

Introduction to QinetiQ

QinetiQ Group Plc

September 2025



QINETIQ

We have a unique position in defence

- Unlike traditional vertically integrated defence “primes”, we operate across platforms, systems & lifecycles
- We are capability focused, rather than platform orientated
- We apply innovation to turn individual platforms and systems into integrated capabilities and then assure customers they work, helping our customers to get the most out of their defence assets
- Enables us to form strong industrial partnerships with defence primes, SME’s and academia

Traditional
defence primes



Platform focused,
vertically integrated



Platform focused,
vertically integrated



Platform focused,
vertically integrated



Platform focused,
vertically integrated

QINETIQ Capability focused, across platforms and systems

Our value proposition: applying our unique technical expertise across the product lifecycle

Create it



Developing cutting-edge technology and rapidly turning it into capability

Test it



Assuring a capability will work when it is critically needed

Use it



Ensuring our customers are trained and operationally ready

Helping our customers to create, test and use defence and security capabilities

Strategy aligned to AUKUS nations and NATO allies

Purpose: protecting lives by serving the national security interests of our customers

Invest in core capabilities

High-value and differentiated

1. Research & Development
2. Engineering Services
3. Test & Training
4. Mission Support & Operations

Grow in core markets

Enable critical national priorities

1. Australia
2. United Kingdom
3. United States

Expand across markets

Deep multi-domain expertise

1. NATO and allies
2. AUKUS partnership
3. Leverage capabilities

Drive innovation and partnering

Co-create innovative solutions

1. Advanced technologies
2. Digital transformation
3. New business models

Our strategy is well matched to evolving customer needs

Our distinctive offerings: in words

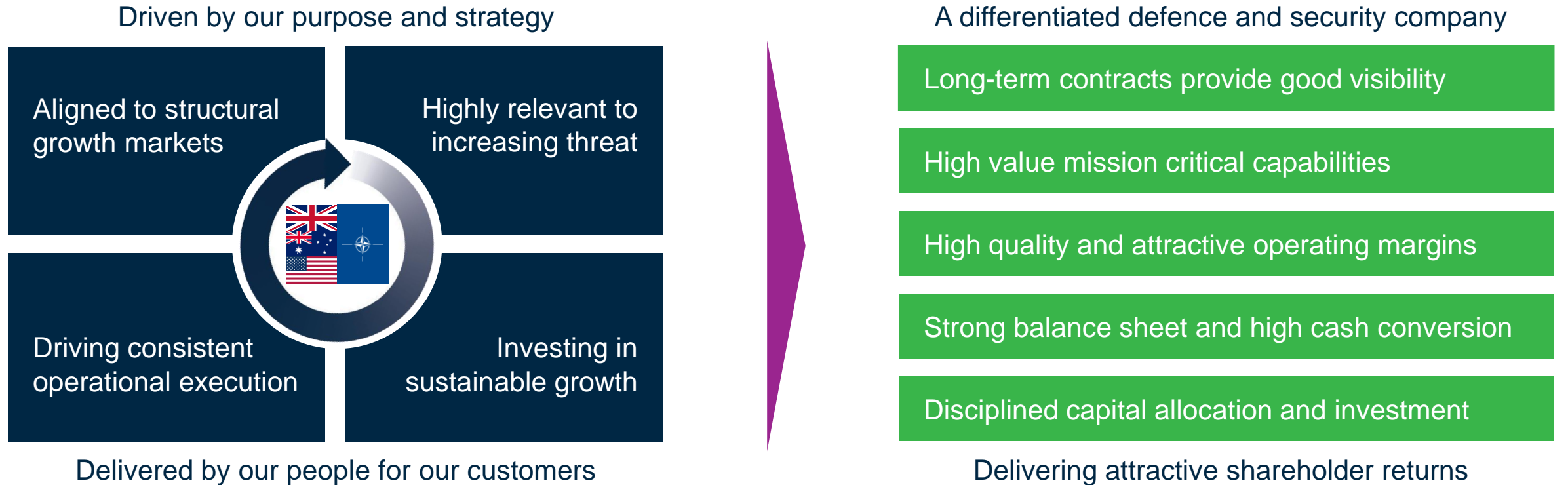
Our offerings

Description

Examples

Research & Development	Experimentation, prototyping, testing and innovation to develop new and existing products, services and technologies for defence and security applications. Collaborating with government, industry and academia to create value from intellectual property.	<ul style="list-style-type: none"> • Research programme on new radar techniques • Development of rapid solutions for UK Home Office • Laser Directed Energy Weapons (LDEW) funded R&D programme to develop next generation low cost weapons
Test & Training	Using data-driven approaches to i) assure systems are fit for purpose and safe to operate, and ii) enable effective training of users in live and/or virtual operationally representative environments.	<ul style="list-style-type: none"> • NATO Formidable Shield 23 air & missile defence exercise • Provide aircraft training to flight test engineers of fixed-wing and rotary-wing aircraft • Lead DSTL's SERAPIS simulation & synthetic contract
Mission Support & Operations	Deploying close to, and alongside, our defence and security users to ensure that front line personnel have the situational awareness required to complete their missions through delivering information gathering systems and analysis services.	<ul style="list-style-type: none"> • Long Term Partnering Agreement (LTPA) 25 year contract signed with UK MOD in 2003 and now extended to 2033 • Design, construct, operate & maintain an unmanned flight test range in Australia
Engineering Services	Systems definition, integration and assurance services to enable efficient and effective acquisition and through-life support of Defence and Security Capability	<ul style="list-style-type: none"> • Engineering Delivery Partner (EDP) providing all engineering services to UK MOD • Major Service Provider to Australian Department of Defence Capability Acquisition and Sustainment Group

Our fundamental strengths and growth drivers remain strong



A unique proposition creating long-term value for all stakeholders

Geopolitical instability driving increasing spending in defence and security

Continued global instability

- Heightened threat environment and increasing urgency
- Lessons from Ukraine informing future defence needs
- Alliances strengthening in Europe and NATO allies



Dynamics driving markets

- National and NATO reform and industrial strategies
- Demand for improved productivity and efficiency
- Significant increase in long-term spending in Europe



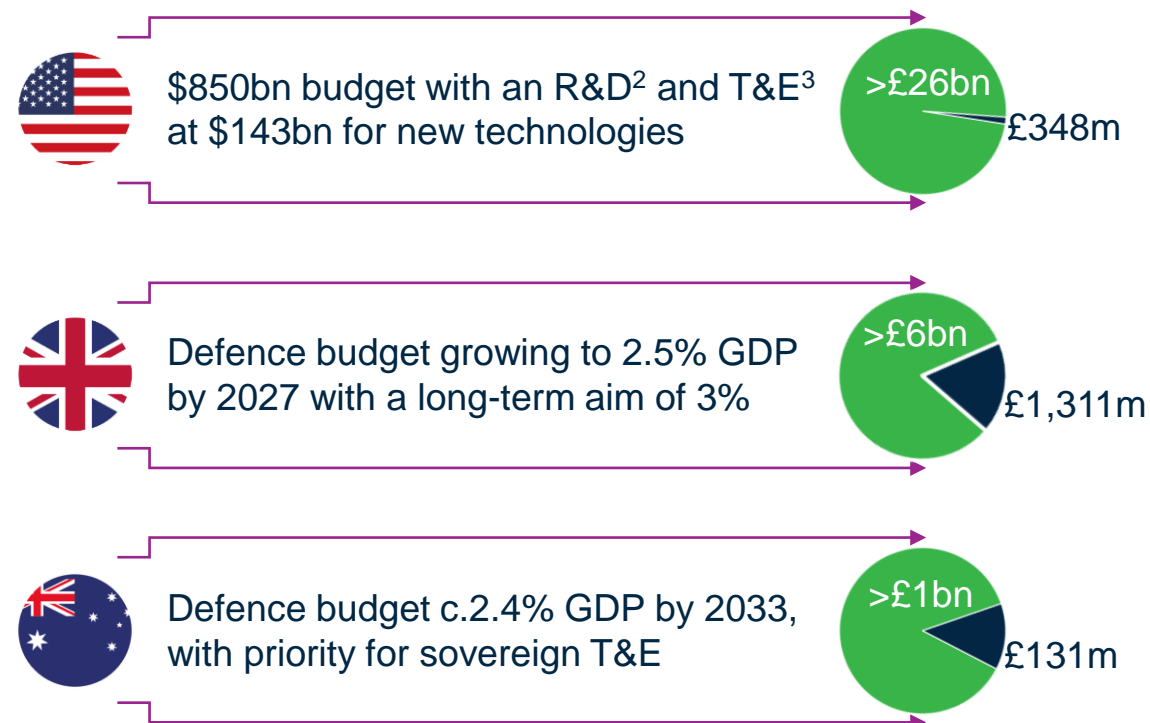
Our strategy and inherent strengths are well matched to national priorities

Significant market opportunity for a UK focused multinational company

Increasing threats



Market opportunity¹ >£35bn per year



Structurally aligned with our AUKUS customers' needs for next generation capabilities

¹ Sources: UK Autumn Budget 2024, UK MOD and US DOD forecasts, Australia Defence publications, US Budget Request Overview Book, QinetiQ estimates ² Research & Development ³ Test & Evaluation

● Addressable market opportunity ● FY25 revenue, Rest of World at £125m not shown

Our value proposition: applying our unique technical expertise across the lifecycle

Our customers' priorities

- Deploying new equipment, upgrades and weapons replenishment at pace
- Enhancing operational readiness
- Rapid operational advantage from disruptive technologies e.g. AI
- Increasing military effect through drones & human machine teaming
- Industry productivity and resilience
- Partnering with industry and enabling international collaboration and export

R&D for technological superiority



Engineering services accelerating capability



Mission support for national security



Test & training for operational readiness

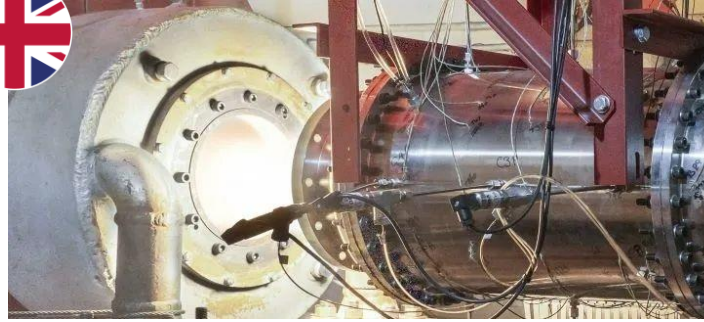


Our capabilities are highly aligned to our customers' priorities

FY25 – operational highlights



Increased NATO use of LTPA capabilities



£160m R&D for weapons innovation



Deployed comms contracts up to £200m



\$120m next gen sensor system awards¹



\$47m+ DASA strategic partner contract



17% demand increase for aerial targets

Highly relevant mission critical capabilities to meet current and future needs

¹ Funded base order value \$53m Note: glossary for acronyms can be found in the Appendix

£1.5bn¹ LTPA extension to transform UK's T&E for future warfare

Announced 22/5/25

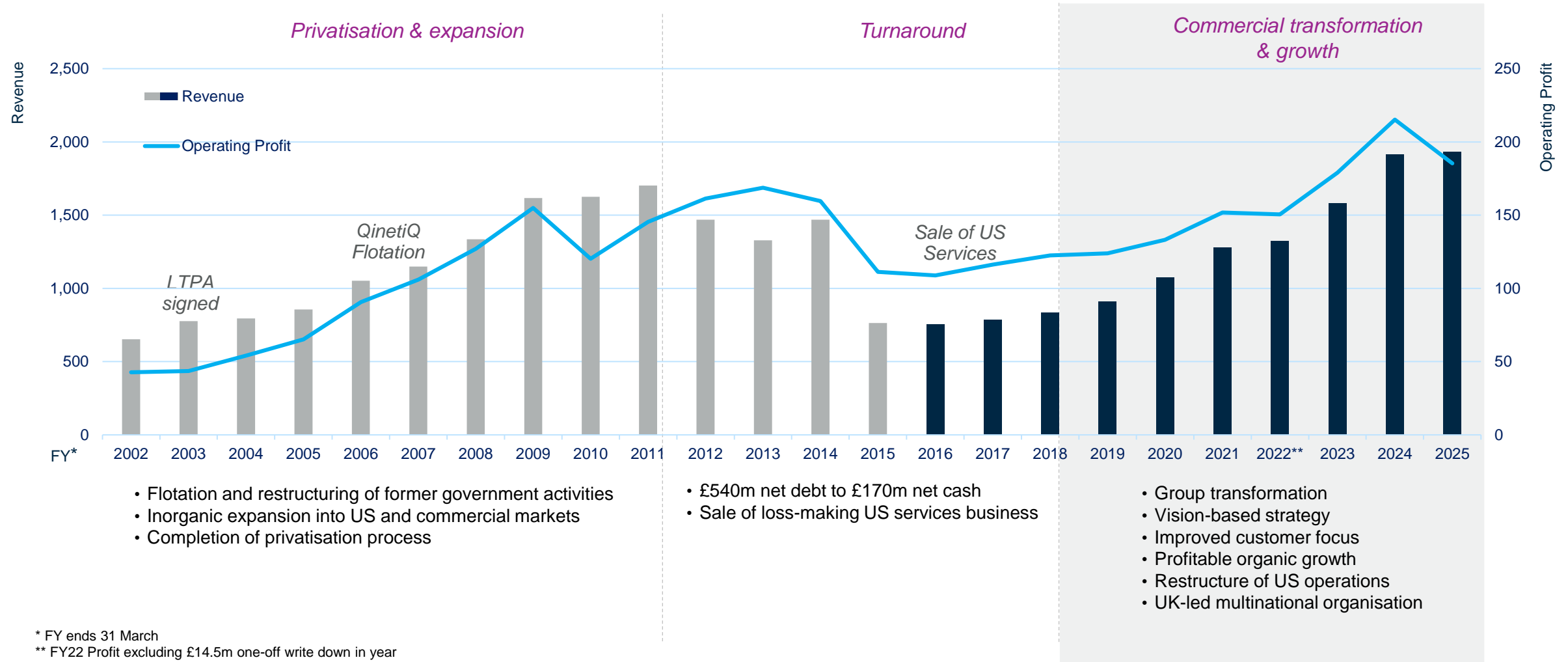
- Delivering strategic T&E capabilities through to 2033
 - Critical to major UK equipment and future upgrades e.g. Type 23 to Type 26, Typhoon to Tempest and Vanguard to Dreadnought
- Transforming for next generation technology e.g. directed energy, hypersonic launch and uncrewed systems
 - 'T&E Innovation Gateway' to attract SMEs and new entrants
- Attracting NATO allies through new framework contract
 - Recent exercises with Spain, Italy, Germany and US Air Forces
- Provides long-term visibility with c.£300m revenue pa
 - Investment continues at c.£50m pa with appropriate returns



Strong platform to accelerate UK defence innovation and enable International growth

¹ £1.54bn LTPA extension announced 22/05/25 plus award of £166m relating to current investments Note: glossary for acronyms can be found in the Appendix

Positioned for growth having undergone a significant transformation

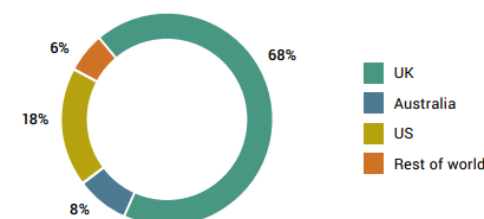


Key financials & financial characteristics

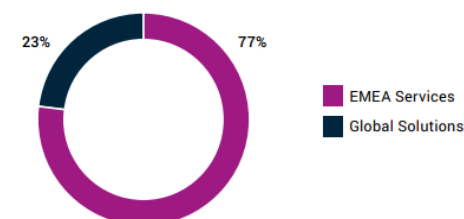
	FY21	FY22	FY23	FY24	FY25
Revenue	£1,278m	£1,320m	£1,581m	£1,912m	£1,932m
% revenue growth	19%	3%	20%	21%	1%
% organic revenue growth	10%	5%	11%	14%	2%
Underlying EBITDA	£202.1m	£189m	£255m	£308m	£302m
% EBITDA margin	16%	14%	16%	16%	16%
Underlying operating profit (EBIT)	£151.8m	£137.4m	£178.9m	£215.2m	£185.4m
% EBIT margin	12%	10%	11%	11%	10%
Underlying EPS	22.1p	22.1p	26.5p	29.4p	26.1p
% EPS growth	11%	0%	20%	11%	(11%)
Orders	£1,149m	£1,227m	£1,724m	£1,740m	£1,954m
Order backlog	£2.9bn	£2.8bn	£3.1bn	£3.7bn	£3.4bn ¹
Operating cash flow (pre capex)	£199.0m	£215.3m	£270.1m	£320.2m	£316.2m
% cash conversion	98%	114%	106%	104%	105%
Net cash/(debt)	£164.1m	£225.1m	(£206.9m)	(£151.2m)	(£133.2m)
Dividend	6.9p	7.3p	7.7p	8.3p	8.9p

¹ Includes £0.6bn of unfunded backlog

Revenue by customer location



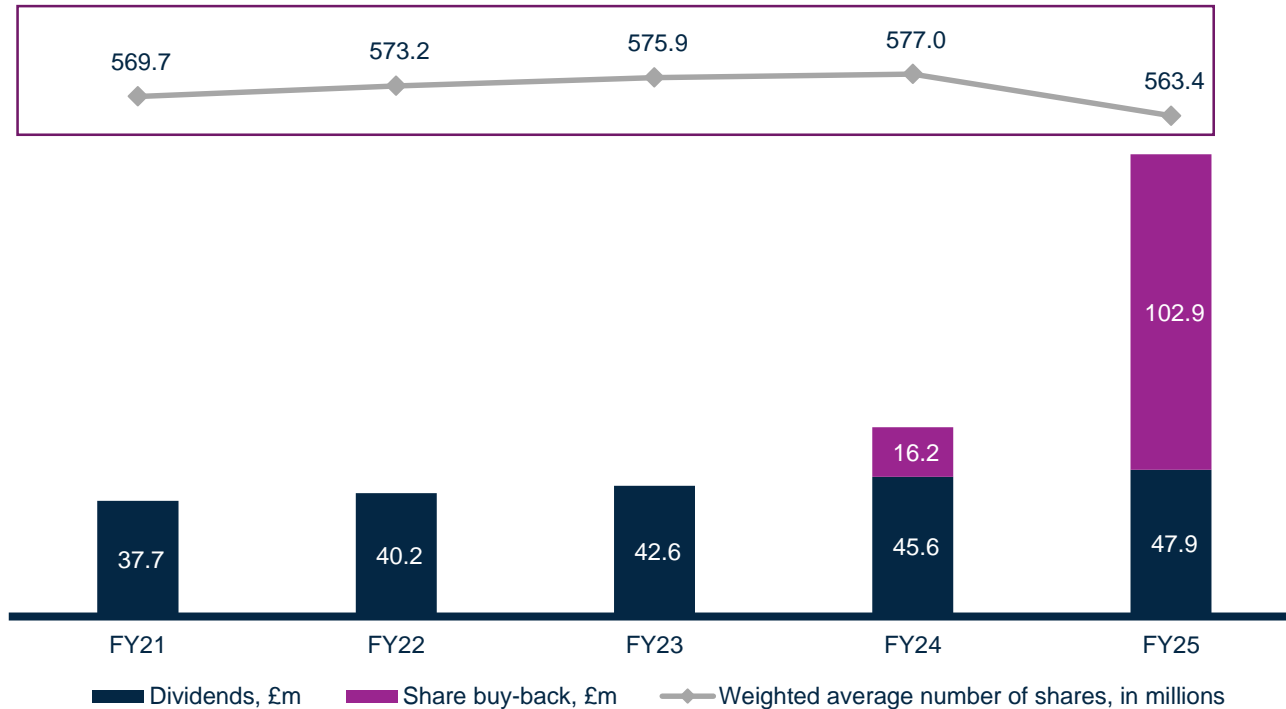
Revenue by division



- Low single digit organic revenue growth forecast in FY26
- Focus on returning EBIT margin to 11% in FY26
- Strong order backlog of £3.4bn (£0.6bn unfunded orders) and enter each FY with c.70% of revenue under contract, giving good future earnings visibility
- Favourable contracting model, able to pass 70-80% of inflationary impacts to our customers through cost plus and inflation-linked contracts, and new to-win contracts
- Asset-light (22% ROCE in FY25) and cash generative business model supports organic investment to drive future growth: organic investment funded from operating cash flow
- Strong and consistent cash conversion of 90%+ facilitates rapid de-leveraging to ensure we are able to support our growth ambitions
- Progressive dividend policy, recently increasing by +7%
- Balanced capital allocation policy: Additional £200m share buyback over two years announced in March and commencing in June 2025 (following on from previous £150m share buyback)

Disciplined capital allocation

Weighted Average number of shares (m)



Capital allocation policy

Invest in our organic growth

Return excess cash to shareholders

Provide a progressive dividend to shareholders

Complement with value accretive acquisitions

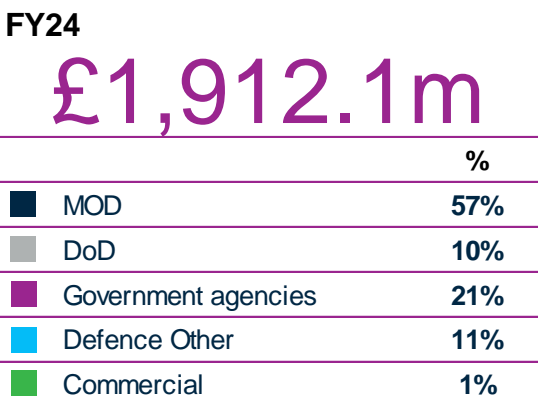
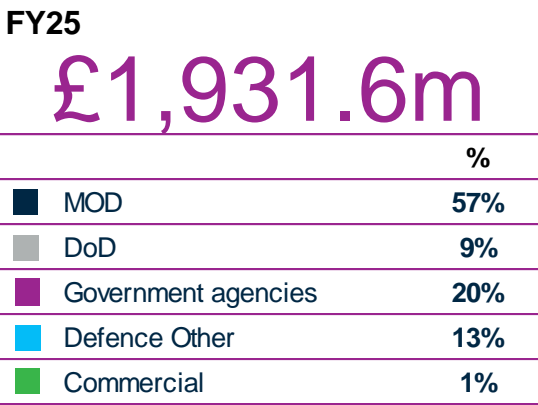
Strong balance sheet with optionality for investment in growth and further shareholder returns

Appendices

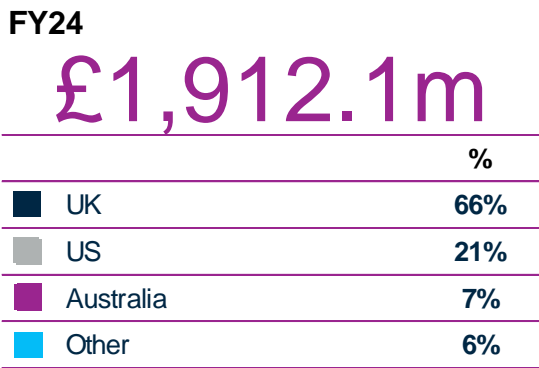
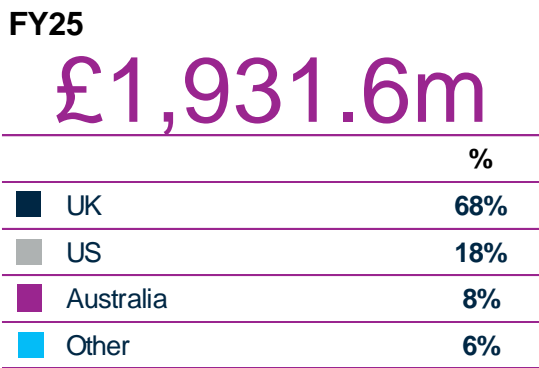


Revenue by customer and country

Revenue by customer (%)



Revenue by destination country (%)



Glossary

Term	Definition
ACE	Accelerated Capability Environment
ATS	Aerial Target Systems
AUKUS	Australia, United Kingdom, United States
B2B	Book-to-Bill
CATS	Combined Aerial Target Service
DASA	Defence Aviation Safety Authority
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EDP	Engineering Delivery Partner
EMEA	Europe, Middle East and Australasia
EPS	Earnings Per Share
LTPA	Long Term Partnering Agreement
MSCA	Maritime Strategic Capabilities Agreement
MSP	Major Service Provider

Term	Definition
NGGATS	Next Generation German Aerial Training Services
NCSISS	Naval Combat Systems Integration Support Service
PPE	Property Plant and Equipment
RDEC	Research and Development Expenditure Credits
ROCE	Return on Capital Employed
R&D	Research and Development
SCO	Strategic Capabilities Office
SDA	Space Development Agency
SME	Small to Medium Enterprise
SSN	Ship Submersible Nuclear
TARS	Tethered Aerostat Radar System
T&E	Test & Evaluation
TRP	TacSys Resource Partner
WSRF	Weapons Sector Research Framework

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