Interim Results

13 November 2025

Taken action to drive short-term performance and long-term growth

Results for six months to 30 September 2025 ('H1 FY26')

Steve Wadey, Group Chief Executive Officer, said: "Operational performance in the half has been in line with our expectations. Despite tough market conditions, we delivered against our record order backlog and implemented our restructuring activities, including disposal of the US Federal IT business. Our mission critical capabilities remain highly relevant in a growing defence market and together with our significant backlog and pipeline, we have confidence to drive sustained long-term growth and compelling value creation for our shareholders."

Financial highlights

	Underlying[1] results		Statutory results	
	H1 FY26	H1 FY25	**H1 FY26**	H1 FY25
Revenue	**£900.4m**	£946.8m	**£900.4m**	£946.8m
Operating profit[2]	**£96.0m**	£106.6m	**£64.3m**	£94.3m
Profit after tax	**£76.8m**	£80.9m	**£38.3m**	£63.0m
Earnings per share	**14.2p**	14.2p	**7.1p**	11.1p
Interim dividend per share	**3.0p**	2.8p	**3.0p**	2.8p
Order intake	**£2,416.5m**[3]	£1,034.8m		
Funded order backlog	**£4,345.7m**	£2,936.1m		
Net cash flow from operations	**£127.9m**	£130.9m	**£100.4m**	£118.1m
Net debt	**£180.9m**	£190.9m		

Group financial performance in line with our expectations for the half

- Organic[4] revenue down 3% due to US restructuring and tough near-term market conditions
- Underlying operating profit down 10% with margin ahead of guidance at 10.7%
- Underlying EPS flat at 14.2p reflecting the benefits of the accelerated share buyback
- Cash performance remains strong with good conversion at 85% and leverage at 0.6x[5]
- Orders of £2.4bn, with a book-to-bill[6] of 0.9x impacted by near-term UK market conditions
- Progressive dividend growth of 7%, with interim dividend at 3.0p
- £101m total returns to shareholders (dividend and share buyback) in the first half

Highly relevant to our customers' mission in a growing defence market

- Differentiated company highly relevant to the increasing threat, with strong fundamental growth drivers structurally aligned to increasing defence spend
- US restructuring on track with business refocused and a book-to-bill of 1.5x to drive sustainable growth
- Secured £1.5bn LTPA extension to transform UK's Test & Evaluation (T&E) for future warfare
- Significant backlog of £4.8bn (funded and unfunded) and strong pipeline of £11bn gives good long-term visibility

FY26 guidance unchanged with continued discipline on capital deployment

- On-track to deliver c.3% organic revenue growth pre-FX and Federal IT disposal
- Revenue cover of 89% for the second half of FY26
- Margin at c.11% with c.90% cash conversion
- EPS growth at 15-20%

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[1] Definitions of the Group's 'Alternative Performance Measures' can be found in the glossary.

[2] Underlying operating profit refers to operating profit from segments. See note 2 to the interim financial statements for details.

[3] Including £1.5bn LTPA extension plus award of £166m relating to current investments

[4] Organic growth is the level of year-on-year growth, expressed as a percentage, calculated at constant prior year foreign exchange rates, adjusting for business acquisitions and disposals to reflect equivalent composition of the Group

[5] Net debt to underlying EBITDA for the last 12 months

[6] B2B ratio is orders won divided by revenue recognised, excluding LTPA orders and revenue of £132.1m (H1 FY25: £130.7m)

Dividend Declaration
The company announces an interim dividend of 3.0p (H1 FY25: 2.8p) per share for the financial year ending 31 March 2026 on the Company's shares of 1 pence. The interim dividend will be paid on Friday 6 February to shareholders on the register on Friday 9 January 2026. The interim dividend represents a 7% increase on the prior half year dividend in line with our progressive dividend policy. The full year proposed dividend will be announced with our full year preliminary results in May 2026.

The dividend is conditional upon the Directors not having determined (at their discretion) to cancel the dividend at any point prior to its payment.

This announcement contains regulated information as per Disclosure Guidance and Transparency Rule (DTR) 6.3.

Interim results presentation:
We will be hosting an in-person results presentation at 09:30 GMT at Deutsche Numis, 45 Gresham Street, London, EC2V 7BF. Registration to join in-person or via the live webcast will be available via our website at https://www.qinetiq.com/en/investors or at https://brrmedia.news/QQ_FY26_Interim

About QinetiQ:
QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs c.8,000 highly-skilled people, committed to creating new ways of protecting what matters most; testing technologies, systems, and processes to make sure they meet operational needs; and enabling customers to deploy new and enhanced capabilities with the assurance they will deliver the performance required.

For further information please contact:

Stephen Lamacraft, Interim Group Investor Relations Director: +44 (0) 7471 885817
Stephanie Mann, Group Head of Media Relations +44 (0) 7770 720268

LEI: 213800S8OBDOZMCMUW34

Basis of preparation:
Throughout this document, certain measures are used to describe the Group's financial performance, which are not recognised under IFRS or other generally accepted accounting principles (GAAP). The Group's Directors and management assess financial performance based on underlying measures of performance, which are adjusted to exclude certain 'specific adjusting items'. In the judgment of the Directors, the use of alternative performance measures (APMs) such as underlying operating profit and underlying earnings per share are more representative of ongoing trading, facilitate meaningful year-to-year comparison and, therefore, allow the reader to obtain a fuller understanding of the financial information. The adjusted measures used by QinetiQ may differ from adjusted measures used by other companies. Details of QinetiQ's APMs are set out in the glossary to the document.

Year references (FY26, FY25, 2026, 2025) refer to the year ended 31 March

Disclaimer
This document contains certain forward-looking statements relating to the business, strategy, financial performance and results of the Company and/or the industry in which it operates. Actual results, levels of activity, performance, achievements and events are most likely to vary materially from those implied by the forward-looking statements. The forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words 'believes',' expects', 'predicts', 'intends', 'projects', 'plans', 'estimates', 'aims', 'foresees', 'anticipates', 'targets', 'goals', 'due', 'could', 'may', 'should', 'potential', 'likely' and similar expressions, although these words are not the exclusive means of doing so. These forward-looking statements include, without limitation, statements regarding the Company's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the relevant markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Nothing in this document should be regarded as a profit forecast.

The forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources, contained in this announcement are solely opinions and forecasts which are uncertain and subject to risks. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Actual results may differ materially from those expressed or implied by these forward-looking statements. A number of factors could cause actual events to differ significantly and these are set out in the principal risks and uncertainties section of this document.

Most of these factors are difficult to predict accurately and are generally beyond the control of the Company. Any forward-looking statements made by, or on behalf of, the Company speak only as of the date they are made. Save as required by applicable law, the Company will not publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document. All subsequent written and oral forward-looking statements attributable to either QinetiQ Group plc or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to in this disclaimer and contained elsewhere in this document.

QinetiQ Group plc and its directors accept no liability to third parties in respect of this document save as would arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Schedule 10A of the Financial Services and Markets Act 2000. It should be noted that Schedule 10A and Section 463 of the Companies Act 2006 contain limits on the liability of the directors of QinetiQ Group plc so that their liability is solely to QinetiQ Group plc.

Chief Executive Officer's Review

Overview

Given the importance of the UK market to the Group, the priorities set out in the UK Strategic Defence Review (SDR) and the UK Defence Industrial Strategy (DIS) should not be understated. Over the medium to long-term the fundamental shift already underway in the UK underpins the relevance of our capabilities through the increased requirement for investment in defence technology, increased rate of procurement and greater industrial collaboration. The dynamics and requirements seen in the UK are seen throughout our other home nations of the US and Australia (AUKUS nations) with particular momentum also being seen in Europe, an increasing focus and opportunity for the Group.

In the first half of the year, we won a record £2.4bn of orders, including a £1.5bn five-year extension of our Long-Term Partnering Agreement (LTPA) contract through to 2033, delivering and transforming the provision of mission critical Test, Trials, Training and Evaluation (T3E) services from 16 MOD sites in England, Scotland and Wales. Although we have a significant order backlog of £4.8bn (funded and unfunded), underlying book-to-bill for the first half (H1) was 0.9x. Overall, our H1 financial performance was robust in tough near-term markets. We saw this particularly in the UK, where we experienced delays to orders on our Engineering Services and R&D frameworks, in part, due to the customers' focus on major equipment programmes. As a result, and including the impact of currency headwinds, H1 revenue was 3% lower on an organic basis than prior year at £900.4m, in line with our expectations of H1 being approximately 46-48% of full year revenue. Underlying operating profit margin at 10.7% reflected good execution against the current backlog. Cash conversion in the first half was good at 85%, and full year cash conversion is expected to be in line with guidance of c.90%. We have maintained our balance sheet strength with leverage of 0.6x providing optionality over time for value accretive capital deployment in excess of the £200m share buyback already announced.

At a segment level, EMEA Services delivered £2.2bn of orders. Excluding the LTPA extension, orders fell by 37% delivering a book-to-bill of 0.8x due to tough near-term market conditions in the UK and ongoing defence budget pressures in the Australian market. The expected lower volumes in Australia, and combined with near-term market conditions, meant revenue was down 1% at £708m. Operational delivery against the order book was good and enabled margins to be maintained at 11.5%. Within EMEA Services the UK business grew and with a record UK orderbook, established framework contracts, a strong pipeline of opportunities and relevance of our capabilities to our UK customer, we are well positioned for long-term sustainable growth.

Global Solutions generated order intake of £247.4m, revenue of £192.1m and a margin of 7.4%. These metrics were all down versus the prior year due to the US restructuring and challenging market conditions, as well as the timing on a number of our product sales. As outlined at the full year results we have been taking decisive action to restructure our US operations and have been implementing those actions in the first half, including divesting our US Federal IT Services business, to create a smaller but more focused US business that is better aligned to the higher margin structural growth opportunities. The total funded order backlog ended the half at £0.4bn and the book-to-bill is 1.3x, supporting our confidence for growth in the coming years.

Operational and Financial Overview

We have made good strategic progress over the first half in both EMEA Services and Global Solutions to position us well for long-term sustainable growth.

Within EMEA Services, the key achievement was the £1.5bn extension of our LTPA contract through to 2033 which will transform the UK's T3E capability for future warfare. The contract is critical to the upcoming capability upcycle as we move from platforms such as the Type 23 frigate to the Type 26, Typhoon combat aircraft to Tempest and the Vanguard continuous at sea deterrent to Dreadnought. The ability to test directed energy systems, hypersonics and uncrewed systems whilst establishing a T&E "Innovation Gateway" to attract SME's and new entrants, ensures that not only are we at the forefront of T&E for our UK customer but that we become a more attractive resource for our NATO allies. We are already gaining great traction with the Spanish, Italian, German and US air forces as well as Japan and the Netherlands.

Within the LTPA contract, and closely aligned to the T&E Innovation Gateway is our DroneWorks test capability that is supporting UK MOD and industrial partners accelerate development of Uncrewed Aerial Systems (UAS) and Counter UAS into service at pace, further establishing QinetiQ as a key partner to UK industry for uncrewed systems.

In September we announced the strengthening of the QinetiQ-led Aurora Engineering Partnership which supports the rapid deployment of military equipment to the frontline. This included the addition of KBR and Frazer-Nash Consultancy as partners and investment in AI technology as well as a commitment to increase the role of small and medium sized enterprises. The combination of AI with high-value engineering skills will save time and cost, boosting productivity as well as increasing the pace of delivery for MOD programmes across the defence enterprise.

Together, these strategic milestones are a demonstration of our commitment to playing our part in delivering on the ambitions of the UK's Strategic Defence Review.

A further strategically important award during H1 was the Maritime Command and Staff Training (MCAST) contract. We won the £25m MCAST contract in August to provide synthetic training services to the Royal Navy ultimately delivering a network of shore-based and ship-based capabilities to generate operationally relevant training environments.

Finally, the DragonFire Minimum Deployable Capability (MDC) programme continues to progress well. We have delivered successful trials of our laser source that will be supplied to MBDA for integration with the Leonardo Beam Director and installation on Royal Navy ships from 2027.

Within Global Solutions, during the first half we have been focused on executing the targeted restructuring programme in our US business to improve profitability and streamline operations that we highlighted in May. We are starting to see the benefits of this programme alongside a focus on four capabilities where we have differentiated long-term incumbent positions and see good growth potential. These are space and missile defence, maritime systems, advanced sensors and persistent surveillance. This is gaining traction with expected strong growth in our contract with the Space Development Agency (SDA). As the largest contractor to this agency, we are well placed to continue to expand our service offering as the demands placed upon the SDA continue to increase. Finally, a key outcome in the half was the successful disposal of the Federal IT business for an enterprise value of c.$31m (c.£23m) in September 2025.

Building the foundations for the future

We remain focused on securing future sustainable growth against a backdrop of challenging market conditions.

We operate in a rapidly changing and highly uncertain geopolitical environment which is accelerating the pace of change and expanding the breadth of the threat our customers face. Our customers have committed to long-term spending increases and are driving major procurement reforms, as they seek to rapidly create new disruptive capabilities and scale existing capabilities to overmatch the threat at wartime pace.

We are a differentiated company, highly relevant to the increasing threat, with strong fundamental growth drivers structurally aligned to increased defence spending. Our mission-critical capabilities in Research & Development, Engineering Services, Test & Training and Mission Support are highly relevant and are directly aligned to our customers' priorities.

As the market is changing, we have adjusted our strategy, to increase focus in three areas:

1. Firstly, partnering more closely with our customers to help the build greater resilience, rapidly modernise and deliver innovation at pace. We are a strategic partner to the UK Government and the fourth largest defence supplier to the UK MOD. Our capabilities are aligned to the ambitions of the UK's Strategic Defence Review and we have increasing opportunities to leverage our expertise, in partnership with the government, into major export programmes.

2. Secondly, continuing to pursue focused growth in each of our key domestic markets. In EMEA Services, we have deep expertise that we are leveraging on our next generation technologies, capabilities and programmes and in Global Solutions, we now have much greater focus in the US and see good organic growth potential for our four capabilities.
3. Thirdly, leveraging our capabilities to expand and grow into European markets. Over recent years, we have made good progress with European NATO and allies and we are also increasing our export focus where we see specific opportunities for our capabilities.

Having secured the LTPA extension, we have a significant backlog of £4.8bn and combined our qualified pipeline of £11bn, they provide good long-term visibility and underpin our confidence in creating long-term value for shareholders.

Outlook: FY26 expectations unchanged

Our expectations for the full-year remain unchanged with c.3% organic revenue growth, margin of c.11%, EPS growth of 15-20% and c.90% cash conversion. This will deliver an attractive return on capital employed at the 15-20%+ range.

The strength of our balance sheet provides optionality, through disciplined deployment of capital, for sustainable value creation whether through capital returns or small bolt-on acquisitions to enhance our current offering.

Summary

We have made good progress in the first half and are well placed to take advantage of the long-term sustainable growth opportunities despite the near-term challenging environment in which we are operating. It is testament to our highly skilled employees that we have been able to implement the necessary changes throughout the Group whilst delivering mission critical capabilities and a robust half of financial performance. I look forward with confidence in our ability to deliver for our customers, shareholders and employees alike.

Chief Financial Officer’s Review

Overview of the half year results

We have delivered a robust half year financial performance in difficult near-term market conditions in our core markets whilst implementing our restructuring programme and digital roll out programme.

Total orders are a record £2.4bn for the period including £1.5bn for the LTPA, up 134% (H1 FY25: £1,034.8m). Excluding LTPA our book to bill was 0.9x with orders in the half slower than expected with delays in our UK framework contracts which we expect to catch up in the second half. Our SDA contract in the US secured its second year of funding ($75m) and saw further on contract growth with significant additional funding streams identified. Due to the multi-year phasing and funding approach to contract awards in the US we continue to only book awards in-line with our prudent order recognition policy.

Revenue visibility remains good and the Group’s total order backlog (funded and unfunded) at 30 September 2025 increased to £4.8bn. At the start of H2 FY26, the Group has approximately 89% of revenue cover to year end compared to 88% at the same time last year. Including the recently secured orders takes the level to 91%.

Revenue was £900.4m (H1 FY25: £946.8m), down 5% on a reported basis or 3% on an organic basis. Global Solutions performance was impacted by anticipated lower revenues within our US business on short-cycle Federal IT work (now disposed of) and timing on product sales. EMEA Services was 1% down, impacted by delays in engineering services awards in the UK and Australia where we lost a competed package of work.

Operating profit from segments was £96.0m (H1 FY25: £106.6m) at an operating margin of 10.7% ahead of guidance, as the Group delivered consistently against its order backlog. Profit was down 10%, reflecting the lower revenue and the impact of the Group's restructuring activities especially in the US. Operating profit from segments excludes income from Research and Development Expenditure Credits (RDEC) which was £14.8m (H1 FY25: £12.6m).

Specific adjusting items

The total impact of specific adjusting items on operating profit (which are excluded from underlying performance) was an expense of £46.5m (H1FY25: £24.9m).

The half has seen a significant roll out of work under our discrete investment project to build our digital platform to enable our global growth strategy. The majority of the costs in the half are reported as specific adjusting items in the P&L given their one-off nature, with ongoing recurring operating costs (such as licence costs and overheads) remaining within underlying operating costs. In H1 FY26 the exceptional cost element of the digital investment programme within specific adjusting items totals £12.1m (H1 FY25: £9.9m).

Amortisation of acquisition intangibles was £11.6m (H1 FY25: £12.1m), with the variance due to foreign exchange.

The first half has also seen us incur £22.6m (H1 FY25: £nil) of restructuring costs and associated impacts. This includes the costs of on-going efficiency activity in UK and Australia operations as well as some further non-cash charges in the US as a consequence of the refinement of the market-facing strategy and portfolio actions.

Also included with specific adjusting items are net finance income from pensions of £1.1m (H1 FY25 £0.4m) and a £0.5m profit on the disposal of the Federal IT business in the US.

Cash performance and capital allocation

Underlying net cash flows from operations was £127.9m (H1 FY25: £130.9m), resulting in a consistently strong cash conversion before capital expenditure of 85% (H1 FY25: 84%). There are some seasonal impacts between the first and the second half which impact H1 cash conversion, such as the timing of receiving RDEC income (with the prior year income received in cash in H2). We are on-track to deliver full year underlying operating cash conversion of approximately 90%, in-line with our guidance.

Capex for the period was £36.4m (H1 FY25: £48.6m). We continue to invest in core contracts including the LTPA. Full year total capex is expected to be in-line with previous guidance of c.£100m.

At 30 September 2025 the Group had £180.9m net debt, compared to £190.9m at last half year and £133.2m at 31 March 2025. The increase from year end is due to £63.4m free cash flow being more than offset with shareholder distributions comprising a dividend payment of £32.8m and £67.7m of share repurchases from the ongoing share buyback programme. The half year also included a number of restructuring payments for which the financial provision was made in FY25. The net debt position results in a leverage ratio of 0.6x (31 March 2025: 0.4x).

We maintain a rigorous approach to the deployment of our capital, scrutinising organic investments and inorganic opportunities against shareholder returns and ensuring we have a balanced and value accretive deployment of capital.

During H1 FY26 we have demonstrated our disciplined capital allocation policy in action:

- Invested in our organic growth through capex, R&D, digital and major competitive bids
- Provided a progressive dividend to shareholders – year-on-year growth rate of 7%
- Completed the sale of our non-core Federal IT business in the US
- Used the proceeds from the sale to accelerate our Share Buyback programme, completing £68m in the first half

- Completed the £50m share buyback which was announced in November 2024 and commenced the 2-year £200m programme

Net finance costs

Underlying net finance expense on the Group’s net debt position was £8.6m (H1 FY25: £8.2m), with the increase due to additional finance lease interest expense following the sale and leaseback of Cody Technology Park, Farnborough UK in the prior year. The pension net finance income, which is a specific adjusting item of £1.1m (H1 FY25: £0.4m), increased due to a higher opening net pension surplus.

Tax

The total tax charge is £19.0m (H1 FY25: £23.5m). The underlying tax charge of £25.4m (H1 FY25: £30.1m) is calculated by applying the expected underlying effective tax rate at a geographic level for the year ending 31 March 2026 to the underlying profit before tax for the six months to 30 September 2025.

The Group's full year expected underlying effective tax rate is 24.9% which is in line with the half year underlying effective tax rate of 24.9% (H1 FY25: 27.1%). The decrease on last year is due to the geographic mix of profits.

In future we expect the effective rate to be in line with the UK statutory rate subject to the geographic mix of profits and the recognition of deferred tax in respect of overseas tax losses and excess interest deductions.

Tax on specific adjusting items includes credits of £2.1m for restructuring costs, £3.1m for the digital investment programme, £2.6m prior year adjustment for the Cody Technology Park disposal, £0.9m for the amortisation of acquisition intangibles and other items. The total specific adjusting items tax credit was £6.4m (H1 FY25: £6.6m).

Pensions

The net pension asset under IAS 19, before adjusting for deferred tax, was £47.7m (31 March 2025: £39.4m). The increase was driven by a net actuarial gain on the pension net asset position. The key assumptions used in the IAS 19 valuation of the scheme are set out in note 13.

Return on Capital Employed (ROCE)

ROCE is calculated as underlying operating profit less amortisation for the previous 12 months / (average capital employed less net pension asset), where average capital employed is defined as shareholders’ equity plus net debt (or minus net cash).

For H1 FY26 Group ROCE was 21.1% (H1 FY25: 20.1%) with a lower average capital employed following the impairment charge recognised in FY25 and a lower return which includes the challenges of H2 FY25.

Earnings per share

Underlying basic earnings per share for the Group was 14.2p for the first half (H1 FY25: 14.2p), with a lower profit being offset by the benefits of the accelerated buyback programme and marginally lower tax rate. Statutory basic earnings per share (including specific adjusting items) were 7.1p (H1 FY25: 11.1p), due to the increase in specific adjusting items including restructuring charges.

Dividend

An interim dividend of 3.0p (H1 FY25: 2.8p) will be paid on Friday 6 February 2026 to shareholders on the register on Friday 9 January 2026. The interim dividend represents a 7% increase on the prior half year dividend in line with our progressive dividend policy. The full year proposed dividend will be announced with our full year preliminary results in May 2026.

Committed facilities

The Group has a £333m Term Loan split into two Tranches: GBP Term Loan £273m (Tranche A); and, USD Term Loan $80m (Tranche B), and will mature on 27 September 2027. Participating banks have lent on a 2-tier basis, 3-banks at £67m and 4-banks at £35m. In-line with Group policy, £270m (c.80%) of the floating rate debt has been fixed using SONIA interest rate swaps at a weighted average rate of 3.5%.

The Group has a £290m bank revolving credit facility with an additional 'accordion' facility to increase the limit up to £400m. The facility, which will mature on 22 April 2028, was undrawn at 30 September 2025 and provides the Group with significant scope to execute its strategic growth plans.

We adopt a strict policy on managing counterparty risk through a combination of diversification of investments and regular reviews of counterparty limits using credit rating assessments. We are proud that our debt sits with our key relationship banks who have strong credit ratings and diverse portfolios demonstrating their resilience against any bank turmoil. The banks have been selected for their capabilities in our home countries to support our business.

Foreign exchange

The Group's income and expenditure is largely settled in the functional currency of the relevant Group entity, mainly Sterling, US Dollar or Australian Dollar. The Group has a policy to hedge all material transaction exposure at the point of commitment to the underlying transaction. Uncommitted future transactions are not routinely hedged. The Group does not hedge its exposure to translation of the income statement. The principal exchange rates affecting the Group were the Sterling to US Dollar and Sterling to Australian Dollar exchange rates.

	H1 FY26	H1 FY25
£/US$ - average	**1.34**	1.29
£/US$ - closing	**1.34**	1.34
£/US$ - opening	**1.29**	1.26
£/AU$ - average	**2.07**	1.93
£/AU$ - closing	**2.03**	1.93
£/AU$ - opening	**2.07**	1.94

Foreign exchange translation has provided a modest headwind to revenue and operating profit compared to the previous half year. Most significantly, the US Dollar has strengthened with the average exchange rate to Sterling increasing from 1.29 to 1.34. In H1 FY26, c.16% of our total Group revenue was generated in the US. As a result of the strengthening US Dollar and other FX movements in the period, revenue decreased by c.£10m. Every 5c movement in the USD rate would impact annual Group revenue by c.£15m.

Operating review

EMEA Services

	H1 FY26 £m	H1 FY25 £m
Orders (excluding LTPA amendment)	**459.7**	730.4
Total orders	**2,169.1**	730.4
Revenue	**708.3**	717.8
Underlying operating profit*	**81.7**	82.9
Underlying operating margin*	**11.5%**	11.5%
Book-to-bill ratio(1)	**0.8x**	1.2x
Order backlog	**3,926.4**	2,559.8

* Definitions of the Group's 'Alternative Performance Measures' can be found in the glossary

(1) B2B ratio is orders won divided by revenue recognised, excluding LTPA awards and non-tasking revenue of £132m (H1 FY25 £131m)

Overview

EMEA (Europe, Middle East and Australasia) Services combines world-leading expertise with unique facilities to generate and assure capability. We do this through capability integration, threat representation and operational readiness, underpinned by long-term contracts that provide good revenue visibility and cash generation.

Financial performance

Total Orders were £2.2bn, including £1.5bn for the LTPA extension. Orders excluding LTPA were down 37% to £459.7m (H1 FY25: £730.4m) with a book-to-bill of 0.8x driven by delays to UK framework orders. The funded order backlog was £3.9bn, higher than 31 March 2025, driven by the LTPA contract extension.

Revenue reduced 1% on an organic basis on anticipated lower volumes in our advisory business in Australia and the delays to near-term orders in the UK.

Underlying operating profit reduced by 1% to £81.7m (H1 FY25: £82.9m), at a margin of 11.5% which is in line with expectations and prior year (H1 FY25: 11.5%) as the business delivered good operational performance against the order backlog.

Including the LTPA, approximately 67% of EMEA Services revenue is derived from single source contracts (H1 FY25: approximately 66%) demonstrating our critical and unique capabilities for our customers.

Global Solutions

	H1 FY26 £m	H1 FY25 £m
Orders	**247.4**	304.4
Revenue	**192.1**	229.0
Underlying operating profit*	**14.3**	23.7
Underlying operating margin*	**7.4%**	10.3%
Book to bill ratio(1)	**1.3x**	1.3x
Order backlog	**419.3**	376.3

* Definitions of the Group's 'Alternative Performance Measures' can be found in the glossary
(1) B2B ratio is orders won divided by revenue recognised

Overview

Global Solutions includes our US business which is now centred around four capabilities where we have differentiated long-term incumbent positions as well as our targets and products business.

Financial performance

In the US we have been executing our restructuring programme including the disposal of our Federal IT business. As a result of these actions, orders decreased by 19%, or 11% on an organic (constant currency) basis to £247.4m (H1 FY25: £304.4m). Book-to-bill was 1.3x as we saw good order flow from US funding on prior contract awards and on contract growth especially from our SDA work, together with solid demand for aerial targets. Funded order backlog is up 11% from the full year at £0.4bn and together with strong US unfunded order backlog of £0.4bn there is good visibility, underpinning our confidence for growth in the coming years.

Revenue was down at £192.1m (H1 FY25: £229.0m) reflecting the US restructuring activities, difficult market conditions, timing of awards and non-US product sales including our aerial targets.

Underlying operating profit reduced to £14.3m (H1 FY25: £23.7m), with an underlying operating profit margin of 7.4% (H1 FY25: 10.3%) reflecting lower margins within the US as the restructuring programme is executed and lower volumes of target sales half-on-half.

Sector Reviews

UK Defence

The UK Defence Sector has maintained a high standard of delivery on its long-term contracts providing mission critical solutions for our air, maritime and land customers. The FY26 H1 order intake was challenging due to customer budget constraints and delays impacting revenue growth. Operating profit margin has been maintained and cash conversion is strong. Partnerships through long-term contracts remain central to how we deliver customer value, and the strong backlog has allowed successful delivery of programmes across key frameworks such as Engineering Delivery Partner (EDP) and the Weapons Sector Research Contract (WSRF).

Operational and order highlights

- Long-Term Partnering Agreement (LTPA): The £1.5bn five-year extension to the LTPA contract was signed in H1 and secures our position of partnership with the MOD, and provides a firm foundation to invest in the transformation of UK sovereign Test, Trials, Training & Evaluation (T3E) capabilities.

- DroneWorks: Establishment of a sovereign T3E Capability designed to support UK MOD and industrial partners accelerate development of uncrewed aerial systems at wartime pace. Closely aligned to the T&E Innovation Gateway, DroneWorks will establish QinetiQ as a key partner to UK industry for uncrewed systems.

- Maritime Command and Staff Training (MCAST): In August QinetiQ was awarded the £25m MCAST contract. Won in competition, MCAST builds upon our existing role providing synthetic training services to the Royal Navy via the Platform Enable Training Capability (PETC), and will be based at a dedicated hub at QinetiQ’s Portsdown Technology Park in Portsmouth. Both MCAST and PETC form the virtual aspects of the Royal Navy’s Maritime Operational Training Environment (MOTE) which aims to deliver a network of shore-based and ship-based capabilities to generate operationally relevant training environments, allowing the Royal Navy to train as they would fight irrespective of geographical location.

- DragonFire: The DragonFire Minimum Deployable Capability (MDC) continues to deliver the laser source that will be supplied to MBDA for integration with the Leonardo Beam Director and installation on Royal Navy ships from 2027.

- Directed Energy Research: The Weapons Sector Research Framework has commenced research to mature the next generation of Directed Energy technologies to support sovereign capability in the UK. The packages of work will last for the next 2 years and demonstrate the ability of the QinetiQ led WSRF to deliver the technological priorities announced in the Strategic Defence Review.

- Future Combat Air Systems (FCAS) extension: The securing of an £11m extension to our technical engineering support contract into UK MOD for FCAS UK, Global Combat Air Programme (GCAP/GIGO), and Team Tempest Technology Initiatives to March 2026. UK Defence leads an integrated team, with elements delivered from UK Defence, UK Intelligence, Inzpire, Aurora Partners (Atkins and BMT) and the EDP Provider Network, covering safety, requirements, environmental and technical Support Management.

- Crewed and Uncrewed Teaming: QinetiQ and BAE Systems have successfully completed synthetic trials to demonstrate how uncrewed aircraft can operate alongside existing crewed aircraft like Typhoon to provide a more cost-effective and flexible concentration of combat air power. The exercise validated elements that included connectivity, interoperability, human-machine interface and goal-based autonomy, using simulated current and operational military data links including Link 16.

- Next Generation for Germany Aerial Targets: We are 12 months into the €284m contract which is running successfully with seamless mobilisation and continuity of service for crewed aviation assets. We have invested in upgrading the capability of the aircraft we present, with enhanced endurance and upgraded communications and cameras to support our end user experience.

Looking forward

Our H2 order intake pipeline remains strong with opportunities linked both to extant framework contracts and competitive tenders. These include output-based air platform engineering services contracts for Typhoon, Lightning II, A400M and FCAS. We also have major opportunities in Directed Energy Weapons, through the DragonFire MDC Programme and the DEW Transition Phase Laser Source task via the Weapons Sector Research Framework. Both are critical to our growth ambition for high power lasers.

Work continues to mobilise a new business to business channel for military aircraft modification and airworthiness through our German business into Sabena and the Belgian Special Forces worth up to £40m. Additionally we are working with BAE Systems Submarines for the next phase of the SSNA Propulsor hydro-mechanic design and the Typhoon Türkiye contract award provides a number of opportunities for QinetiQ to deliver capabilities to the programme.

<u>UK Intelligence</u>

The UK Intelligence Sector utilises its unique domain knowledge across C5ISTAR (Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance and Reconnaissance) as well as research, innovation and applied engineering skillsets to support UK Government in the development, assurance, integration, and deployment of mission critical capabilities at pace. Following the business realignment at the end of FY25 to better support the UK Government it remains well-placed for the ongoing delivery of critical digital change programmes to Defence Equipment and Support (DE&S), Defence Digital (DD), Defence Intelligence (DI) and Defence Science and Technology Laboratory (DSTL).

Operational and order highlights

- Defence Intelligence (DI): The partnership with DI has continued to grow strongly with orders of c.£45m for the half. For example, the Engineering Delivery Partnership (EDP) affords rapid access to a very wide array of expert suppliers across the UK in the fields of Mission Data Development and Exploitation, Transformational Training and Operational Services to help DI drive its' transformation strategy.

- Defence Digital (DD): We have a strong and enduring relationship with DD's successful New Style of IT (Deployed) NSOITD programme spanning more than 5 years and secured a further 12 months of support for FY26. It is a critical enabler of a range of Defence C4ISR capabilities on both exercises and operations.

- Inzpire: Won more than £24m in orders in the half, including more than £5m in orders of GECO (Inzpire's Mission Planning Solution) to international customers.

- TacSys Resource Partner: We continue to successfully deliver on this contract, worth up to £150m, delivering support to the Battlefield Tactical Communication and Information Systems (BATCIS) Delivery Team to deliver the next generation of Tactical Communication and Information Systems.

- Naimuri: Won more than £20m in orders in the half focused on deploying data and digital capabilities into the classified and defence customers critical missions.

- Underwater Battlespace (UWB) AI & Automation Capability Development: The Royal Navy's Under Water capability delivery is a critical area for the UK, where continual improvement is required to maintain operational advantage. We are helping the Royal Navy develop AI and automation capability set to transform the UWB, boosting strategic and operational effectiveness. AI will improve the effectiveness of sonar and sensor systems by processing large data sets quickly and accurately, enhancing detection and tracking even in challenging conditions.

Looking forward

Despite the continuing near-term market challenges, UK Intelligence is well positioned over the long-term with offerings aligned to increasing customer demand. EDP services are expected to perform well, with increased demand for our digitally focused offerings next year.

We are seeing a good pipeline of opportunities in science and technology, especially in AI, Data Science and Electronic Warfare. Integrated Air & Missile Defence, and the continued focus on Multi-Domain Integration and the Digital Backbone are providing opportunities to provide a broader set of digitally focused integration services. We are also seeing opportunities for collective training and simulation services for both UK and allied forces and for us to enhance our core offerings into National and Homeland Security. We continue to invest in and see long-term demand for our product portfolio across North America, Europe, and NATO regions.

<u>United States</u>

The US Sector continues to execute on its restructuring programme and solidify its position as a mid-tier defence and homeland security provider. Our capabilities span design, rapid prototyping, engineering services, integration, and mission operations. We serve high-priority domains including space and missile defence, maritime systems, advanced sensors and persistent surveillance systems.

Whilst down half-on-half, revenue, profitability and cash performance was in-line with our expectations for the half and was delivered as we implemented the restructuring programme and faced near-term challenging market conditions especially in the area of government services. Operational performance on our major framework contracts was good and we expect good growth on these in coming years given strong alignment to the national defence and security priorities of the US administration.

Operational and order highlights

- As part of the restructuring programme, the US Sector conducted a comprehensive portfolio review aimed at reducing exposure to volatile and low-margin markets and establishing a stable platform for predictable execution. A key outcome of this review was the successful disposal of the Federal IT business for an enterprise value of c.$31m (c.£23m) in September 2025.

- Our work with the SDA continues to scale with $12.6m of on-contract growth. On September 10, 2025, SDA launched 21 data transport satellites under Tranche 1 of the US Space Force’s Proliferated Warfighter Space Architecture (PWSA). Over the next nine months we will be involved in the SDA’s deployment of a total of 154 satellites, significantly enhancing US capabilities in space-based threat detection.

- Tethered Aerostat Radar Systems (TARS) contract delivery was strong in the period as work with the US Customs and Border Protection work increased half-on-half. There is a good pipeline of opportunities domestically and internationally which we continue to pursue.

- Maritime sub-systems is a growing market for the business and we continued deliveries on the Virginia and Columbia submarine programmes and the Aircraft Carrier programme.

- Advanced sensors is a core US business line as we use our technical and engineering software expertise to advance sensor technologies, data fusion and optics capabilities to improve targeting and aid in the rapidly evolving counter UAS threat landscape. Awards in recent years were bolstered in the half by the award of a contract for sensor integration for the US Army. Within this portfolio our Next Generation Bomb Suit contract is progressing through factory acceptance testing.

Looking forward

The US Sector's core capabilities are now well aligned with several of the current US administration's key funding priorities, including shipbuilding and submarine programmes, border and homeland security, counter-UAS systems, and space and missile defence. We remain confident in our ability to deliver long-term value by focusing on the delivery of current programmes in core markets and the ability to compete in mission-critical areas of national security and defence.

Australia

Our Australia Sector comprises our specialist advisory and engineering businesses along with our Threat Representation business in Australia. To closer align to the ever-evolving threat and our focus on the European NATO opportunity, our German and Canadian Threat Representation businesses are now led by and report through our UK Sector. In response to this change and to market conditions in Australia, we have right-sized the Australia business from three business units to two - Mission Support, Research and Development (MSR&D) which includes flight operations and threat representation and Engineering Services (ES) and Advisory which includes our training capabilities.

Whilst revenue was lower half-on-half following the competitive loss of a land system integrated work package on the Major Service Provider (MSP) framework, the operational performance overall was good in the half with good profit to cash generation. The right-sizing activities are set to drive efficiency and long-term growth with a near-term focus on evolving the advisory business into the next phase of customer requirements.

Operational and order highlights

- Our Engineering Services continues to work on the current and future phases of the MSP contract where we provide support to the Capability Acquisition and Sustainment Group (CASG). The next phase of MSP will be under a new model, and we are working to shape the Customer's approach through strong experience of our UK Engineering Development Programme (EDP) and customer engagement.

- Development of our Laser Directed Energy Weapon (LDEW) that leverages the UK's DragonFire capability and our deep local laser development work with the Defence Science Technology Group.

- Leveraging our UK expertise, the development of our Maritime Ranges to service the needs of our Australian customer, and AUKUS partners, for surface and sub-surface ranging and signature management.

- Continuation delivery of our Threat Representation capabilities focused on the provision of crewed and uncrewed aerial services under the Joint Adversarial Test and Training (JATTS) contract.

- Our training and threat representation capabilities marked a significant milestone of the 500th flight of the Phoenix Jet Uncrewed Aerial Target in Nowra, Australia.

Looking forward

The second half will see continued focus on delivering enhanced performance and driving growth. The strategic and customer environment is evolving quickly in Australia. The Government plans to release significant updates to three key documents in the first half of 2026 – the National Defence Strategy, the Defence Industry Development Strategy and the Integrated Investment Programme. These documents, last published in 2024, will link strategic objectives to identified funding lines to acquire, sustain and employ key Defence capabilities. The preparation of these documents presents near-term challenges as Defence determines its future priorities and limits spending on new programmes. We are well placed, via our strategic campaigns and our core capabilities, to respond quickly to changing Defence priorities.

Principal risks and uncertainties

There are a number of risks and uncertainties which management continue to identify, assess and mitigate to minimise their potential impact on performance. An explanation of risks and their mitigations, together with details of our risk management framework can be found in the 2025 Annual Report and Accounts (on pages 62 to 66) which is available for download at: https://www.qinetiq.com/investors.

Having considered recent geopolitical and macroeconomic events, the Group believes the principal risks and uncertainties for the remainder of FY26 are included in, and are therefore unchanged from, those reported in the 2025 Annual Report and Accounts. The Group's principal risks and uncertainties at 31 March 2025 related to the following areas: markets, competition, business winning, capability, delivery, business platform, acquisitions & business integration, culture, environment, safety and security.

Condensed consolidated income statement

All figures in £ million unless stated otherwise	Note	**H1 FY26 (unaudited)**			H1 FY25 (unaudited)		
		Underlying*	**Specific adjusting items***	**Total**	Underlying*	Specific adjusting items*	Total
Revenue	1,2	**900.4**	**-**	**900.4**	**946.8**	**-**	**946.8**
Operating costs excluding depreciation, impairment and amortisation		(765.8)	(34.7)	(800.5)	(808.8)	(12.8)	(821.6)
Other income	1	15.4	-	15.4	18.1	-	18.1
EBITDA* (earnings before interest, tax, depreciation and amortisation)		**150.0**	**(34.7)**	**115.3**	**156.1**	**(12.8)**	**143.3**
Depreciation and impairment of property, plant and equipment		(33.4)	(0.2)	(33.6)	(31.5)	-	(31.5)
Amortisation of intangible assets		(5.8)	(11.6)	(17.4)	(5.4)	(12.1)	(17.5)
Operating profit/(loss)	2	**110.8**	**(46.5)**	**64.3**	**119.2**	**(24.9)**	**94.3**
Gain on business divestment	4	-	0.5	0.5	-	-	-
Finance income	5	2.9	1.1	4.0	3.4	0.4	3.8
Finance expense	5	(11.5)	-	(11.5)	(11.6)	-	(11.6)
Profit/(loss) before tax		**102.2**	**(44.9)**	**57.3**	**111.0**	**(24.5)**	**86.5**
Taxation (expense)/income	6	(25.4)	6.4	(19.0)	(30.1)	6.6	(23.5)
Profit/(loss) for the period, attributable to the owners of the parent company		**76.8**	**(38.5)**	**38.3**	**80.9**	**(17.9)**	**63.0**
Earnings per share for profit attributable to the owners of the Company							
Basic (pence)	7	14.2		7.1	14.2		11.1
Diluted (pence)	7	14.0		7.0	14.0		10.9

* Alternative performance measures are used to supplement the statutory figures. These are additional financial indicators used by management internally to assess the underlying performance of the Group. Definitions can be found in the glossary.

Condensed consolidated statement of comprehensive income

All figures in £ million	**H1 FY6 (unaudited)**	H1 FY25 (unaudited)
Profit for the period	**38.3**	**63.0**
Items that will not be reclassified to the income statement:		
Actuarial gain recognised in defined benefit pension schemes	7.7	13.0
Tax on items that will not be reclassified to the income statement	(2.0)	(3.3)
Total items that will not be reclassified to the income statement	**5.7**	**9.7**
Items that may be reclassified to the income statement:		
Foreign currency translation loss for foreign operations	(12.3)	(31.1)
Movement in deferred tax on foreign currency translation	0.4	0.6
Decrease in fair value of hedging derivatives	(1.6)	(4.3)
Movement in deferred tax on hedging derivatives	0.4	1.1
Total items that may be reclassified to the income statement	**(13.1)**	**(33.7)**
Other comprehensive expense for the period, net of tax	**(7.4)**	**(24.0)**
Total comprehensive income for the period, net of tax	**30.9**	**39.0**

Condensed consolidated statement of changes in equity

All figures in £ million	Issued share capital	Capital redemption reserve	Share premium	Hedging reserve	Translation reserve	Retained earnings	Total equity
At 1 April 2025	**5.5**	**41.0**	**147.6**	**3.2**	**(27.6)**	**456.8**	**626.5**
Profit for the period	-	-	-	-	-	38.3	38.3
Other comprehensive (expense)/income, net of tax	-	-	-	(1.2)	(11.9)	5.7	(7.4)
Purchase of own shares	(0.1)	0.1	-	-	-	(73.2)	(73.2)
Share-based payments charge	-	-	-	-	-	6.2	6.2
Tax on share-based payments	-	-	-	-	-	1.2	1.2
Dividends	-	-	-	-	-	(32.8)	(32.8)
At 30 September 2025 (unaudited)	**5.4**	**41.1**	**147.6**	**2.0**	**(39.5)**	**402.2**	**558.8**

At 1 April 2024	**5.7**	**40.8**	**147.6**	**6.4**	**(16.7)**	**742.3**	**926.1**
Profit for the period	-	-	-	-	-	63.0	63.0
Other comprehensive income/(expense), net of tax	-	-	-	(3.2)	(30.5)	9.7	(24.0)
Purchase of own shares	(0.1)	0.1	-	-	-	(12.3)	(12.3)
Share-based payments charge	-	-	-	-	-	6.3	6.3
Tax on share-based payments	-	-	-	-	-	1.1	1.1
Dividends	-	-	-	-	-	(32.2)	(32.2)
At 30 September 2024 (unaudited)	**5.6**	**40.9**	**147.6**	**3.2**	**(47.2)**	**777.9**	**928.0**

Condensed consolidated balance sheet

All figures in £ million	Note	**30 September 2025 (unaudited)**	30 September 2024 (unaudited)	31 March 2025 (audited)
Non-current assets				
Goodwill	12	233.3	382.2	249.8
Intangible assets		265.6	301.2	293.9
Property, plant and equipment		454.9	454.2	473.3
Other financial assets		2.0	3.2	3.0
Equity accounted investments		1.7	2.5	2.1
Net pension asset	13	47.7	31.1	39.4
Deferred tax asset		12.8	35.7	10.7
		1,018.0	**1,210.1**	**1,072.2**
Current assets				
Inventories		75.1	92.9	70.7
Other financial assets		3.2	5.7	4.9
Trade and other receivables		360.7	420.4	388.4
Assets classified as held for sale		-	98.4	-
Current tax asset		2.0	4.9	1.6
Cash and cash equivalents	8	230.3	189.6	290.6
		671.3	811.9	756.2
Total assets		**1,689.3**	**2,022.0**	**1,828.4**
Current liabilities				
Trade and other payables		(540.0)	(574.0)	(597.5)
Current tax payable		(0.1)	-	(3.6)
Provisions		(51.7)	(15.6)	(56.2)
Other financial liabilities		(14.9)	(11.3)	(15.1)
		(606.7)	**(600.9)**	**(672.4)**
Non-current liabilities				
Deferred tax liability		(104.8)	(97.3)	(101.0)
Provisions		(3.5)	(4.2)	(3.5)
Borrowings and other financial liabilities		(401.5)	(378.1)	(416.6)
Other payables		(14.0)	(13.5)	(8.4)
		(523.8)	(493.1)	(529.5)
Total liabilities		**(1,130.5)**	**(1,094.0)**	**(1,201.9)**
Net assets		**558.8**	**928.0**	**626.5**
Equity				
Issued share capital		5.4	5.6	5.5
Capital redemption reserve		41.1	40.9	41.0
Share premium		147.6	147.6	147.6
Hedging reserve		2.0	3.2	3.2
Translation reserve		(39.5)	(47.2)	(27.6)
Retained earnings		402.2	777.9	456.8
Total equity		**558.8**	**928.0**	**626.5**

Condensed consolidated cash flow statement

All figures in £ million	Note	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)	FY25 (audited)
Underlying net cash inflow from operations	**9**	**127.9**	**130.9**	**316.2**
Less: specific adjusting items	9	(27.5)	(12.8)	(29.5)
Net cash inflow from operations	9	**100.4**	**118.1**	286.7
Tax paid		(21.1)	(27.8)	(48.6)
Interest received		3.9	3.4	6.6
Interest paid		(10.9)	(10.7)	(23.4)
Net cash inflow from operating activities		**72.3**	**83.0**	**221.3**
Purchases of intangible assets		(2.8)	(7.0)	(12.7)
Purchases of property, plant and equipment		(33.6)	(41.6)	(96.1)
Proceeds from sale of property, plant and equipment		-	-	108.9
Proceeds from business divestment and acquisitions		17.9	(0.2)	-
Dividends from joint ventures and associates		-	-	0.3
Net cash (outflow)/inflow from investing activities		**(18.5)**	**(48.8)**	**0.4**
Purchase of own shares		(73.2)	(46.2)	(108.9)
Dividends paid to shareholders		(32.8)	(32.2)	(47.9)
Capital element of finance lease payments		(7.6)	(4.0)	(10.8)
Cash flow relating to intercompany loan hedges		1.4	8.7	9.2
Net cash outflow from financing activities		**(112.2)**	**(73.7)**	**(158.4)**
(Decrease)/increase in cash and cash equivalents		**(58.4)**	**(39.5)**	**63.3**
Effect of foreign exchange changes on cash and cash equivalents		(1.9)	(1.9)	(3.7)
Cash and cash equivalents at beginning of period		290.6	231.0	231.0
Cash and cash equivalents at end of period		**230.3**	**189.6**	**290.6**

Reconciliation of movement in net debt

All figures in £ million	Note	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)	FY25 (audited)
(Decrease)/increase in cash and cash equivalents		**(58.4)**	**(39.5)**	**63.3**
Add back net cash flows not impacting net debt		7.9	5.6	12.4
Change in net debt resulting from cash flows		**(50.5)**	**(33.9)**	**75.7**
Net decrease/(increase) in lease obligations		3.7	(3.3)	(50.8)
Net movement in derivative financial instruments		(1.4)	(4.4)	(4.7)
Other movements including foreign exchange		0.5	1.9	(2.2)
Movement in net debt as defined by the Group		(47.7)	(39.7)	18.0
Opening net debt as defined by the Group		(133.2)	(151.2)	(151.2)
Closing net debt as defined by the Group	8	**(180.9)**	**(190.9)**	**(133.2)**
Less: non-cash net financial liabilities	8	411.2	380.5	423.8
Total cash and cash equivalents	8	**230.3**	**189.6**	**290.6**

Notes to the condensed consolidated interim financial statements

1. Revenue from contracts with customers and other income

Revenue by category and reconciliation to revenue on an organic, constant currency basis

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Service contracts with customers	864.5	888.0
Sale of goods contracts with customers	35.0	50.5
Royalties and licences	0.9	8.3
Total revenue	**900.4**	**946.8**
Adjust to constant prior year exchange rates	10.4	-
Adjust to remove impact of disposed business	(9.7)	(16.3)
Total revenue on an organic, constant currency basis	**901.1**	**930.5**
Organic revenue (decline)/growth at constant currency	*(3)%*	*8%*

Other income

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Share of joint ventures' and associates' (loss)/profit after tax	(0.4)	0.3
Research and development expenditure credits (RDEC)	14.8	12.6
Other income: property related	1.0	5.2
Total other income	**15.4**	**18.1**

Revenue by customer geographical location

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
United Kingdom (UK)	641.2	628.0
United States of America (US)	146.7	174.6
Australia	53.5	83.3
Home countries (93% and 94% of total revenue for H1 FY26 and H1 FY25 respectively)	**841.4**	**885.9**
Europe	31.6	34.8
Rest of World	27.4	26.1
Total revenue	**900.4**	**946.8**

Revenue by major customer type

For the six months ended 30 September

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
UK Government	566.1	582.4
US Government	127.6	161.1
Other	206.7	203.3
Total revenue	**900.4**	**946.8**

2. Segmental analysis

Operating segments

All figures in £ million	**H1 FY26 (unaudited)**		H1 FY25 (unaudited)	
	Revenue from external customers	**Underlying* operating profit***	Revenue from external customers	Underlying* operating profit
EMEA Services	708.3	81.7	717.8	82.9
Global Solutions	192.1	14.3	229.0	23.7
Total operating segments	**900.4**	**96.0**	**946.8**	**106.6**
*Operating profit margin from segments**		*10.7%*		*11.3%*
Total operating segments	900.4	96.0	946.8	106.6
Research and development expenditure credits (RDEC)		14.8		12.6
Underlying operating profit		110.8		119.2

Reconciliation of segmental results to total profit

All figures in £ million	Note	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Operating profit from segments*		96.0	106.6
Research and development expenditure credits (RDEC)		14.8	12.6
Underlying operating profit*		**110.8**	**119.2**
Specific adjusting items operating loss	3	(46.5)	(24.9)
Operating profit		**64.3**	**94.3**
Gain on business divestment	4	0.5	-
Net finance expense	5	(7.5)	(7.8)
Profit before tax		**57.3**	**86.5**
Taxation expense	6	(19.0)	(23.5)
Profit for the period attributable to equity shareholders		**38.3**	**63.0**

* Definitions of the Group's 'Alternative Performance Measures' can be found in the glossary

3. Specific adjusting items

In the income statement, the Group presents specific adjusting items separately. In the judgement of the Directors, for the reader to obtain a proper understanding of the financial information, specific adjusting items need to be disclosed separately because of their size and nature. Underlying measures of performance exclude specific adjusting items. The following specific adjusting items have been (charged)/credited in the consolidated income statement:

All figures in £ million	Note	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Acquisition and disposal related costs		-	(2.9)
Digital investment		(12.1)	(9.9)
Restructuring costs and associated impacts		(22.6)	-
Specific adjusting items before depreciation, amortisation and impairment		**(34.7)**	**(12.8)**
Impairment of property		(0.2)	-
Amortisation of intangible assets arising from acquisition		(11.6)	(12.1)
Specific adjusting items operating loss		**(46.5)**	**(24.9)**
Gain on business divestment	4	0.5	-
Defined benefit pension scheme net finance income	13	1.1	0.4
Specific adjusting items loss before tax		**(44.9)**	**(24.5)**
Specific adjusting items – tax expense	6	6.4	6.6
Total specific adjusting items loss after tax		**(38.5)**	**(17.9)**

Reconciliation of underlying profit for the period to total profit for the period

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Underlying profit after tax	76.8	80.9
Total specific adjusting items loss after tax (see above)	(38.5)	(17.9)
Total profit for the period attributable to equity shareholders	**38.3**	**63.0**

The total impact of specific adjusting items on operating profit (which are excluded from underlying performance) was an expense of £46.5m (H1FY25: £24.9m).

The half has seen a significant roll out of work under our discrete investment project to build our digital platform to enable our global growth strategy. The majority of the costs in the half are reported as specific adjusting items in the P&L given their one-off nature, with ongoing recurring operating costs (such as licence costs and overheads) remaining within underlying operating costs. In H1 FY26 the exceptional cost element of the digital investment programme within specific adjusting items totals £12.1m (H1 FY25: £9.9m).

Amortisation of acquisition intangibles was £11.6m (H1 FY25: £12.1m), with the variance due to foreign exchange.

The first half has also seen us incur £22.6m (H1 FY25: £nil) of restructuring costs and associated impacts. This includes the costs of on-going efficiency activity in UK and Australia operations as well as some further non-cash charges in the US as a consequence of continued refinement of the market-facing strategy and ongoing restructuring of our US Sector against challenging market conditions during H1 FY26.

Also included with specific adjusting items are net finance income from pensions of £1.1m (H1 FY25 £0.4m) and a £0.5m profit on the disposal of the Federal IT business in the US (see note 4).

4. Gain on business divestment

The gain on business divestment of £0.5m (H1 FY25: £nil) relates to the disposal of the non-core Federal IT Services business, as part of the US restructuring programme. Proceeds received in the period, net of transaction costs of £2.5m, were £17.9m. All consideration received is in cash and there is no deferred or contingent consideration.

5. Finance income and expense

All figures in £ million	**H1 FY26 (unaudited)**	H1 FY25 (unaudited)
Receivable on bank deposits	2.9	3.4
Underlying finance income	**2.9**	**3.4**
Amortisation of recapitalisation fee	(0.6)	(0.8)
Interest on bank loans and overdrafts	(8.2)	(9.3)
Lease expense	(2.7)	(1.5)
Underlying finance expense	**(11.5)**	**(11.6)**
Underlying net finance expense	**(8.6)**	**(8.2)**
Specific adjusting items:		
Defined benefit pension scheme net finance income	1.1	0.4
Net finance expense	**(7.5)**	**(7.8)**

6. Taxation

	H1 FY26 (unaudited)			H1 FY25 (unaudited)		
All figures in £ million unless stated otherwise	**Underlying**	**Specific adjusting items**	**Total**	Underlying	Specific adjusting items	Total
Profit/(loss) before tax	**102.2**	**(44.9)**	**57.3**	**111.0**	**(24.5)**	**86.5**
Taxation (expense)/income	(25.4)	6.4	(19.0)	(30.1)	6.6	(23.5)
Profit/(loss) for the period attributable to equity shareholders	**76.8**	**(38.5)**	**38.3**	**80.9**	**(17.9)**	**63.0**
Effective tax rate	**24.9%**			**27.1%**		

The total tax charge is £19.0m (H1 FY25: £23.5m). The underlying tax charge of £25.4m (H1 FY25: £30.1m) is calculated by applying the expected underlying effective tax rate at a jurisdictional level for the year ending 31 March 2026 to the underlying profit before tax for the six months to 30 September 2025.

The Group's full year expected underlying effective tax rate is 24.9% which is in line with the half year underlying effective tax rate of 24.9% (H1 FY25: 27.1%). The decrease on last year is due to the jurisdictional mix of profits.

In future we expect the effective rate to be in line with the UK statutory rate subject to the jurisdictional mix of profits and the recognition of deferred tax in respect of overseas tax losses and excess interest deductions.

Tax losses and specific adjusting items

At 30 September 2025 the Group had unused tax losses and surplus interest costs of £313.7m (31 March 2025: £305.3m) which are available for offset against future profits. Within deferred tax on the balance sheet is £30.2m of recognised tax losses and surplus interest and the remaining £283.5m is unrecognised. Deferred tax has been calculated using the enacted future statutory tax rates.

Tax on specific adjusting items includes credits of £2.1m for restructuring costs, £3.1m for the digital investment programme, £2.6m prior year adjustment for the Cody disposal, £0.9m for the amortisation of acquisition intangibles and other items. The total specific adjusting items tax credit was £6.4m (H1 FY25: £6.6m).

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares used excludes those shares bought by the Group and held as own shares. For diluted earnings per share the weighted average number of shares in issue is adjusted to assume conversion of potentially dilutive ordinary shares arising from unvested share-based awards including share options.

		H1 FY26 (unaudited)	H1 FY25 (unaudited)
Weighted average number of shares	**Million**	**541.9**	**569.1**
Effect of dilutive securities	Million	7.0	8.3
Diluted number of shares	**Million**	**548.9**	**577.4**

Underlying basic earnings per share figures are presented below, in addition to the basic and diluted earnings per share, because the Directors consider this gives a more relevant indication of underlying business performance and reflects the adjustments to basic earnings per share for the impact of specific adjusting items (see note 3) and tax thereon.

Underlying basic and diluted EPS		H1 FY26 (unaudited)	H1 FY25 (unaudited)
Profit attributable to the owners of the Company	£ million	38.3	63.0
Remove loss after tax in respect of specific adjusting items	£ million	38.5	17.9
Underlying profit after taxation	**£ million**	**76.8**	**80.9**
Weighted average number of shares	Million	541.9	569.1
Underlying basic EPS	**Pence**	**14.2**	**14.2**
Diluted number of shares	Million	548.9	577.4
Underlying diluted EPS	**Pence**	**14.0**	**14.0**

Basic and diluted EPS		H1 FY26 (unaudited)	H1 FY25 (unaudited)
Profit attributable to the owners of the Company	£ million	38.3	63.0
Weighted average number of shares	Million	541.9	569.1
Basic EPS – total Group	**Pence**	**7.1**	**11.1**
Diluted number of shares	Million	548.9	577.4
Diluted EPS – total Group	**Pence**	**7.0**	**10.9**

8. Net debt

All figures in £ million	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
Current financial assets/(liabilities)			
Deferred financing costs	1.2	1.2	1.3
Derivative financial assets	2.0	4.5	3.6
Lease liabilities	(13.7)	(9.0)	(13.3)
Derivative financial liabilities	(1.2)	(2.3)	(1.8)
Total current net financial liabilities	**(11.7)**	**(5.6)**	**(10.2)**
Non-current financial assets/(liabilities)			
Deferred financing costs	0.9	1.7	1.0
Derivative financial assets	1.1	1.5	2.0
Lease liabilities	(68.4)	(44.8)	(80.6)
Borrowings – Term loan	(332.5)	(332.7)	(335.0)
Derivative financial liabilities	(0.6)	(0.6)	(1.0)
Total non-current net financial liabilities	**(399.5)**	**(374.9)**	**(413.6)**
Total net financial liabilities	**(411.2)**	**(380.5)**	**(423.8)**
Cash and cash equivalents	230.3	189.6	290.6
Total net debt as defined by the Group	**(180.9)**	**(190.9)**	**(133.2)**

9. Cash flows from operations

All figures in £ million	H1 FY26 (unaudited)	H1 FY25 (unaudited)	FY25 (audited)
Profit/(loss) after tax for the period	38.3	63.0	(185.7)
Adjustments for:			
Taxation expense	19.0	23.5	79.4
Net finance expense	7.5	7.8	15.8
Impairment of goodwill	-	-	143.9
Gain on business divestment	(0.5)	-	-
Impairment of and loss on sale of property	0.2	-	37.6
Loss/(gain) on disposal of intangible assets, plant and equipment	5.6	(0.3)	8.8
Amortisation of purchased or internally developed intangible assets	5.8	5.4	15.7
Amortisation of intangible assets arising from acquisitions	11.6	12.1	24.2
Depreciation of property, plant and equipment	33.4	31.5	70.6
Share of post-tax loss/(gain) of equity accounted entities	0.4	(0.3)	(0.3)
Share-based payments charge	6.6	6.8	9.8
Retirement benefit contributions lower/(higher) than income statement expense	0.5	0.7	(2.3)
Net movement in provisions	(4.2)	0.3	19.4
	124.2	150.5	236.9
(Increase)/decrease in inventories	(5.5)	(6.9)	16.5
Decrease in receivables	26.9	21.6	56.3
Decrease in payables	(45.2)	(47.1)	(23.0)
Changes in working capital	(23.8)	(32.4)	49.8
Net cash inflow from operations	**100.4**	**118.1**	**286.7**

Reconciliation of net cash flow from operations to underlying net cash inflow from operations to free cash flow

All figures in £ million	H1 FY26 (unaudited)	H1 FY25 (unaudited)	FY25 (audited)
Net cash inflow from operations	100.4	118.1	286.7
Add back specific adjusting item: digital investment	12.1	9.9	20.8
Add back specific adjusting item: restructuring costs	14.1	-	3.4
Add back specific adjusting item: acquisition and disposal related costs	1.3	2.9	5.3
Underlying net cash inflow from operations	**127.9**	**130.9**	**316.2**
Less: tax and net interest payments	(28.1)	(35.1)	(65.4)
Less: purchases of intangible assets and property, plant & equipment	(36.4)	(48.6)	(108.4)
Free cash flow	**63.4**	**47.2**	**142.4**

Underlying cash conversion ratio

	H1 FY26 (unaudited)	H1 FY25 (unaudited)	FY25 (audited)
Underlying EBITDA - £ million	150.0	156.1	301.7
Underlying net cash flow from operations - £ million	127.9	130.9	316.2
Underlying cash conversion ratio - %	**85%**	**84%**	**105%**

10. Financial risk management

The interim financial statements do not include all financial risk management information and disclosures required in annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 March 2025. There have been no changes in any risk management policies since the year end. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 2 derivatives comprise forward foreign exchange contracts which have been fair valued using forward exchange rates that are quoted in an active market; and

Level 3 – measured using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs).

The Group's assets and liabilities that are measured at fair value, as at 30 September 2025, are as follows:

All figures in £ million	Level 1	Level 2	Level 3	Total
Assets:				
Current derivative financial instruments	-	2.0	-	2.0
Cash equivalents	-	137.6	-	137.6
Non-current derivative financial instruments	-	1.1	-	1.1
Liabilities:				
Current derivative financial instruments	-	(1.2)	-	(1.2)
Non-current derivative financial instruments	-	(0.6)	-	(0.6)
Total	**-**	**138.9**	**-**	**138.9**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 March 2025:

All figures in £ million	Level 1	Level 2*	Level 3	Total*
Assets:				
Current derivative financial instruments	-	3.6	-	3.6
Cash equivalents	-	170.4	-	170.4
Non-current derivative financial instruments	-	2.0	-	2.0
Liabilities:				
Current derivative financial instruments	-	(1.8)	-	(1.8)
Non-current derivative financial instruments	-	(1.0)	-	(1.0)
Total	**-**	**173.2**	**-**	**173.2**

*Restated to include cash equivalent balances which relate to money market fund investments which are held at fair value through the profit and loss account

For cash and cash equivalents, trade and other receivables and bank and current borrowings, the fair value of the financial instruments approximate to their carrying value as a result of the short maturity periods of these financial instruments. For trade and other receivables, allowances are made within the carrying value for credit risk. For other financial instruments, such as derivative financial instruments, the fair value is based on market value, where available. Where market values are not available, the fair values have been calculated by discounting cash flows to net present value using prevailing market-based interest rates translated at the year-end rates, except for unlisted fixed asset investments where fair value equals carrying value. There have been no transfers between levels.

11. Dividends

An analysis of the dividends paid and proposed in respect of the period ended 30 September 2025 and comparative periods is provided below:

	Pence per ordinary share	£m	Date paid/payable
Interim FY26	3.00	15.9	**Feb 2026**
Interim FY25	2.80	15.7	Feb 2025
Final FY25	6.05	32.8	Aug 2025
Total for the year ended 31 March 2025	8.85	48.5	

The interim dividend is 3.0p (Interim FY25: 2.8p). The dividend will be paid on 6 February 2026. The ex-dividend date is 8 January 2026 and the record date is 9 January 2026.

12. Goodwill

Goodwill is allocated across six Cash Generating Units (CGUs) within the EMEA Services segment and two CGUs within the Global Solutions segment. The full list of CGUs that have goodwill allocated to them is as follows:

All figures in £ million	Primary reporting segment	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
US Sector	Global Solutions	164.4	312.8	181.1
Target Systems	Global Solutions	23.9	24.1	24.0
Germany	EMEA Services	2.7	2.6	2.6
Inzpire	EMEA Services	11.7	11.7	11.7
QinetiQ Training and Simulation	EMEA Services	7.8	7.8	7.8
Naimuri	EMEA Services	14.8	14.8	14.8
Australia	EMEA Services	5.3	5.6	5.2
Air Affairs	EMEA Services	2.7	2.8	2.6
Net book value		**233.3**	**382.2**	**249.8**

Goodwill is attributable to the excess of consideration over the fair value of net assets acquired and includes expected synergies, future growth prospects and employee knowledge, expertise and security clearances. The Group tests each CGU for impairment annually, or more frequently if there are indications that goodwill might be impaired. No indicators of potential impairment resulting in the recoverable amount of any CGUs falling below the carrying values have been identified at the current time. Impairment testing is dependent on management's estimates and judgments, particularly as they relate to the forecasting of future cash flows, the discount rates selected and expected long-term growth rates.

13. Post-retirement benefits

In the UK the Group operates the QinetiQ Pension Scheme (the Scheme) for approximately one quarter of its UK employees. The Scheme closed to future accrual on 31 October 2013 and there is no on-going service cost. The Scheme is in a net asset position with the market value of assets in excess of the present value of Scheme liabilities. These have the values set out below as at each period end.

All figures in £ million	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
Fair value of plan assets	**1,181.1**	**1,269.8**	1,176.7
Present value of Scheme liabilities	(1,133.4)	(1,238.7)	(1,137.3)
Net pension asset before deferred tax	**47.7**	**31.1**	**39.4**
Deferred tax liability	(16.9)	(12.8)	(14.6)
Net pension asset after deferred tax	**30.8**	**18.3**	**24.8**

The balance sheet net pension asset is a snapshot view which can be significantly influenced by short-term market factors. The calculation of the net asset depends on factors which are beyond the control of the Group – principally the value at the balance sheet date of the various categories of assets in which the Scheme has invested and long-term interest rates and inflation rates used to value the Scheme's liabilities. This is particularly pertinent in the current economic climate whilst markets are volatile. Sensitivities and risks are described below.

Per the Scheme rules the Company has an unconditional right to a refund of any surplus, assuming gradual settlement of all liabilities over time. Such surplus may arise on cessation of the Scheme in the context of IFRIC 14 paragraphs 11(b) and 12 and therefore the full net pension asset can be recognised on the Group's balance sheet and the Group's minimum funding commitments to the Scheme do not give rise to an additional balance sheet liability.

The fair value of the QinetiQ Pension Scheme assets, which are not intended to be realised in the short term and may be subject to significant changes before they are realised, were:

All figures in £ million	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
Equities	10.1	16.2	11.2
Liability driven investment	401.2	415.4	351.1
Asset backed security investments	77.1	72.8	75.0
Alternative bonds[1]	199.1	241.0	228.1
Corporate bonds[2]	86.2	109.2	98.6
Cash and cash equivalents	22.1	49.1	46.1
Equity derivative financial instruments	-	(3.1)	(0.9)
Corporate credit derivative financial instruments	2.2	2.0	1.8
Other derivatives (forward FX contracts)	(1.0)	6.8	10.0
Insurance buy-in policies	454.1	485.4	450.7
Borrowings	(70.0)	(125.0)	(95.0)
Total market value of Scheme assets	**1,181.1**	**1,269.8**	**1,176.7**

[1] Primarily private market debt investments.
[2] Includes unlisted corporate bonds with commercial property held as security.

The Scheme's assets do not include any of the Group's own transferable financial instruments, property occupied by, or other assets used by the Group. The movement in the net pension asset (before deferred tax) is set out below:

All figures in £ million	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
Opening net pension asset before deferred tax	39.4	18.4	18.4
Net finance income	1.1	0.4	1.0
Net actuarial gain	7.7	13.0	17.7
Administration expenses	(0.5)	(0.7)	(1.2)
Contributions by the employer	-	-	3.5
Closing net pension asset before deferred tax	**47.7**	**31.1**	**39.4**

Assumptions
The major assumptions used in the IAS 19 valuations of the Scheme were:

	30 September 2025 (unaudited)		30 September 2024 (unaudited)		31 March 2025 (audited)	
	Un-insured members	**Insured members**	**Un-insured members**	**Insured members**	**Un-insured members**	**Insured members**
Discount rate applied to Scheme liabilities	5.95%	5.65%	5.05%	5.00%	5.75%	5.70%
CPI inflation assumption	2.50%	2.40%	2.55%	2.50%	2.50%	2.45%
Net rate (discount rate less inflation)	3.45%	3.25%	2.50%	2.50%	3.25%	3.25%
Assumed life expectancies (at age 60) in years:						
For males currently aged 40	27.9	n/a	27.7	n/a	27.8	n/a
For females currently aged 40	30.3	n/a	30.2	n/a	30.3	n/a
For males currently aged 60^	26.7	22.3	26.4	22.0	26.5	22.1
For females currently aged 60^	28.9	24.7	28.9	24.6	28.9	24.6

^For pensioners (insured members) at age 65

Risks
The Group is exposed to a number of risks in respect to the valuation of the Scheme, the most significant of which are detailed below:

Volatility in market conditions
Results under IAS 19 can change dramatically depending on market conditions. The present value of Scheme liabilities is linked to yields on AA-rated corporate bonds, while many of the assets of the Scheme are invested in various forms of assets subject to fluctuating valuations. Changing markets in conjunction with discount rate volatility will lead to volatility in the net pension asset on the Group's balance sheet and in other comprehensive income. To a lesser extent this will also lead to volatility in the IAS 19 pension net finance income in the Group's income statement.

Choice of accounting assumptions
The calculation of the present value of Scheme liabilities involves projecting future cash flows from the Scheme many years into the future. This means that the assumptions used can have a material impact on the balance sheet position and profit and loss charge. In practice future experience within the Scheme may not be in-line with the assumptions adopted. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculation of the liabilities. Sensitivities to the main assumptions are set out below.

Key assumptions	Indicative impact on Scheme assets	Indicative impact on Scheme liabilities	Indicative impact on net pension asset
Decrease discount rate by 0.25%	Increase by £10.4m	Increase by £33.9m	Decrease by £23.5m
Increase rate of inflation by 0.25%	Increase by £9.7m	Increase by £32.6m	Decrease by £22.9m
Increase life expectancy by one year	Increase by £13.8m	Increase by £24.6m	Decrease by £10.8m

The impact of movements in Scheme liabilities will, to an extent, be offset by movements in the value of Scheme assets as the Scheme has assets invested in a Liability Driven Investment Portfolio. As at 30 September 2025 this hedges against approximately 100% of the interest rate risk and also approximately 100% of the inflation rate risk, as measured on the actuarial funding valuation basis.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumption did not change.

In addition to the sensitivity of the liability side of the net pension asset (which will impact the value of the net pension asset) the net pension asset is also exposed to significant variation due to changes in the fair value of Scheme assets. A specific sensitivity on assets has not been included in the above table but any change in valuation of assets flows straight through to the value of the net pension asset e.g. if corporate bonds fall in value by £10m then the net pension asset falls by £10m. The values of unquoted assets assume that an available buyer is willing to purchase those assets at that value. For the Group's portfolio of assets, the unquoted alternative bonds, unquoted corporate bonds and unquoted equities of £199.1m, £86.2m and £10.1m respectively are the assets with most uncertainty as to valuation as at 30 September 2025.

The accounting assumptions noted are used to calculate the year end net pension asset in accordance with the relevant accounting standard, IAS 19 (revised) 'Employee Benefits'. Changes in these assumptions have no impact on the Group's cash payments into the scheme. The payments into the scheme are reassessed after every triennial valuation. The triennial valuations are calculated on a funding basis and use a different set of assumptions, as agreed with the pension Trustees. The key assumption that varies between the two methods of valuation is the discount rate. The funding basis valuation uses the risk-free rate from UK gilts as the base for calculating the discount rate, whilst the IAS 19 accounting basis valuation uses corporate bond yields as the base.

The most recent completed full actuarial valuation of the Scheme was undertaken as at 30 June 2023 and resulted in an actuarially assessed surplus of £11.4m (relative to the technical provisions i.e. the level of assets agreed by the Trustee and the Company as being appropriate to meet member benefits, assuming the Scheme continues as a going concern). The next triennial valuation will be performed as at 30 June 2026. Under the new schedule of contributions agreed at the conclusion of the recent triennial valuation, and reflecting the Scheme being in surplus, there are no employer contributions required. Separately to the schedule of contributions the Company does have a cash commitment to the Scheme in respect of an asset-backed funding arrangement established in 2012. The annual distribution in the year to 31 March 2026 will be £3.6m, which will increase thereafter, indexed by reference to CPI, until 2032.

14. Own shares and share-based awards

Own shares represent shares in the Company that are held by independent trusts and include treasury shares and shares held by the employee share ownership plan. Included in retained earnings at 30 September 2025 are 3,049,426 shares (31 March 2025: 3,442,435 shares).

In H1 FY26 the Group granted 5.5 million new share-based awards to employees (H1 FY25: 5.7 million).

15. Related party transactions with equity accounted investments

During H1 FY26 there were sales to associates and joint ventures of £nil (H1 FY25: £2.1m). At the period end there were outstanding receivables from associates and joint ventures of £nil (31 March 2025: £0.2m).

16. Capital commitments

The Group has the following capital commitments for which no provision has been made:

All figures in £ million	**30 September 2025 (unaudited)**	31 March 2025 (audited)
Contracted	40.2	51.3

Capital commitments at 30 September 2025 include £38.9m (31 March 2025: £47.2m) in relation to property, plant and equipment that will be wholly funded by a third party customer under a long-term contract arrangement. These primarily relate to investments under the LTPA contract.

17. Contingent liabilities

The Company has on occasion been required to take legal action to protect its intellectual property rights, to enforce commercial contracts or otherwise and similarly to defend itself against proceedings brought by other parties, including in respect of environmental, health & safety and regulatory issues. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent management's best estimate of the likely outcome. The timing of utilisation of these provisions is uncertain pending the outcome of various court proceedings, ongoing investigations and negotiations. However, no provision is made for proceedings which have been or might be brought by other parties unless management, taking into account professional advice received, assesses that it is more likely than not that such proceedings may be successful. Contingent liabilities associated with such proceedings have been identified but the Directors are of the opinion that any associated claims that might be brought can be resisted successfully and therefore the possibility of any outflow in settlement is assessed as remote.

18. Material accounting policies

Basis of preparation

QinetiQ Group plc is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in England.

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2025 comprise statements for the Company and its subsidiaries (together referred to as the 'Group') and were approved by the Board of Directors on 13 November 2025.

The financial statements have been reviewed, not audited.

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2025 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 31 March 2025 (and half year ended 30 September 2024) do not contain all of the information required for full annual financial statements. The Group's full annual financial statements for the year ended 31 March 2025 were approved by the Board of Directors on 22 May 2025 and have been delivered to the registrar of companies. The report of the auditors (i) was unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The Group's financial statements for the year ended 31 March 2025 are available upon request from the Company's registered office at Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX, or at the Company's website (www.QinetiQ.com).

In the income statement, the Group presents specific adjusting items separately. In the judgement of the Directors, for the reader to obtain a proper understanding of the financial information, 'specific adjusting items' need to be disclosed separately because of their size and nature. Specific adjusting items include:

Item	Distorting due to irregular nature year on year	Distorting due to fluctuating nature (size and/or sign)	Does not reflect in-year operational performance of continuing business
Amortisation of intangible assets arising from acquisitions			✓
Pension net finance income		✓	✓
Gains/(losses) on business divestments and disposal of property and investments	✓	✓	✓
Transaction, integration and acquisition related remuneration costs in respect of business acquisitions and disposals	✓	✓	✓
One-off period of digital investment	✓	✓	✓
Costs and associated impacts of group-wide restructuring programmes	✓	✓	
Impairment of goodwill and property	✓	✓	✓
The tax impact of the above	✓	✓	✓
Other significant non-recurring tax and RDEC movements	✓	✓	✓

All items treated as a specific adjusting item in the current and prior period are detailed in note 3 and are excluded from the ‘underlying’ measures of performance. These Alternative Performance Measures (APMs), definitions of which can be found in the glossary at the end of this document, are used to monitor performance and also used for management remuneration purposes.

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the year ended 31 March 2025.

Going-concern basis

The Group meets its day-to-day working capital requirements through its available cash funds and its bank facilities. The Group is exposed to various risks and uncertainties, the principal ones being summarised in the ‘Principal risks and uncertainties’ section. In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the long-term viability of the Company and the Group. This included assessing forecasts of severe but plausible downside scenarios and further downside stress testing related to the Company’s principal risks. Crystallisation of such risks, to the extent not fully mitigated, would lead to a negative impact on the Group’s financial results but none are deemed sufficiently material to prevent the Group from continuing as a going concern for at least the next 12 months. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going-concern basis in preparing its interim financial statements.

Responsibility statements of the Directors in respect of the interim financial report

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The Directors of QinetiQ Group plc are listed in the QinetiQ Group plc Annual Report for 31 March 2025. A list of current directors is maintained on the QinetiQ Group plc website: www.qinetiq.com.

By order of the Board

Steve Wadey	Martin Cooper
Chief Executive Officer	Chief Financial Officer
13 November 2025	13 November 2025

Independent review report to QinetiQ Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed QinetiQ Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of QinetiQ Group plc for the 6 month period ended 30 September 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 September 2025;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results of QinetiQ Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Southampton
13 November 2025

Glossary

CPI	Consumer Price Index
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MOD	UK Ministry of Defence
RDEC	Research and Development Expenditure Credits
SSRO	Single Source Regulations Office

Alternative performance measures ('APMs')

The Group uses various non-statutory measures of performance, or APMs. Such APMs are used by management internally to monitor and manage the Group's performance and also allow the reader to obtain a proper understanding of performance (in conjunction with statutory financial measures of performance). The APMs used by QinetiQ are set out below:

Measure	Explanation	Note reference to calculation or reconciliation to statutory measure
Organic growth	The level of year-on-year growth, expressed as a percentage, calculated at constant prior year foreign exchange rates, adjusting for business acquisitions and disposals to reflect equivalent composition of the Group	Note 1
Operating profit from segments	Total operating profit from segments which excludes 'specific adjusting items' and research and development expenditure credits ('RDEC')	Note 2
Operating profit margin from segments	Operating profit from segments expressed as a percentage of revenue	Note 2
Underlying operating profit	Operating profit as adjusted to exclude 'specific adjusting items'	Note 2
Underlying operating margin	Underlying operating profit expressed as a percentage of revenue	Operating Review
Underlying net finance expense	Net finance income/(expense) as adjusted to exclude 'specific adjusting items'	Note 5
Underlying profit before/after tax	Profit before/after tax as adjusted to exclude 'specific adjusting items'	Note 6
Underlying effective tax rate	The tax charge for the year excluding the tax impact of 'specific adjusting items' expressed as a percentage of underlying profit before tax	Note 6
Underlying basic and diluted EPS	Basic and diluted earnings per share as adjusted to exclude 'specific adjusting items'	Note 7
Orders	The level of new orders (and amendments to existing orders) booked in the year	N/A
Backlog, funded backlog or order book	The expected future value of revenue from contractually committed and funded customer orders	N/A
Book to bill ratio	Ratio of funded orders received in the year to revenue for the year, adjusted to exclude orders and revenue from the 25-year LTPA contract due to significant size and timing differences of LTPA order and revenue recognition which distort the ratio calculation	N/A
Underlying net cash flow from operations	Net cash flow from operations before cash flows of specific adjusting items	Note 9
Underlying operating cash conversion or cash conversion ratio	The ratio of underlying net cash from operations to underlying EBITDA.	Note 9
Free cash flow	Underlying net cash flow from operations less net tax and interest payments less purchases of intangible assets and property, plant and equipment plus proceeds from disposals of plant and equipment	Note 9
Net debt	Net debt as defined by the Group combines cash and cash equivalents with borrowings and other financial assets and liabilities, primarily available for sale investments, derivative financial instruments and lease liabilities.	Note 8

Return on capital employed	Calculated as: Underlying EBITA / (average capital employed less net pension asset), where average capital employed is defined as shareholders equity plus net debt (or minus net cash)	CFO Review
Specific adjusting items	Amortisation of intangible assets arising from acquisitions; impairment of property and goodwill; gains/losses on disposal of property, investments and businesses; net pension finance income; transaction, integration and acquisition-related remuneration costs in respect of business acquisitions and disposals; costs and associated impacts of group-wide restructuring programmes, digital investment; tax impact of the preceding items and significant non-recurring tax and RDEC movements	Note 3
FY	The financial year ended 31 March	n/a