	100	Ordinary
Mitie (Defence) Limited	100	Ordinary
Mitie (Facilities Services) Limited ¹ (registration number 00725583)	100	Ordinary
Mitie (Facilities Services-Slough) Limited ²	100	Ordinary, deferred
Mitie Aviation Security Limited ⁴	100	Ordinary
Mitie Built Environment Limited ²	100	Ordinary, preferred
Mitie Care and Custody Limited ⁴	100	Ordinary (all classes)
Mitie Catering Services Limited	100	Ordinary (all classes)

Notes to the consolidated financial statements continued
For the year ended 31 March 2024

35. Related undertakings continued

	Aggregate % of share class	Share class
Mitie Cleaning & Environmental Services Limited	100	Ordinary
Mitie Cleaning Services Limited ²	100	Ordinary (all classes)
Mitie Company Secretarial Services Limited ⁵	100	Ordinary
Mitie Dormant (No.1) Limited ²	100	Ordinary (all classes)
Mitie Environmental Services Limited	100	Ordinary
Mitie FM Limited	100	Ordinary
Mitie FS (UK) Limited	100	Ordinary
Mitie Group Pension Scheme Trustee Company Limited ⁵	100	Ordinary
Mitie Holdings Limited ²	100	Ordinary
Mitie Infrastructure Limited ^{2,6}	100	Ordinary (all classes)
Mitie Integrated Services Limited	100	Ordinary
Mitie International Limited ²	100	Ordinary
Mitie Investments Limited ²	100	Ordinary
Mitie Landscapes Limited	100	Ordinary (all classes)
Mitie Limited	100	Ordinary
Mitie Managed Services Limited ²	100	Ordinary, deferred
Mitie PFI Limited	100	Ordinary (all classes)
Mitie Property Services (UK) Limited ⁷	100	Ordinary (all classes)
Mitie Roofing Limited ⁷	100	Ordinary
Mitie Security (First) Limited	100	Ordinary, deferred (all classes)
Mitie Security (Knightsbridge) Limited	100	Ordinary
Mitie Security Holdings Limited ²	100	Ordinary (all classes)
Mitie Security Limited	100	Ordinary
Mitie Security Services Limited ²	100	Ordinary
Mitie Shared Services Limited	100	Ordinary
Mitie Specialist Services (Holdings) Limited ¹ (registration number 03044401)	100	Ordinary
Mitie Technical Facilities Management Holdings Limited ²	100	Ordinary
Mitie Technical Facilities Management Limited	100	Ordinary (all classes)
Mitie Technical Services Limited ¹ (registration number 02798048)	100	Ordinary
Mitie Telecoms Assets Limited ¹ (registration number 08805053)	100	Ordinary
Mitie Telecoms Limited	100	Ordinary
Mitie Telecoms Towers Limited ¹ (registration number 08811106)	100	Ordinary
Mitie Telecoms Ventures Limited ¹ (registration number 08810983)	100	Ordinary
Mitie Treasury Management Limited ⁷	100	Ordinary
Mitie Trustee Limited ⁵	100	Ordinary
Mitie Waste & Environmental Services Limited ⁴	100	Ordinary (all classes)
Mitiefm (Holdings) Limited ¹ (registration number 04127829)	100	Ordinary
Mitiefm Services Limited ¹ (registration number 02820560)	100	Ordinary, redeemable ordinary, deferred
Perpetuity Training Limited ¹ (registration number 04505069)	100	Ordinary
Phoenix Fire Services Limited ²	100	Ordinary
Procius Limited ¹ (registration number 04730672)	100	Ordinary (all classes)
RHI Industrials Limited	100	Ordinary
Robert Prettie & Co Limited	100	Ordinary
Rock Power Connections Ltd ¹ (registration number 08247808)	100	Ordinary (all classes)

35. Related undertakings continued

	Aggregate % of share class	Share class
Source Eight Limited ^{1,4} (registration number 05004767)	100	Ordinary (all classes)
Source8 Africa Limited ¹ (registration number 08743753)	100	Ordinary (all classes)
SSD UK Limited ²	100	Ordinary
Tavcom Limited ¹ (registration number 03120861)	100	Ordinary
UK CRBS Limited ¹ (registration number 03656962)	100	Ordinary (all classes)
Utilyx Asset Management Limited ²	100	Ordinary
Utilyx Asset Management Projects Limited ²	100	Ordinary
Utilyx Broking Limited ²	100	Ordinary
Utilyx Healthcare Energy Services Limited ¹ (registration number 06900475)	100	Ordinary
Utilyx Holdings Limited ²	100	Ordinary
Utilyx Limited ¹ (registration number 03922833)	100	Ordinary
Utilyx Risk Management Limited ²	100	Ordinary
Vantage Solutions Limited ¹ (registration number 10902316)	100	Ordinary
Vision Security Group Limited ²	100	Ordinary
Waveambda Limited ²	100	Ordinary
Wealthy Thoughts Limited ¹ (registration number 03839703)	100	Ordinary
Mitec Operations Centre, Unit 9B, First Floor, Silverwood Business Park, Silverwood Rd, Lurgan, Craigavon, Northern Ireland, BT66 6SY, United Kingdom		
Mitie NI Limited	100	Ordinary
Finland		
c/o Ov Visma Services Infocon Ab, Pormestarinrinc 8, 00160 Helsinki, Finland		
Mitie Suomi Oy ²	100	Ordinary
France		
259 Rue St Honore, 75001, Paris, France		
Mitie France SAS	100	Ordinary
Germany		
c/o Pinsent Masons Germany LLP, OTTOSTR. 21, 80333, Munich, Germany		
Mitie Deutschland GmbH	100	Ordinary
Guernsey		
c/o MPR Private Clients Limited, PO Box 119, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey		
Mitie Engineering Services (Guernsey) Limited	100	Ordinary
Ireland		
108 Q House, 76 Furze Road, Sandyford, Dublin 18, D18 AY29, Ireland		
Mitie Facilities Management Limited ⁴	100	Ordinary (all classes)
Jersey		
IFC 5, St Helier, JE1 1ST, Jersey		
Mitie Engineering Services (Jersey) Limited	100	Ordinary
Kingdom of Saudi Arabia		
PO Box 26982, Riyadh, 11595, Kingdom of Saudi Arabia		
Interserve Saudi Arabia LLC	100	Ordinary
Netherlands		
Javastraat 12, Rotterdam, Netherlands		
Mitie Nederland B.V.	100	Ordinary
Ondernemingsweg 25, 1422 DZ, Uithoorn, Netherlands		
GBE Converge B.V.	100	Ordinary
Nigeria		

Notes to the consolidated financial statements continued
For the year ended 31 March 2024

35. Related undertakings continued

	Aggregate % of share class	Share class
235 Ikorodu Road, Ilupeju, Lagos, Nigeria		
Source8 Delivery (Nigeria) Limited	100	Ordinary
Spain		
c/o Cala Blanca, Número 15, Polígono Son Fuster, 07009, Palma, Spain		
Mitie Integra Baleares S.L.	100	Ordinary
c/o Luciano Ramos Diaz, 1, Local 2 Despacho 4 – S Cristobal Laguna, 38202, San Cristobal de la Laguna, Tenerife, Spain		
Mitie Integra Canarias S.L.	100	Ordinary
Calle Fernando Beautell, 25, 1 Planta, Polígono Costa Sur, 38009, Santa Cruz de Tenerife, Spain		
Bisermamax Control S.L.	100	Ordinary
Biservicus Sistemas De Seguridad S.A.	100	Ordinary
Calle Juan Ignacio Luca de Tena, 8, 28027, Madrid, Spain		
Mitie Facilities Services S.A.	100	Ordinary
Translimp Contract Services S.A.	100	Ordinary
Calle San Miguel 25, Bajo 1, Azuqueca de Henares, 19200, Guadalajara, Spain		
Mitie Centro Especial de Empleo S.L.	100	Ordinary
Carretera Santa Creu do Calafell 81, Gava, 08850, Barcelona, Spain		
Mitie Integra S.L.	100	Ordinary
Switzerland		
Brandschenkestrasse 90, CH-8027, Zurich, Switzerland		
Mitie Schweiz GmbH	100	Ordinary
United Arab Emirates		
PO Box 41394, Abu Dhabi, United Arab Emirates		
Landmarc Gulf Consultancy Management LLC	49	Ordinary
Joint ventures		
	Aggregate % of share class	Share class
United Kingdom		
Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom		
Pride (SERP) Ltd	50	Ordinary
Kingdom of Saudi Arabia		
Unit 6 and 7, Al Amani Center, Anas Bin Malik Road, Building number 2727, Additional number 8114, Riyadh, Postal Code 133, Kingdom of Saudi Arabia		
Interserve Rezayat Company LLC ²	50	Ordinary
Associate		
	Aggregate % of share class	Share class
United Kingdom		
Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom		
Sussex Estates and Facilities LLP	35	Partnership interest

35. Related undertakings continued

Joint operations

	Aggregate %	Share class
United Kingdom		
OneAim ⁸	50	not applicable

Notes:

- These subsidiaries have taken advantage of the audit exemption under Section 479A of the Companies Act 2006 for the period ended 31 March 2024. As such, Mitie Group plc has provided a guarantee against all debts and liabilities in these subsidiaries as at 31 March 2024.
- In liquidation as at 31 March 2024.
- 100% ownership held in Ordinary-A shares. 51% ownership of total share capital, as another party owns the remaining 49%. Refer to Note 36.
- The Company holds direct minority interest in these subsidiaries.
- These subsidiaries were dormant during the year ended 31 March 2024 and will take the exemption from audit for the year by virtue of Section 480 of the Companies Act 2006.
- The Company has voting control of this subsidiary through direct interests in a class of shares representing fewer than 50% of the total issued share capital of the subsidiary.
- Held directly by the Company.
- Principal activity is siteworks. Country of operation is the United Kingdom.

36. Non-controlling interests

The Group has opted to recognise the non-controlling interest in Landmarc at its proportionate share of the acquired identifiable net assets.

The summarised financial information disclosed below relates to the period from 16 November 2023 to 31 March 2024, during which period, Landmarc was a subsidiary of the Group. It represents the consolidated position of Landmarc and its subsidiaries that would be shown in its consolidated financial statements prepared in accordance with UK-adopted International Accounting Standards under Group accounting policies before intercompany eliminations.

Summarised statement of total comprehensive income

	2024 £m
Landmarc	
Revenue ¹	93.2
Profit for the financial period before Other items	10.4
Other items	(1.0)
Profit for the period	9.4
Other comprehensive income	0.2
Total comprehensive income	9.6
Profit attributable to non-controlling interests after Other items	4.6
Total comprehensive income attributable to non-controlling interest	4.7
Dividends paid to non-controlling interests	2.5

Note:

- Includes £14.4m of intercompany revenue at nil margin which has been eliminated on consolidation.

Summarised statement of financial position as at 31 March 2024

	2024 £m
Landmarc	
Non-current assets	37.9
Current assets	56.9
Total assets	94.8
Current liabilities	(45.2)
Non-current liabilities	(7.8)
Total liabilities	(53.0)
Net assets	41.8
Equity shareholders' funds	21.3
Non-controlling interests	20.5
Total equity	41.8

Summarised statement of cash flows

	2024 £m
Landmarc	
Net increase in cash and cash equivalents	7.3

Company statement of financial position

As at 31 March 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investments in subsidiaries	4	652.5	639.3
Other receivables	5	0.2	0.3
Deferred tax assets	6	9.4	5.6
Total non-current assets		662.1	645.2
Current assets			
Trade and other receivables	5	195.7	87.7
Current tax receivable	7	36.5	21.1
Cash and cash equivalents		0.5	1.1
Total current assets		232.7	109.9
Total assets		894.8	755.1
Current liabilities			
Trade and other payables	8	(99.3)	(45.2)
Provisions	9	(5.4)	(4.5)
Total current liabilities		(104.7)	(49.7)
Net current assets		128.0	60.2
Non-current liabilities			
Provisions	9	(10.1)	(10.6)
Total non-current liabilities		(10.1)	(10.6)
Total liabilities		(114.8)	(60.3)
Net assets		780.0	694.8
Equity			
Share capital	10	33.3	34.0
Share premium	10	132.0	131.5
Merger reserve	10	157.0	157.0
Own shares reserve	10	(69.8)	(59.0)
Share-based payments reserve	10	42.1	33.7
Capital redemption reserve	10	3.3	2.6
Retained profits ¹	10	482.1	395.0
Total equity		780.0	694.8

Note:

1. The profit for the year ended 31 March 2024 was £173.9m (2023: £6.7m loss).

The accompanying notes on pages 224 to 227 form an integral part of the financial statements.

The Company financial statements of Mitie Group plc, company registration number SC019230, were approved by the Board of Directors and authorised for issue on 5 June 2024. They were signed on its behalf by:

Phil Bentley
Chief Executive Officer

Simon Kirkpatrick
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 March 2024

	Share capital £m	Share premium £m	Merger reserve ¹ £m	Own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Retained profits/(losses) £m	Total equity £m
At 1 April 2022	35.7	130.6	358.6	(36.9)	27.5	0.9	283.9	800.3
Loss for the year	–	–	–	–	–	–	(6.7)	(6.7)
Total comprehensive expense	–	–	–	–	–	–	(6.7)	(6.7)
Transactions with owners								
Dividends paid	–	–	–	–	–	–	(28.9)	(28.9)
Purchase of own shares ²	–	–	–	(37.7)	–	–	–	(37.7)
Realisation of merger reserve	–	–	(201.6)	–	–	–	201.6	–
Share buybacks ³	(1.7)	–	–	–	–	1.7	(50.7)	(50.7)
Share-based payments	–	0.9	–	15.6	6.2	–	(6.0)	16.7
Tax on share-based payments	–	–	–	–	–	–	1.8	1.8
Total transactions with owners	(1.7)	0.9	(201.6)	(22.1)	6.2	1.7	117.8	(98.8)
At 31 March 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	395.0	694.8
At 1 April 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	395.0	694.8
Profit for the year	–	–	–	–	–	–	173.9	173.9
Total comprehensive income	–	–	–	–	–	–	173.9	173.9
Transactions with owners								
Dividends paid	–	–	–	–	–	–	(41.5)	(41.5)
Purchase of own shares ²	–	–	–	(19.6)	–	–	–	(19.6)
Share buybacks ³	(0.7)	–	–	(31.8)	–	0.7	(26.6)	(58.4)
Share-based payments ⁴	–	0.5	–	40.6	8.4	–	(21.4)	28.1
Tax on share-based payments	–	–	–	–	–	–	2.7	2.7
Total transactions with owners	(0.7)	0.5	–	(10.8)	8.4	0.7	(86.8)	(88.7)
At 31 March 2024	33.3	132.0	157.0	(69.8)	42.1	3.3	482.1	780.0

Notes:

- The merger reserve represents amounts relating to premiums arising on shares issued subject to the provisions of Section 612 of the Companies Act 2006.
- The Employee Benefit Trust acquired 19.1m (2023: 50.1m) ordinary shares through market purchases for a consideration together with associated fees and stamp duty of £18.9m (2023: £37.3m) and the Share Incentive Plan Trust acquired 0.6m (2023: 0.6m) shares for a consideration of £0.7m (2023: £0.4m).
- The share buybacks resulted in the purchase of 58.6m ordinary shares (2023: 68.8m), of which 26.1m (2023: 68.8m) have subsequently been cancelled and 32.5m (2023: nil) were bought into Treasury. See Notes 27 and 28 of the consolidated financial statements.
- Includes £0.5m and £7.5m of cash receipts in respect of new shares and treasury shares respectively, which were issued on exercise of Save As You Earn share options. See Notes 27 and 28 of the consolidated financial statements.

Notes to the Company financial statements

For the year ended 31 March 2024

I. Basis of preparation and material accounting policies

(a) Basis of preparation

Mitie Group plc (the Company) is a public company limited by shares, incorporated in the United Kingdom and registered in Scotland. It was incorporated on 16 July 1936 under the Companies Act 1929. The Company's registered office is at 35 Duchess Road, Rutherglen, Glasgow, G73 1AU. The Company's financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest one hundred thousand pounds, unless otherwise indicated. The Group comprises the Company and all its subsidiaries.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing its financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company's financial statements have been prepared on the historical cost basis and on a going concern basis.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- the statement of compliance with UK-adopted International Accounting Standards;
- the effects of new but not yet effective UK-adopted International Accounting Standards;
- disclosures in respect of capital management;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payment in respect of Group settled share-based payments;
- certain disclosures required by IAS 12 Income Taxes; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

In accordance with Section 408(3) of the Companies Act 2006, the Company is exempt from the requirement to present its income statement.

There are no new and mandatorily effective standards in the year that could have a material impact on the financial statements.

(b) Material accounting policies

The material accounting policies and measurement bases adopted are the same as those disclosed in Note 1 of the consolidated financial statements except as noted below, and have been applied consistently throughout the year and the preceding year, unless stated otherwise.

Investments

Investments in subsidiaries are shown at cost less any impairments. Investments in subsidiaries are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset exceeds its recoverable amount.

Financial instruments

Intercompany loans are all assessed as being repayable on demand. The impairment assessment of receivables is in accordance with IFRS 9.

The Company enters into financial guarantee arrangements to guarantee the indebtedness of other companies within the Group. The financial guarantee contracts are measured in accordance with IFRS 9.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is provided in full on temporary differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon tax rates and legislation that have been enacted or substantively enacted at the statement of financial position date. Temporary differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries, joint ventures and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Share-based payments

Details of the Company's equity-settled share schemes are provided in Note 30 of the consolidated financial statements. The costs of options and conditional awards over the Company's shares granted to employees of the Company's subsidiaries are accounted for as a capital contribution within the carrying value of investments in subsidiaries.

1. Basis of preparation and material accounting policies continued

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements under FRS 101 requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

There were no critical judgements that had significant effects on the amounts recognised in the financial statements and there were no key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

2. Staff numbers and costs

There were no persons employed by the Company (including Directors) during the years ended 31 March 2024 and 31 March 2023. Information about the Directors' remuneration has been disclosed in Note 6 of the consolidated financial statements.

3. Auditor's remuneration

The auditor's remuneration for audit services to the Company has been disclosed in Note 5 of the consolidated financial statements.

4. Investments in subsidiaries

	£m
Cost	
At 1 April 2022	711.2
Capital contribution with respect to share-based payments	10.6
At 31 March 2023	721.8
Capital contribution with respect to share-based payments	13.2
At 31 March 2024	735.0
Impairment	
At 1 April 2022	71.1
Charge for the year	11.4
At 31 March 2023	82.5
At 31 March 2024	82.5
Net book value	
At 31 March 2024	652.5
At 31 March 2023	639.3

Details of the Company's subsidiary undertakings have been disclosed in Note 35 of the consolidated financial statements.

The carrying amount of the Company's investments in subsidiary undertakings has been tested for impairment in accordance with IAS 36 Impairment of Assets. The carrying amount was compared to the asset's recoverable amount and assessed by reference to value-in-use if required. The value-in-use has been calculated based upon a discounted cash flow methodology using the most recent forecasts prepared by management. These forecasts cover the next five years with a terminal value using a long-term growth assumption of 2.0% (2023: 2.0%) and are consistent with those used for the Group's goodwill impairment assessment. The key assumptions for the value-in-use calculation are forecast revenue, direct costs, expectation of future changes in the market and discount rates. The pre-tax discount rates used to assess the forecast cash flows, ranging from 10.2% to 10.9%, have been derived from the Company's post-tax weighted average cost of capital, which was 7.7% at 31 March 2024 (2023: 9.9%). These rates are reviewed annually by external advisors and adjusted for the risks specific to the business being assessed and the market in which it operates.

As a result of this analysis, the Directors have determined that no impairment was required to the Company's investments in subsidiary undertakings (2023: £11.4m).

Reasonably possible changes to the key assumptions would not have resulted in an impairment in the Company's investments in subsidiary undertakings (2023: £nil).

Notes to the Company financial statements continued
For the year ended 31 March 2024

5. Trade and other receivables

	2024 £m	2023 £m
Amounts owed by subsidiaries	163.0	56.3
Prepayments	7.3	5.7
Other receivables ¹	25.6	26.0
Total	195.9	88.0
Current	195.7	87.7
Non-current	0.2	0.3
Total	195.9	88.0

Note:

1. Includes £23.1m (2023: £25.9m) of VAT payments on account made on behalf of other Group entities and £0.6m VAT owed by tax authorities (2023: £1.9m owed to tax authorities).

Amounts owed by subsidiaries are generally repayable on demand. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

6. Deferred tax assets

	Accelerated capital allowances £m	Share options £m	Short-term timing differences £m	Total £m
At 1 April 2022	0.5	2.3	–	2.8
Credit to income statement	–	1.4	–	1.4
Credit to equity	–	1.4	–	1.4
At 31 March 2023	0.5	5.1	–	5.6
(Charge)/credit to income statement	(0.1)	0.9	0.4	1.2
Credit to equity	–	2.6	–	2.6
At 31 March 2024	0.4	8.6	0.4	9.4

7. Current tax receivable

As at 31 March 2024, the Company held a current tax receivable of £36.5m (2023: £21.1m), comprising amounts owed by subsidiaries in relation to Group relief of £5.7m (2023: £3.4m), £29.1m (2023: £16.1m) of tax payments made on behalf of other Group entities and £1.7m owed by tax authorities (2023: £1.6m).

8. Trade and other payables

	2024 £m	2023 £m
Trade payables	1.4	4.4
Amounts owed to subsidiaries	73.9	11.7
Other taxes and social security	5.8	3.9
Accruals	13.6	21.2
Other payables	4.6	4.0
Total	99.3	45.2

Amounts owed to subsidiaries are repayable on demand. The Directors consider that the carrying amount of trade and other payables approximates their fair value. Included within amounts owed to subsidiaries above is £70.7m (2023: £nil) relating to interest-bearing loans at 5% per annum (2023: n/a).

9. Provisions

	£m
At 1 April 2023	15.1
Additional provisions	7.0
Utilised	(6.6)
At 31 March 2024	15.5
Current	5.4
Non-current	10.1
Total	15.5

Provisions were in respect of the insurance reserve. The Company retains a portion of the exposure in relation to insurance policies for employer liabilities and motor and fleet liabilities, and a claim typically settles over five years. This includes a provision for claims incurred but not yet reported and is based on information available at the statement of financial position date using advice from third-party actuarial experts.

10. Equity

Details of the Company's share capital, share premium, merger reserve, own shares reserve, share-based payments reserve and capital redemption reserve have been disclosed in Notes 27 and 28 of the consolidated financial statements. Retained profits comprise the earnings and losses of the Company less amounts distributed to the Company's shareholders.

11. Dividends

Dividends recognised have been disclosed in Note 9 of the consolidated financial statements.

12. Contingent liabilities

The Company and its subsidiaries have given guarantees and entered into counter-indemnities amounting to £34.5m (2023: £33.7m) in respect of performance bonds and letter of credits relating to certain Group contracts.

As disclosed in Note 35 of the consolidated financial statements, certain subsidiaries have taken advantage of the audit exemption under Section 479A of the Companies Act 2006 for the year ended 31 March 2024. A parent company guarantee has been provided for these companies under Section 479C of the Companies Act 2006.

13. Share-based payments

The Company has certain equity-settled share schemes as described in Note 30 of the consolidated financial statements.

14. Related party transactions

Details of the related party transactions have been disclosed in Note 33 of the consolidated financial statements.

The Directors are remunerated for their services to the Group as a whole. No remuneration was paid to the Directors specifically in respect of their services to the Company for the years ended 31 March 2024 or 31 March 2023. Detailed disclosures of Directors' remuneration and share interests are given in the Directors' remuneration report on pages 126 to 148.

Under FRS 101, the Company is exempt from disclosing key management personnel compensation and transactions with other companies wholly owned by the Group. The Company had no other related party transactions during the year ended 31 March 2024 (2023: £nil).

Appendix – Alternative Performance Measures

The Group presents various Alternative Performance Measures (APMs) as management believes that these are useful for users of the consolidated financial statements in helping to provide a balanced view of, and relevant information on, the Group's financial performance.

In assessing its performance, the Group has adopted certain non-statutory measures which, unlike its statutory measures, cannot be derived directly from its consolidated financial statements. The Group commonly uses the following measures to assess its performance:

Performance before Other items

The Group adjusts the statutory income statement for Other items which, in management's judgement, need to be disclosed separately by virtue of their nature, size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business.

These Other items include impairment of goodwill, impairment and amortisation of acquisition related intangible assets, acquisition and disposal related costs, charges with respect to employment-linked earnouts, fair value gain on acquisitions, gain or loss on business disposals, cost of restructuring programmes and other exceptional items. Further details of these Other items are provided in Note 4.

		2024 £m	2023 £m
Operating profit			
Operating profit	Statutory measures	165.7	117.0
Adjust for: restructure costs	Note 4	20.4	16.6
Adjust for: acquisition and disposal related costs	Note 4	38.3	25.1
Adjust for: other exceptional items	Note 4	3.7	3.4
Adjust for: fair value gain on Landmarc acquisition	Note 4	(17.9)	–
Operating profit before Other items	Performance measures	210.2	162.1

Reconciliations are provided below to show how the Group's segmental reported results are adjusted to exclude Other items.

	2024			2023 (restated) ¹		
	Reported results £m	Adjust for: Other items (Note 4) £m	Performance measures £m	Reported results £m	Adjust for: Other items (Note 4) £m	Performance measures £m
Operating profit/(loss)						
Business Services	93.7	3.3	97.0	90.8	1.5	92.3
Technical Services	34.1	10.2	44.3	23.3	10.8	34.1
CG&D	98.3	(17.9)	80.4	60.6	(0.8)	59.8
Communities	37.8	1.3	39.1	31.0	0.4	31.4
Corporate centre	(98.2)	47.6	(50.6)	(88.7)	33.2	(55.5)
Total Group	165.7	44.5	210.2	117.0	45.1	162.1

1. The comparatives for the year ended 31 March 2023 have been restated for the change in composition of reportable segments (See Note 3).

In line with the Group's measurement of profit from operations before Other items, the Group also presents its basic earnings per share before Other items. The table below reconciles this to the statutory basic earnings per share.

		2024 pence	2023 pence
Earnings per share			
Statutory basic earnings per share	Statutory measures	9.8	6.8
Adjust for: Other items per share		2.5	2.7
Basic earnings per share before Other items	Performance measures	12.3	9.5

Performance excluding Covid-related contracts

Reconciliations are provided below to show how the Group's reported results are adjusted to exclude non-recurring short-term Covid-related contracts.

Revenue		2024 £m	2023 £m
Group revenue	Statutory measures	4,445.2	3,945.0
Adjust for: share of revenue of joint ventures and associates		65.5	110.1
Revenue including share of joint ventures and associates	Performance measures	4,510.7	4,055.1
Adjust for: revenue from short-term Covid-related contracts ¹		–	(15.3)
Revenue excluding short-term Covid-related contracts	Performance measures	4,510.7	4,039.8

Note:

1. In 2023, £14.7m was attributable to the Business Services segment.

Operating profit		2024 £m	2023 £m
Operating profit	Statutory measures	165.7	117.0
Adjust for: Other items		44.5	45.1
Operating profit before Other items	Performance measures	210.2	162.1
Adjust for: operating profit from short-term Covid-related contracts ¹		–	(7.1)
Operating profit excluding short-term Covid-related contracts	Performance measures	210.2	155.0

Note:

1. In 2023, £7.0m was attributable to the Business Services segment.

Net debt and total financial obligations

Net debt is defined as the difference between total borrowings and cash and cash equivalents. It is a measure that provides additional information on the Group's financial position. Restricted cash which is subject to various constraints on the Group's ability to utilise these balances, has been excluded from the net debt measure.

Total financial obligations (TFO) are defined as the Group's net debt and the net retirement benefit liabilities. TFO represents all debt-like financing items the Group has made use of at the year end.

A reconciliation from reported figures is presented below:

Net debt		2024 £m	2023 £m
Cash and cash equivalents	Statutory measures	244.9	248.3
Adjusted for: restricted cash and cash held on trust ¹	Note 22	(4.2)	(6.4)
Financing liabilities	Note 23	(321.5)	(286.0)
Net debt	Performance measures	(80.8)	(44.1)
Net retirement benefit liabilities	Note 31	(0.8)	(0.2)
TFO	Performance measures	(81.6)	(44.3)

Note:

1. Included within these amounts is restricted cash of £4.2m (2023: £6.4m).

The Group uses an average net debt measure as this reflects its financing requirements throughout the period. The Group calculates its average net debt based on the daily closing figures, including its foreign currency bank loans translated at the closing exchange rate for the previous month end. This measure showed average daily net debt of £160.7m for the year ended 31 March 2024, compared with £84.3m for the year ended 31 March 2023.

Appendix – Alternative Performance Measures continued

Free cash flow

Free cash flow is a measure representing the cash that the Group generates after accounting for cash flows to support operations and maintain its capital assets. It is a measure that provides additional information on the Group's financial performance as it highlights the cash that is available to the Group after operating and capital expenditure requirements are met. The table below reconciles net cash generated from operating activities to free cash inflow.

		2024 £m	2023 £m
Free cash flow			
Net cash generated from operating activities	Statutory measures	197.7	83.0
Add: net decrease in restricted cash and cash held on trust	Note 22	2.2	31.1
Interest received		3.6	2.2
Dividends received from joint ventures and associates	Note 14	8.4	9.0
Employment-linked earnouts		0.7	–
Purchase of property, plant and equipment	Note 13	(11.5)	(10.9)
Purchase of other intangible assets	Note 12	(8.4)	(14.3)
Disposal of property, plant and equipment		0.2	0.1
Lease incentives received		5.7	–
Capital element of lease rentals paid	Note 25	(41.0)	(34.5)
Free cash inflow	Performance measures	157.6	65.7

Earnings before interest, tax, depreciation and amortisation

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of the Group's profitability. EBITDA is measured as profit/(loss) before tax excluding the impact of net finance costs, Other items, depreciation of property, plant and equipment, amortisation and impairment of non-current assets and amortisation of contract assets.

		2024 £m	2023 £m
EBITDA			
Profit before tax	Statutory measures	156.3	105.5
Add: net finance costs	Note 7	9.4	11.5
Operating profit		165.7	117.0
Add: Other items	Note 4	44.5	45.1
Operating profit before Other items		210.2	162.1
Add:			
Depreciation of property, plant and equipment	Note 13, 25	48.2	43.1
Amortisation of non-current assets ¹	Note 12	8.2	7.8
Amortisation of contract assets	Note 16	1.4	1.3
Impairment of non-current assets ¹	Note 12, 25	0.1	0.2
EBITDA	Performance measures	268.1	214.5

Note:

1. Excludes amounts classified in the consolidated income statement as Other items.

Return on invested capital

Return on invested capital (ROIC) is a measure of how efficiently the Group utilises its invested capital to generate profits. The table below reconciles the Group's net assets to invested capital and summarises how the ROIC is derived.

		2024 £m	2023 £m
Net assets	Statutory measures	473.7	421.7
Add:			
Non-current liabilities		327.6	335.9
Current provisions	Note 20	66.5	54.2
Current private placement notes	Note 23	30.0	–
Deduct:			
Non-current deferred tax assets	Note 21	(7.9)	(20.4)
Cash and cash equivalents	Note 22	(244.9)	(248.3)
Invested capital	Performance measures	645.0	543.1
Operating profit before Other items		210.2	162.1
Tax ¹		(39.7)	(24.3)
Operating profit before Other items after tax¹		170.5	137.8
ROIC %²	Performance measures	26.4%	25.4%

Notes:

1. Tax charge has been calculated at the effective tax rate for the year on pre-tax profits before Other items of 18.9% (2023: 15.0%).
2. The ROIC metric used for the purposes of the Enhanced Delivery Plan (EDP) requires further adjustments under the detailed rules agreed with shareholders.

Shareholder information

Overview

Interim results for H1 FY25 21 November 2024

Dividends

FY24 interim dividend (1.0p paid)	31 January 2024
FY24 final dividend (3.0p proposed)	
Ex-dividend date	20 June 2024
Record date	21 June 2024
Last date for receipt/revocation of Dividend Reinvestment Plan (DRIP) mandate	8 July 2024
Payment date	5 August 2024

Annual General Meeting

2024 Annual General Meeting 23 July 2024

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Mitie online share portal

Mitie has a portal where shareholders can register and can then login to:

- Access information on shareholdings and movements;
- Update address details;
- View dividend payments received and register bank mandate instructions;
- Sell Mitie shares;
- Complete an online proxy voting form; and
- Register for e-communications allowing Mitie to notify shareholders by email that certain documents are available to view on its website. This will further reduce Mitie's carbon footprint as well as reduce costs.

If you wish to register, please sign up at: www.mitie-shares.com.

Corporate website

This report can be downloaded in PDF from the Mitie website, which also contains additional general information about Mitie.

Please visit www.mitie.com.



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