QINETIQ

Protecting lives by serving the national security interests of our customers

Contents

What's inside

Strategic report

Find out more on our website at www.qinetiq.com

Corporate governance

Financial statements

Additional information

Our performance

Financial highlights

Orders

£1,955m ↑ 12%

FY24: £1,740.4m

FY25	**£1,954.8m**
FY24	£1,740.4m
FY23	£1,724.1m

Revenue

£1,932m ↑ 1%

FY24: £1,912.1m

FY25	**£1,931.6m**
FY24	£1,912.1m
FY23	£1,580.7m

Underlying* operating profit

£185m ↓ -14%

FY24: £215.2m

FY25	**£185.4m**
FY24	£215.2m
FY23	£178.9m

Statutory operating (loss)/ profit

(£91m) ↓ -147%

FY24: £192.5m

FY25	**(£90.5m)**
FY24	£192.5m
FY23	£172.8m

Underlying earnings per share

26.1p ↓ -11%

FY24: 29.4p

FY25	**26.1p**
FY24	29.4p
FY23	26.5p

Statutory (loss)/earnings per share

(33.0p) ↓ -236%

FY24: 24.2p

FY25	**(33.0p)**
FY24	24.2p
FY23	26.8p

* Definitions for the Group's 'Alternative Performance Measures' can be found in the glossary. Underlying operating profit refers to operating profit from segments. See note 2 for details.

→ ETPS fixed wing aircraft

Operational highlights

Laser weapon for the Royal Navy in 2027

Following the UK Government's decision to accelerate the deployment of this technology onto Royal Navy warships in 2027, together with our partners we have rapidly mobilised the next programme of work, securing £58m of orders in the year.

Delivering new communications solution for the front line

In the UK we are providing Defence Digital with engineering and programme expertise to work in partnership to deliver the next generation of tactical military communications that enables the British Army to make better and faster decision making when operating on the front line.

Expanding support for US customers

In the US we achieved more than 10% on-contract growth, across our major 5-year programmes that provide engineering services and mission support for the Space Development Agency, Strategic Capabilities Office and the Tethered Aerostat Radar System programme for Homeland Security.

↓ Credit: Sven Adolf

Next Generation German Aerial Target Services

We play a vital role supporting the operational readiness of the German Armed Forces and secured a 10-year €284m contract to deliver aerial training services including close air support, maritime air operations, and ground control intercept and ground based air defence training.

Leading the Weapons Sector Research Framework

Our enterprise approach on weapons research in the UK will continue for a further two years and is worth up to £160m. It will increase the pace at which next generation weapons are being delivered to the front line via a network of established prime contractors, disruptive entrants and SMEs to advance state-of-the-art technologies.

Driving efficiency gains and operational benefits for UK Armed Forces

Under the Engineering Delivery Partner programme we continue to deliver advanced engineering services that are critical to national programmes and operational capability for the frontline including for E-7 Wedgetail, Challenger 3 and Dreadnought. We lead a thriving ecosystem of suppliers including more than 250 SMEs to ensure we harness the very best solutions.

Further reading

→ Our KPIs pages 36–37

→ Our sector review pages 22–29

Purpose-driven approach

Our purpose

Protecting lives by serving the national security interests of our customers

Our values

Integrity

Collaboration

Performance

Further reading

→ CEO review pages 10–13

→ Business model pages 18–19

→ Segmental reporting pages 20–21

Our strategy

Our customer-centric multi-national growth strategy has four areas of focus

Invest in core capabilities

High-value and differentiated

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

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

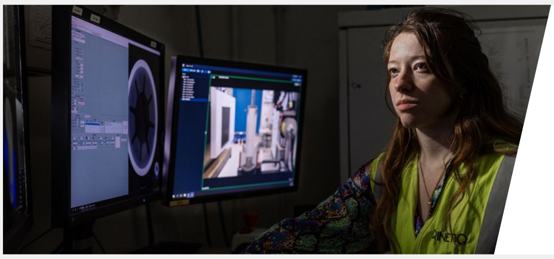
Co-create innovative solutions

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

We deliver safely, securely and sustainably for the benefit of all our stakeholders

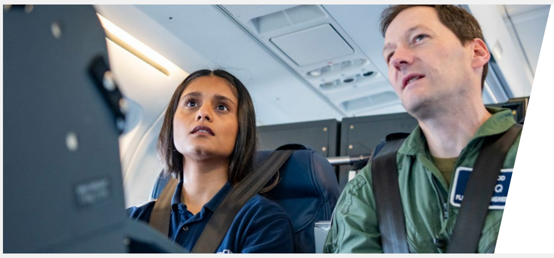
Core capabilities

Our highly experienced scientists and engineers, with unique expertise, are committed to solving some of the world's most challenging problems and deliver mission critical capabilities



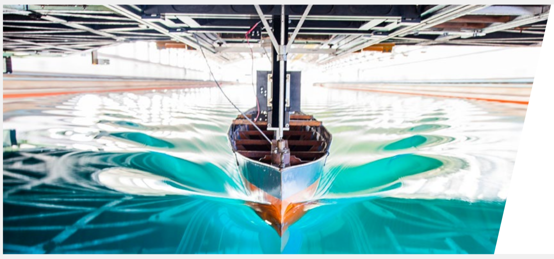
Research & Development

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.



Engineering Services

Systems definition, integration and assurance services to enable efficient and effective acquisition and through-life support of Defence and Security capability.

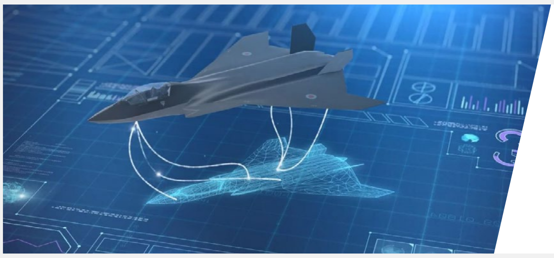


Test & Training

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.

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.

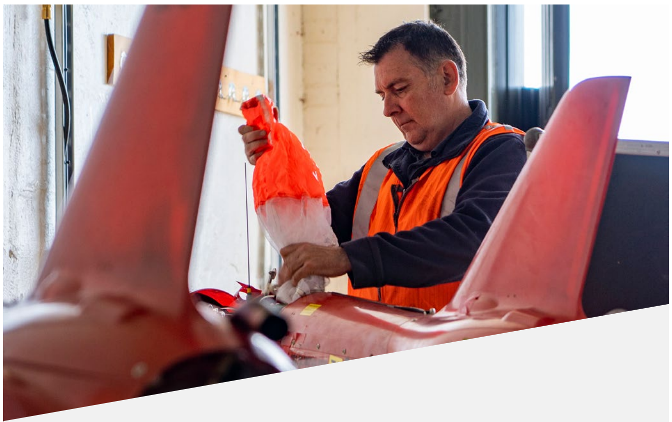


Cyber & Intelligence

Sensing, data processing, digital engineering, including advanced analytics and artificial intelligence capabilities, to enhance the cyber and electronic warfare mission. Supporting assured decision-making through multi-domain mission data and intelligence services and solutions.

What makes us different

Aligned strategic markets

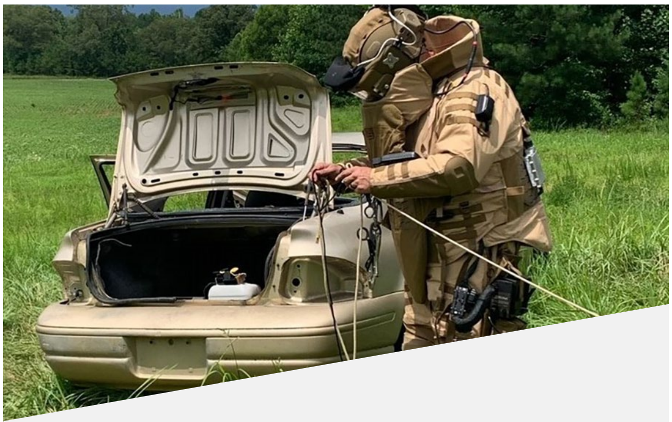


Our business operates in global defence and security markets which are seeing significant spending increases. Our capabilities are well aligned with those areas that are growing faster than their overall defence budgets:

- We are aligned to the higher-growth areas of defence budgets, including sensors, communications, cyber, electronic warfare, autonomy and artificial intelligence
- We are a key partner to nations with shared defence and security interests, most significantly in the UK, Australia and the US, known collectively as AUKUS; and increasingly to European allies and wider NATO alliance
- Our total addressable market is worth more than £35bn

>£35bn
addressable market

Increasingly threat-relevant



We have unique mission critical capabilities around the world, helping to maintain national defence and security for our customers:

- Unique position in the defence ecosystem, often in-between and alongside the end-customer and the prime equipment providers
- Involved across the lifecycle of defence systems, from early-stage research and development, through engineering services and support, complex test and evaluation capabilities, provision of advanced mission rehearsal, cyber security and data analytics and select niche defence and security products
- Key partner to sovereign nations providing world-leading technical expertise and state-of-the-art facilities, trusted by national defence agencies, with decades of project history and specialist capabilities
- A leader in advanced technologies with the ability to partner across industry and academia to deliver innovation at pace for our customers

£2.8bn
backlog underpins long-term revenue visibility

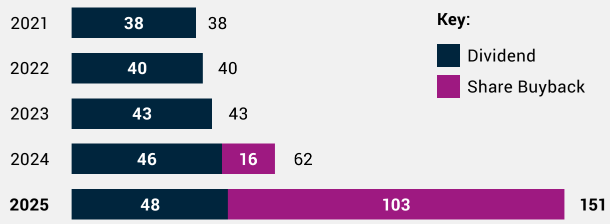
c.8,500
highly skilled employees

Strong cash generation & clear capital allocation

Our business has attractive financial characteristics supported by a strong balance sheet which enables us to invest and realise our long-term growth ambitions:

- Long-term contracts and repeatable business: predictable and strong revenue visibility
- Asset-light and cash-generative business model supports organic investment to drive future growth: organic investment funded from operating cash flow
- Strong balance sheet and clear capital allocation policy – investment to drive long-term growth
- Progressive dividend policy and buyback programme

Shareholder Distributions (£m)



90%+
cash conversion

22%
return on capital employed

Sustainable approach

QinetiQ has been committed to driving ESG across our value chain for many years, in our operations, working with suppliers and supporting our customers:

- No exposure to controversial weapons
- AA Rated by MSCI and Top-Rated ESG company by Sustainalytics
- 36% reduction, of our Scope 1 and Scope 2 emissions against our FY20 baseline (which is not on a like for like accounting basis as it includes the impact of the sale and leaseback of our Farnborough site). See page 42 for explanation
- Ideally placed to help our customers understand and prepare for the specific defence and security implications of the energy transition and changing environment

AA-rated
by MSCI

Top-rated ESG company
by Sustainalytics

Proud of the role we play supporting our customers' mission

This has been a challenging year for the Group with dynamic trading conditions and geopolitical uncertainty impacting performance.

Whilst there have been commitments from governments to increase defence spending in the near term, QinetiQ is operating in a tough and competitive market.

The world continues to experience a rapidly changing threat environment and there remains an enduring demand for strong defence and security; with customers needing more innovation, greater pace and better value for money. I am confident QinetiQ's unique capabilities are what our customers need and know we have to work hard to be more competitive and to meet and exceed their requirements.

The leadership team has been strengthened during the year and has taken decisive and proactive action to address the performance challenges, placing QinetiQ on a trajectory for sustainable future growth. We have also further evolved our Board to improve its depth of skills, experience and knowledge across our core global markets.

I am extremely proud of the dedication and commitment of our highly skilled people who have continued to serve our customers, delivering mission critical capabilities at a time of heightened threat. Longer term, the underlying strength of the Group, coupled with our vital role in supporting the national security needs of our customers in the UK, US and Australia, as well as NATO allies, positions us well for the future.

FY25 performance

The Group's financial performance for FY25 was below the expectations set out in the year, particularly on revenue and profit. Tough trading conditions delayed order intake for short-cycle work in our UK Intelligence and US Sectors, and our higher margin product sales from the US were impacted by geopolitical uncertainty. As a result, organic revenue growth was 2% at an underlying margin of 9.6%. Cash conversion was good and, despite the trading headwinds, there was continued strength in order intake which reached £2bn for the year.

The management team has taken proactive action to address performance challenges in our US Sector. The performance and outlook of our US business contributed significantly to the statutory operating loss of £90.5m, both through a goodwill impairment of £143.9m and other one-off charges predominantly related to legacy US operations. As a consequence, whilst delivering an underlying profit, these one-off exceptional charges have resulted in us reporting a statutory operating loss of £90.5m.

Our UK Defence business which has greater exposure to longer duration contracts has remained strong and secured in May 2025 a £1.5bn five-year contract extension to our Long Term Partnering Agreement with the UK Ministry of Defence. This bolstered the Group's order backlog and visibility.

The leadership team have been driving an increased performance focus across the Company. This approach, which continues into FY26 and is supported by the Board, includes a resizing of parts of the Group to support future profitable growth and to improve effectiveness and efficiency.

QinetiQ is a highly cash generative business and, within our capital allocation policy, we are focused on driving consistent organic profitable growth, good cashflow generation, investment in the business and value-accretive shareholder returns.

Consistent with this policy, in March we announced an additional extension to the current share buyback programme of up to £200m, which we expect to be executed over the following two years. We will also maintain the growth rate of our progressive dividend at 7%.

Our strategy

As a Board we engage, review and refine the Company's strategy annually, and this year that review took account of the dynamic market backdrop and rapidly evolving threat environment. As a result, QinetiQ's market-led strategy has evolved to ensure a greater focus on building customer solutions and an improved performance culture. As part of the Company's five-year business plan there will also be a commitment to increasing the investment in people, capabilities, infrastructure and systems to make QinetiQ stronger, more sustainable and better able to compete in the future.

Our people

During this year the Board and I were delighted to spend time with the talented employees who are committed to serving our customers and their national security needs. We have visited some of our sites in our core markets in the UK and Australia and from our interactions with employees, it was inspiring to see how they are driven by such a clear sense of purpose. We were also fortunate to spend time with our colleagues and customers at RAF Waddington in the UK.

The importance of defence and security in ensuring we all live in a sustainable and safe world has never been so clear and we are proud of the role we play in supporting our customers' mission in keeping us all safe. Our sustainability programme is focused on the most material issues for the Company including looking after our people, our governance and a deliverable Net-Zero plan. I'm pleased to note that in the year we retained our rating as a top-rated ESG company by Sustainalytics and our AA rating from MSCI.

Board changes

In September, we were delighted to welcome Martin Cooper, Group Chief Financial Officer to the QinetiQ Board. Martin, together with Group CEO Steve Wadey, have ensured a renewed focus on performance and has been driving rapid progress across a range of priorities, supported by the Board.

During the year, we also welcomed two new Non-executive Directors to the Board, with the appointment of Dr. Ezinne Uzo-Okoro in November and Roger Krone in January.

Ezinne has had more than 20 years of US government service, most recently as Assistant Director at the White House Office of Science and Technology Policy from 2021 to 2024, where she had overall responsibility for Space Policy. Roger brings extensive leadership and operational experience, including as Chairman and CEO of Leidos Holdings, Inc. from 2014 until his retirement in 2023. He also held numerous senior leadership roles at The Boeing Company and General Dynamics.

Both appointments have significantly strengthened the Board's expertise and knowledge of the US market.

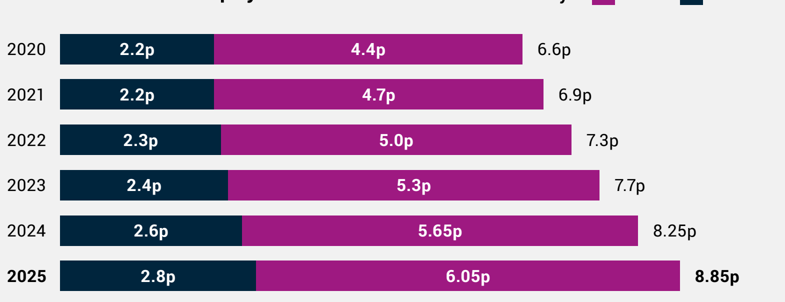
From April, and as part of a planned succession, Dina Knight, assumed the role of Chair of the Remuneration Committee as Susan Searle stepped down from the Board having completed her full allowable term. I would like to thank Susan for her commitment and invaluable contribution to the Board and the Group, and for her stewardship of the Remuneration Committee as its Chair over a number of years. We all wish her well in her future endeavours.

I would like to close by thanking our colleagues across QinetiQ for the work they have done this year. Whilst it has been a challenging year, I am confident we have the right team in place, a strong strategy and the capability to deliver long-term growth for our shareholders.

Neil Johnson
Non-executive Group Chair

22 May 2025

Historical dividend payments



Further reading
→ Stakeholder engagement pages 70–72
→ Board of Directors pages 80–82

Focused on delivering consistent operational performance

Steve Wadey
Group Chief Executive Officer

We have taken decisive action and are focused on reshaping the business for growth, with a clear restructuring plan to strengthen and capture the increasing opportunities within our key markets.

Overview

This has been a difficult year for the Group and whilst we recorded modest growth in revenue and generated good cashflow, our financial performance was not what we anticipated. Tough near-term external trading conditions and geopolitical uncertainty weighed on our performance in two specific areas. In particular, this affected short cycle work in our UK Intelligence and US Sectors, resulting in delays to a number of contract awards. Notably, our weighting to higher margin product sales from the US was impacted, contributing to a downgrade in expectations for the full year.

Thanks to our highly skilled employees, we have continued to deliver for our customers, ensuring they are able to respond to national and global security needs at pace. I am proud of what our teams, in partnership with our customers and industry, have successfully delivered through our long-term framework contracts in the UK, US and Australia to ensure frontline capabilities are supported. Our deep technical and engineering expertise continues to advance the development of new technologies with our world-leading beam combining technology used to accelerate the adoption of laser directed energy weapons by the UK military.

During the year, our teams continued to deliver training exercises to prepare armed forces personnel for the wide range of evolving threats they are likely to face on operational deployment. We are seeing increasing demand for our services and are continuing to invest in new capabilities and technologies to help our customers maintain advantage on the battlefield.

Notwithstanding the short-term dynamics, commitments from Governments in our key markets to increase defence and security spending in the years ahead underpin our confidence in the mid-to-longer term outlook for the business. In a rapidly changing threat environment our customers need different capabilities, more innovation, greater pace and better value for money, all of which are inherent to QinetiQ. We are taking action to ensure we capitalise on the opportunity, reshaping the business for sustainable growth by setting in motion a clear and robust restructuring plan to adapt and strengthen the Group.

Performance in the year

Our financial performance for the full year fell below our expectations, particularly on revenue and profit. Revenue was £1,931.6m, representing 2% organic growth on the prior year. Our underlying profit was £185.4m, down 14% on the prior year and at a margin of 9.6%. After largely one-off exceptional charges of £305.9m, this resulted in a statutory operating loss of £90.5m. Encouragingly, we ended the year with a record order intake of £1.95bn, highlighting the relevance and demand for our core capabilities. We also achieved healthy cash conversion of 105%. This, together with our continued commitment to disciplined capital allocation, which includes the recent announcement of a further £200m share buyback programme, reflects our confidence in the underlying strengths of the Group.

As part of improving our performance and accountability culture throughout the company, I have recommended and have agreed with the Remuneration Committee that I, and the members of the QinetiQ Leadership Team, would not receive any annual bonus payment for FY25 performance. In addition, I have also agreed that any 2025 salary increase for myself would be deferred and subject to in-year performance. Details are discussed in full in the Directors' Remuneration Report.

EMEA Services

Within EMEA Services, order intake grew 21% on the prior year and revenue was up 5% on an organic basis. This was predominantly driven by a €284m ten-year order for the continuation of the threat representation training contract that underpins our German business and good growth in our UK Defence Sector. The UK Defence Sector represents c.50% of Group revenue and has greater exposure to long-term contracts from which we provide mission critical solutions for our primary customers – MOD Defence Equipment & Support, Submarine Delivery Agency and Front Line Commands. The relevance of our core capabilities in UK Defence delivered another year of impressive revenue growth, strong operating profit and good cash conversion. This was partially offset by performance in our UK Intelligence Sector, which represents c.25% of Group revenue and experienced a slowdown in short cycle order awards, especially in the second half of the year.

In May 2025, we were awarded a £1.5bn five-year contract extension to our Long Term Partnering Agreement with the UK Ministry of Defence. Partnerships through long-term contracts is central to how we deliver customer value and this extension will see our teams continue to provide mission critical test, trials, training and evaluation capabilities that help to ensure the performance and effectiveness of the UK Armed Forces, NATO and their allies until 2033.

Global Solutions

Global Solutions has been impacted by a challenging external market environment and, specifically, the second half operational result in our US Sector, which represents c.20% of Group revenue. Here, we experienced both market challenges, following the change in administration including export restrictions, and operational issues. Orders decreased by 4%, driven by a reduction in US order flow against a strong prior year comparator and a challenging trading backdrop in the second half of the year. Overall, revenue for Global Solutions reduced by 7%. Whilst Avantus revenue remained flat, the market dynamics in the US impacted product sales from our legacy operations.

Strategic response

To keep pace with the changing priorities within our core markets, we have increased our strategic focus to leverage our strong UK base including opportunities that better serve NATO and its allies, whilst continuing to prioritise our customers in the AUKUS nations.

Within this environment, we are improving our competitiveness and progressing plans to enhance our cost efficiency through reducing our overheads, including reductions in management roles across the Group.

In UK Intelligence, we have resized some of our capabilities whilst protecting core skills for the future. In addition, we have taken action to realign the business to emergent customer needs, so that we are better positioned to support operations and digital transformation in the UK Defence and Security markets. Whilst we forecast a stable FY26, this business remains highly relevant to our customers' needs and is well positioned to return to growth in the following years.

In the US, we appointed Tom Vecchiolla as US President and Chief Executive in January and undertook a review of our US operations and subsequently launched a restructuring programme. As a consequence, we have taken actions to improve operational performance by resizing our cost base aligned to market priorities, addressing labour rates and inventory management. These measures resulted in in-year non-cash charges – predominantly due to our legacy US operations – but put us on a stronger foundation from which to move forward.

Aligned to the restructuring, and to be more resilient in the new market environment, we are refining our strategy in the US to be better aligned to current national security and defence priorities. We are focused on four revenue streams where we have good long-term incumbent positions and have delivered underlying growth in the year; maritime systems, advanced sensors, space and missile defence mission support and persistent surveillance systems. The Avantus long-term contracts with Space Development Agency, Strategic Capabilities Office and the Tethered Aerostat Radar System programme are all high priority national programmes and all have delivered significant on-contract growth in the year, providing a solid base from which to execute our refined strategy.

Looking ahead, there continues to be demand for our mission-critical capabilities and we are committed to maintaining financial discipline and executing our restructuring activities to deliver sustainable growth.

Market relevance and opportunities for growth

Governments are increasingly looking to the defence industry to help them build greater resilience, rapidly modernise and deliver defence innovation at pace, so they can better address current and future threats. Our mission critical capabilities are highly relevant and aligned to enabling our customers to deliver their changing national priorities, as evidenced by this year's record order intake.

Advanced technology is disrupting how our armed forces deter and fight but before it can be deployed, new equipment and technology needs performance and safety assurance so users have confidence it will operate how and when they need it. Our core skills and deep expertise in research and development, engineering and Test, Trials, Training and Evaluation (T3E) mean we are well positioned to continue to be a critical enabler to mission success. Our people experiment, innovate and develop new capabilities, drawing on a range of existing, emerging and disruptive technologies, to enable the safe performance of defence equipment and systems in service.

Our expertise in threat representation and in operating complex ranges enables us to support our customers' needs for improved training and affordability. We design, develop and facilitate multi-domain exercises that allow armed forces to be better prepared and able to succeed in warfare scenarios including joint and multi-national forces and human-machine teams.

We also provide our customers with advice, research, engineering, integration, testing and analysis that enables them to operate with confidence in increasingly contested environments and defend against rapidly evolving cyber and electronic warfare.

Our record order backlog, including the LTPA extension, provides a firm foundation for the company. Combined with our five-year qualified and prudent pipeline of £10bn, we have good visibility of 8x our FY25 revenue, underpinning our confidence in creating long-term value.

Committed to being a responsible business

Our purpose of protecting lives by serving the national security interests of our customers unites all who work for QinetiQ. Motivated by the vital services they deliver for our customers, our people are critical to our success and the execution of our strategy. Ensuring we create an environment that is safe and secure, where our people are inspired to deliver for our customers, have the opportunity to realise their potential and feel recognised for their contribution, is a priority.

Listening to our people helps us improve the working environment and provides opportunities for career development. We measure employee engagement each quarter and closed the year with consistent engagement to the prior year.

In delivering our sustainability programme we are focussed on what matters most to our Company so that we meet the expectations and needs of our stakeholders, ensuring we are addressing risks and creating value for our shareholders and customers.

We have an ongoing commitment to improving workplace safety and wellbeing. Our safety performance, measured by Lost Time Incident rate has shown a consistent year-on-year improvement reflecting our ongoing commitment to workplace safety and significant progress made in creating a safer workplace environment. In FY25, we saw an increase in our Total Recordable Incident Rate and while within the typical range for the defence sector, we will renew our focus on safety initiatives and proactive risk management.

We continue to focus on ensuring our business is resilient to the changing climate. We are also committed to playing our part in protecting the environment and have consistently recorded reductions in our Scope 1 and 2 emissions since FY20.

Focused on disciplined capital allocation

The Group continues to be highly cash generative and in that context we continually assess the best risk adjusted opportunities to deploy capital to support shareholder returns.

In the year, we delivered record shareholder returns through our progressive dividend with a year-on-year growth rate of 7% and the return of excess cash to shareholders via our buyback programme. In February, we completed our £100m share buyback programme and commenced an additional £50m share buyback programme expected to complete in June. In March, we subsequently announced an additional extension to the share buyback programme of up to £200m over the next two years, on completion of the current programme.

Our priority remains on delivering value accretive organic growth, with our strong cashflow enabling investment in our people, technology and capability, and delivering attractive shareholder returns.

Board and Leadership changes

Martin Cooper, our Group Chief Financial Officer joined QinetiQ and the plc Board as an Executive Director in September. During the year we also welcomed two new Non-Executive Directors to the Board with the appointment of Dr. Ezinne Uzo-Okoro in November and Roger Krone in January. Both Ezinne and Roger have extensive experience in US national security and defence bringing additional strength and depth to the plc Board.

We also strengthened our leadership team in the year with the appointment of Iain Stevenson and Tom Vecchiolla. Iain joined QinetiQ in July in the newly created role of Chief Operating Officer and in January we appointed Tom to lead our US Sector. All of these appointments are providing positive improvements for our long term performance.

FY26 outlook and summary

For the year ahead, we expect:

- Revenue growth expected to be c.3% for FY26, supported by 75% revenue coverage.
- Margin expected to be c.11%.
- Cash conversion expected to be c.90%.
- EPS growth expected to be 15–20%.

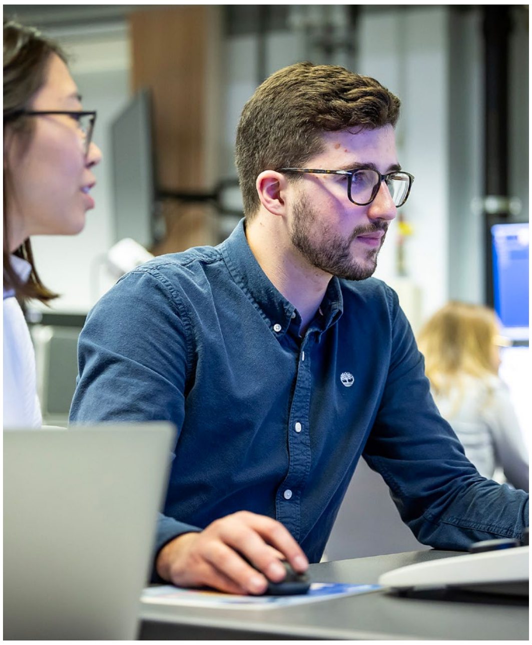
The fundamentals of the Company remain strong and we have a clear strategy to create value across the Group, positioning us at the centre of defence innovation for future warfare. With the £1.5bn LTPA extension through to 2033, we now have a record order backlog. This, combined with the strong pipeline and alignment of our mission critical capabilities to our customers' needs, provides confidence and visibility in delivering medium to long-term growth.

Steve Wadey
Group Chief Executive Officer
22 May 2025

£1.9bn
FY25 revenue

9.6%
FY25 operating profit margin

105%
FY25 cash conversion



Themes driving market growth

Themes reshaping defence markets around the world

The world order is increasingly characterised by greater instability, polarising narratives, eroding trust and insecurity. The geopolitical landscape will become even more complex as the technological revolution, politicisation of trade and evolving allegiances make the world a more contested place.

These factors are driving many states to increase defence and security investment and strengthen relationships with like-minded allies.

// Our customers seek to rapidly modernise their defence and security capabilities so they can better address current and future threats. //

Demand for military equipment and adoption of advanced technologies

The acceptance and operation of new military equipment in service needs safety and performance assurance. Technology is also transforming the character of warfare, creating new vulnerabilities. Artificial Intelligence, Autonomous Systems, Quantum Technologies, Hypersonics, Directed Energy and other advanced technologies are affecting how militaries deter and fight, now and in the future.

How QinetiQ is responding

Customers need to experiment, develop and integrate new technologies swiftly, safely and seamlessly into existing capabilities.

Research, development, test and evaluation of technologies is at the core of what we do. With an understanding of existing and emerging threats, we experiment, innovate and develop new capabilities. Drawing on a range of existing, emerging and disruptive technologies, we enable safe performance of military equipment in service.

Demand for secure, reliable intelligence across all domains

Detecting and intercepting threats at speed requires reliable situational awareness and decision-making based on secure intelligence. With the application of Artificial Intelligence, more sophisticated and frequent cyber and electronic warfare threats are increasing the challenge to constrain and defeat adversaries.

How QinetiQ is responding

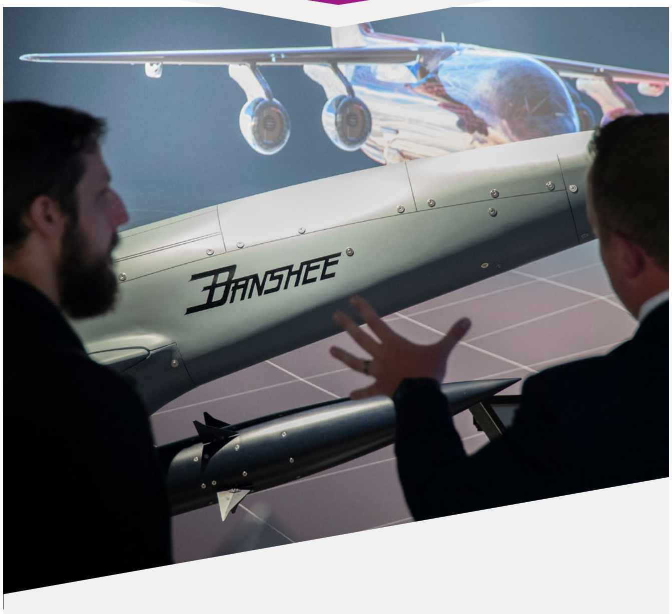
Customers need to defend physical and information systems against evolving cyber and electronic warfare threats across all domains.

Using our knowledge, experience and understanding of multi-domain networked systems, and evolving cyber and electronic warfare threats we provide customers with advice, research, engineering, integration, testing and analysis to support their ability to operate with confidence in increasingly contested environments.

Demand for affordable, realistic training and simulation

Evolving threats, new technologies and rapidly changing warfare tactics are driving the need to be better prepared and more adaptable to deter, defend and defeat adversaries.

How QinetiQ is responding



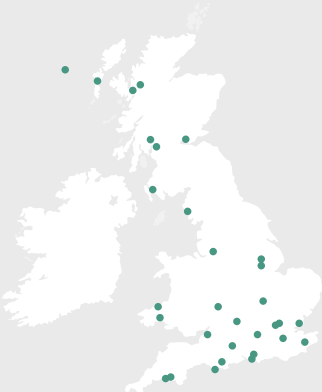
Customers need to train, rehearse, exercise and experiment across all domains to succeed in contemporary operating and warfare scenarios. This includes both individual and collective training across both joint and multi-national forces as well as with human-machine teams.

From designing distributed training architectures and integrating human factors to delivering realistic threat representation and operating complex ranges, we provide technology-agnostic training and simulation solutions across all domains. Integrating and developing emerging technologies, we support our customers' needs for improved training realism and affordability.

Our >£35bn addressable market

The UK, US and Australia are our home countries and collectively represent 94% of our revenue

UK



Trading environment

In October 2024, the UK government increased the defence budget by a further £2.9bn in FY24/25 and increased the FY25/26 budget to £59.8bn. This is equivalent to an annual average real-terms growth-rate of 2.3% between FY23/24 and FY25/26[1]. A Strategic Defence Review launched in July 2024 and is due to report in the first half of 2025. The UK plans to increase defence spending to 2.5% GDP by 2027 with a longer-term ambition of increasing it to 3% between 2029 and 2034. In a dynamic security environment, the UK is committed to European security and remaining the leading NATO ally in Europe.

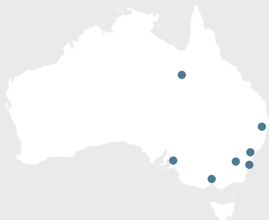
In the short term, trading has been challenging for some parts of our business with greater exposure to short cycle contracting. However, as the UK seeks to establish a modernised integrated multi-domain defence capability, we are well positioned to support this transformation.

1 Autumn Budget 2024 (HTML) – GOV.UK.

6,128 employees

34 sites

Australia



Trading environment

Australia's strategic environment has continued to deteriorate since the release of the 2023 Defence Strategic Review with increasing risk of military miscalculation leading to major conflict in the Indo-Pacific region[2]. The 2024 National Defence Strategy (NDS) and 2024 Integrated Investment Programme (IIP), published in April 2024, detailed defence capability investments. The consolidated Defence and Australian Signals Directorate funding for FY25/26 is estimated at AUD $58.4bn[3]. $50.3 billion is being invested over the next decade, which will see defence funding rise to 2.4% GDP by 2033–34[4].

As Australia seeks to establish an integrated future force, accelerating acquisition of critical capabilities with a focus on minimum viable capability, we are well positioned to support their needs.

2 2024 National Defence Strategy and 2024 Integrated Investment Programme.

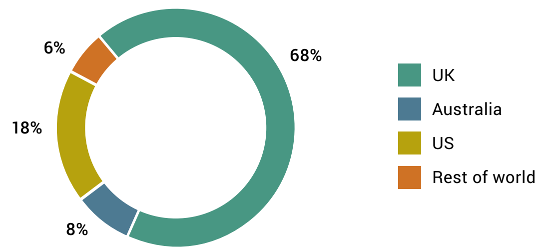
3 Portfolio Budget Statements 2024–25.

4 2024 National Defence Strategy – Budget.

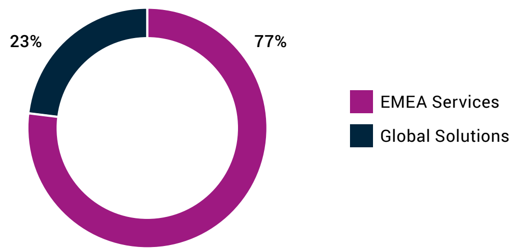
828 employees

8 sites

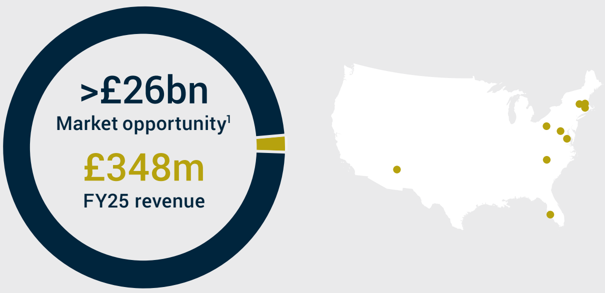
Revenue by customer location



Revenue by division



US



Trading environment

The Department of Defence funding request for FY25 is $849.8bn[5]. As part of this, the research development test and evaluation budget is $143.2bn. Investment in critical technology areas aimed at strengthening technological advantage include directed energy, hypersonics, integrated sensing and cyber.

The U.S. administration is refocusing FY26 budget priorities towards enhanced lethality whilst preserving priority funding for areas such as border security and missile defence. In parallel, the new Department of Government Efficiency (DOGE) is tasked with improving efficiency through all US government agencies including modernisation of software and IT systems. These transformation activities may cause some short-term uncertainty as well as emerging opportunities and threats for US government service providers.

Our services and solutions are aligned to the US government's priorities and we continue to invest to support our customers' needs.

5 FY2025_Budget_Request_Overview_Book.pdf

1,243 employees

12 sites

Rest of the world

Trading environment

During 2024 there has been a further increase in global defence investment as many countries have re-evaluated their defence and security environment as consequence of the Russia-Ukraine war. The 2025 forecast for global defence spending stands at $2.5Tn[6].

Rapid spending increases among European NATO members is driven by the ongoing Russian threat and concerns about possible US disengagement within the alliance. All NATO members increased their military expenditure in 2024. Total military spending by NATO members amounted to $1,56bn, or 55% of global military expenditure[7].

While priority and investment focus is attached to the implementation of our three home country strategies (UK, US and Australia), we continue to conduct business in the support of allied nations.

6 Defence Tech: Shaping the Future of Global Security – Global X ETFs Europe.

7 Unprecedented rise in global military expenditure as European and Middle East spending surges – SIPRI.

204 employees

4 sites

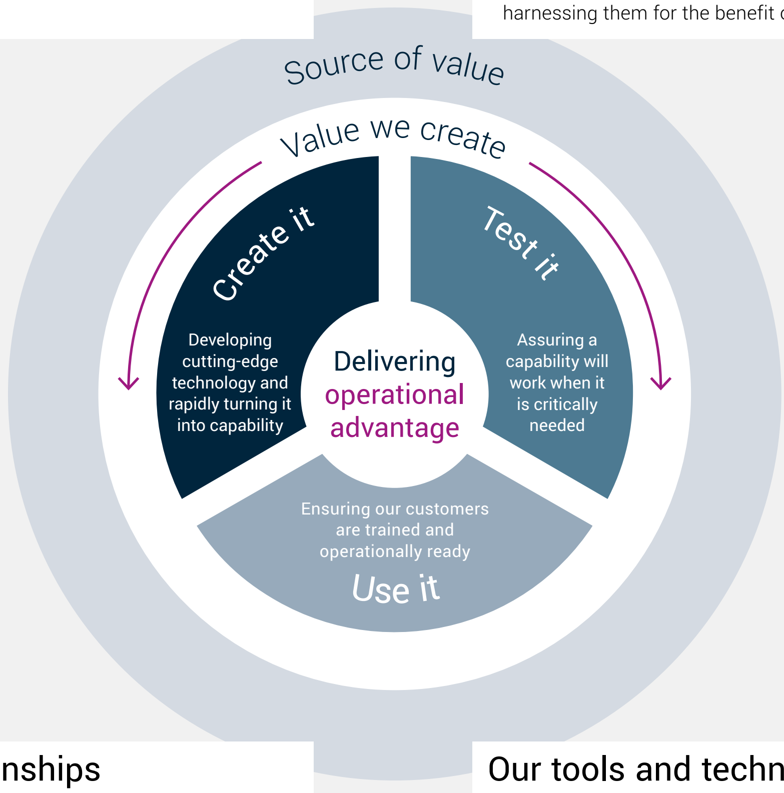
Delivering operational advantage

Our customer relationships

- **Understanding our customers' mission** We invest time in gaining a broad and deep understanding of our customers' mission, operations and challenges.
- **Gaining insights from operations** Through our training and mission rehearsal activities and in-service support experience, we gain unique and valuable insights into the operational context.
- **Collaborating and co-creating solutions** We put the customer at the heart of what we do. Collaborating with our customers, we innovate at pace and co-create value for money solutions.

Our skills and knowledge

- **Deep technical expertise and know-how** Our highly skilled scientists and engineers apply their world-leading technical and domain expertise to deliver evidence-based solutions, services and intelligence to our customers.
- **Understanding of threats and environments** Our capability to replicate realistic and dynamic threat environments enables us to evaluate system performance across the domains of cyber and information, land, maritime, air and space.
- **Broad knowledge of existing and emerging technologies** Our world-leading experts apply their scientific and engineering knowledge across existing and emerging technologies, harnessing them for the benefit of our customers.



Our partner relationships

- **Small to medium sized enterprises (SMEs)** In all our home countries, we have established relationships with a large network of SMEs, drawing on their specialist expertise and services to deliver value, agility and innovation.
- **Universities and research institutions** We actively engage and partner with universities and research institutes to undertake collaborative research and development of new operationally relevant technologies.
- **Large defence and non-defence technology enterprises solutions** We frequently form teaming relationships with a variety of large defence and non-defence companies, collaborating to deliver cutting-edge solutions to our customers.

Our tools and techniques

We invest in and maintain specialist tools such as facilities, aircraft, test ranges and software:

- **Test facilities, aircraft and ranges** We operate some of the most advanced facilities and, sea and air ranges in the world and manage live-fire exercises and rehearsals combined with digitally enabled infrastructure.
- **Datasets and models** We maintain and create extensive datasets and models to support the performance and evaluation of defence and security capabilities.
- **Digital engineering, innovation and transformation** We apply digital engineering techniques to accelerate innovation, improve efficiency and create new defence and security capabilities for our customers.

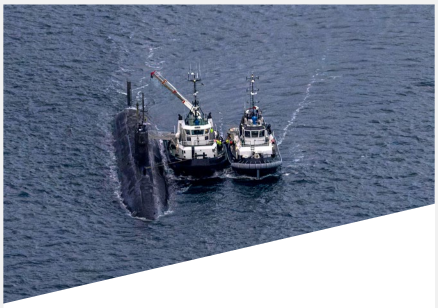
Delivering value for our stakeholders

Customers

Using our world-leading expertise, we help our customers fulfil their defence and security needs. We are critical to the development, testing and assurance of cutting-edge systems and technologies essential to our customers' ability to maintain operational advantage.

People

We foster a culture that promotes strong performance by developing a highly skilled workforce of world-leading engineers, scientists and technologists led by effective leaders across our Global Business. We empower our people to thrive and deliver in a high-performance environment. For the second year we achieved record-high employee engagement, reinforcing QinetiQ as an employer of choice.



Partners

We forge partnerships with industry and academia to address the challenges of the current threat environment with agility. We form complementary partnerships to deliver the most effective solutions for our customers, often managing large networks of small and medium-size enterprises.

Shareholders

By focusing on our customers' needs and ensuring a disciplined approach to the management and governance of the Company, we aim to deliver sustainable and attractive returns to our shareholders.

Communities

We aim to make a positive contribution to the communities where we work. Our people volunteer and we support a number of charities across all our markets. We work with armed forces organisations and those which are aligned with the development of technology and STEM skills.

Environment

We play our part in tackling climate change by reducing our greenhouse gas emissions. We are also developing and delivering solutions for our customers to support their sustainability ambitions.

Reporting via EMEA Services and Global Solutions segments

We manage the business through four operating sectors, each with their own Chief Executive and Leadership Team. This outlines how the sectors correlate with our external reporting framework and the financial results for each segment.

EMEA Services

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.

£1,478m

Total revenue

1 Book-to-bill (B2B) ratio is orders won divided by revenue recognised, excluding the LTPA non-tasking services revenue of £270m (FY24: £266m).

Further reading
→ UK Defence pages 24–25
→ UK Intelligence pages 26–27
→ Australia pages 22–23

UK Defence

£903m

FY25 revenue

Our UK Defence sector provides test & evaluation, engineering assurance services, science & technology solutions, and enables training and mission rehearsal for our air, maritime and land customers in the UK. It is a trusted partner throughout the acquisition lifecycle and provides services to international allies via our UK base capabilities.

UK Intelligence

£417m

FY25 revenue

The UK Intelligence sector helps government and commercial customers respond to fast-evolving threats based on its expertise in data and digital engineering (including Artificial Intelligence (AI)/ Machine Learning (ML)), quantum, training and simulation, secure communication networks and devices, intelligence gathering, surveillance sensors and cyber security.

Australia

£158m

FY25 revenue

Our Australia sector delivers advisory and engineering services, threat representation and capability assurance services to customers in Australia and the rest of the world. This includes target services used for live-fire training and weapon systems test and evaluation, operational air to air training and special mission service delivery.

Financial performance

Orders increased 21%, including €284m for the continuation of the threat representation training contract that underpins our German business on a long-term ten-year plus basis. The funded order backlog excluding LTPA ended the year at £1.6bn, with a book-to-bill ratio of 1.2x (FY24: 1.0x).

Revenue increased by 4% to £1,477.7m (FY24: £1,417.4m), or 5% on an organic basis, as a result of good growth in the UK, primarily in the UK Defence sector.

At 31 March 2025, we had £1.1bn of EMEA Services' FY26 revenue under contract, compared to £1.0bn (of the FY25 revenue) at the same point last year.

Underlying operating profit grew by 3% to £169.0m (FY24: £163.4m) in line with revenue growth. Operating margin remained stable at 11.4%.

Approximately 66% of EMEA Services revenue is derived from single-source contracts (FY24: approximately 66%). By investing in our core contracts and extending their duration, the high proportion of single-source revenue contracted on a long-term basis provides visibility and highlights the unique capabilities that we bring.

	FY25 £m	FY24 £m
Orders	**1,441.7**	1,193.1
Revenue	**1,477.7**	1,417.4
Underlying operating profit	**169.0**	163.4
Underlying operating margin	**11.4%**	11.5%
Book-to-bill ratio	**1.2x**	1.0x
Total funded order backlog	**2,470.6**	2,551.7

Global Solutions

Global Solutions combines our world-leading technology-based products and services. Our strategy is to expand the portfolio of solutions to win larger, longer-term programmes providing good visibility of revenue and cash flows.

£454m

Total revenue

United States

£346m

FY25 revenue

Our US Sector provides design, development, rapid prototyping, systems engineering and integration and manufacture of speciality defence mission products and solutions related to robotics, autonomy, maritime and sensors.

UK Defence, UK Intelligence and Australia Products

£108m

FY25 revenue

The portfolio of our other Global Solutions products provides research services and bespoke technological solutions derived from EMEA Services, and includes QinetiQ Target Systems (QTS).

Financial performance

Orders decreased by 6% to £513.1m (FY24: £547.3m), 4% organically. This was driven by a reduction in US order flow against a strong prior year comparator and more challenging market environment in the second half of the year.

Revenue reduced 8% on a reported basis to £453.9m (FY24: £494.7m). On an organic basis, revenue declined 7%, primarily in the US driven our legacy US business whilst Avantus remained flat.

At 31 March 2025, we have 67% of Global Solutions' FY26 revenue under contract, compared to 52% (of the FY25 revenue) at the same point last year. In addition, we have a further $127m of US contract awards in FY25, which are expected to be funded during FY26. This would increase revenue cover to 89% in FY26.

Underlying operating profit decreased to £16.4m (FY24: £51.8m), with a reduced underlying operating profit margin of 3.6% (FY24: 10.5%), driven by the second half operating result in the US. Our US operations performed below expectations in the year due to market conditions and some key contract losses and slippages. The second half of the financial year included the change in US administration, together with the change in US Sector CEO, re-alignment of strategy and start of required restructuring plan along with a number of one-off charges.

	FY25 £m	FY24 £m
Orders	**513.1**	547.3
Revenue	**453.9**	494.7
Underlying operating profit	**16.4**	51.8
Underlying operating margin	**3.6%**	10.5%
Book-to-bill ratio	**1.1x**	1.1x
Total funded order backlog	**374.6**	321.3
Total US unfunded order backlog*	**529.0**	773.2

* Unfunded orders represents the value of contract awards for which funding has not yet been appropriated or authorised.

1 Book-to-bill (B2B) ratio is orders won divided by revenue recognised.

Further reading

→ United States pages 28–29

Australia

£216m
Total Revenue

£468m
Total Orders

Overview

Our Australia Sector comprises our specialist advisory and engineering business in Australia and also includes our threat representation business operating in the Australian, UK, German and Canadian markets.

The Australia sector delivered good revenue growth in the year, across a wide breadth of activities. Bolstered by our new Advisory Board, the business is set for continued strategic progress in Australia.

Operational and order highlights

Performance has been driven by a broad array of offerings, generating £468.8m of orders including:

- **Next Generation German Aerial Target Services:** In Germany, we secured an award of a minimum 10-year Aerial Target Services contract worth €284 million, providing a range of tailored services for the German Armed Forces, including close air support, maritime air operations, ground control intercept training, and target towing for ground based air defence systems.
- **Scalable High Powered Laser:** Building on QinetiQ's established laser R&D expertise, in Australia we successfully demonstrated a prototype of our scalable high power laser, enhancing sovereign defence capabilities against current and emerging threats.
- **Underwater Tracking System:** We continued to demonstrate our Test & Evaluation capabilities, in Australia, supporting the Defence Science and Technology Group in the Autonomous Warrior 2024 exercise by delivering a rapid deployable underwater tracking range system for independent assessment of Autonomous Underwater Vehicles.
- **Aerial Targets:** We continued to see success with our training capabilities, including the significant milestone of manufacturing our 10,000th Banshee aerial target in the UK, as well as securing a $13.3m USD contract in Canada to provide the United States Government with uncrewed aerial target support services.
- **Defence Aviation Safety Authority:** Demonstrating our R&D capabilities, we were certified to design and produce limited run parts across all air platforms, making us the only non-original equipment manufacturer in Australia to carry both design and certification and manufacture designation status with the Defence Aviation Safety Authority (DASA). We were also awarded a DASA Strategic Support Contract building on 25+ years of delivering specialist engineering and technical services across the Department of Defence.
- **Team TECSA:** Within T&E, we announced the formation of Team TECSA (Test and Evaluation, Certification and Systems Assurance), an industry and academic collaborative enterprise for the provision of T&E services in Australia.

Outlook

The coming year will present a range of opportunities for the Australia sector that align with both QinetiQ's global offerings as well the strategic campaigns that we have been pursuing in the Sector.

R&D opportunities will continue to include Directed Energy, and support to the Defence Science and Technology Group through both our Engineering and Innovation Business Unit and our Advanced Capabilities campaign team.

Engineering Services opportunities being actively pursued include a number of Capability Acquisition and Sustainment Group contracts and we are developing our strategy and approach for the next evolution of the Major Service Provider following the loss of the Land Integrated Work Package contract.

Training opportunities are currently being pursued in the Indo-Pacific, North America, Europe and NATO regions. A number of adversarial air opportunities have presented in all three regions and provide us with the ability to showcase our crewed, uncrewed and target towing capabilities.

Our campaign to position ourselves as the Enterprise T&E Strategic Partner within Australia continues and has been well supported by a series of senior engagement meetings and a cross-enterprise campaign. Concurrently we are pursuing opportunities to bid and win discrete T&E programmes with a focus on the Maritime Domain.

Case study

Enhancing defence aviation

QinetiQ was awarded an AUD $47m Defence Aviation Safety Authority (DASA) Strategic Support Contract over five years, with a further five-year extension option. This contract builds on QinetiQ's more than 25 years of experience in supporting Australia's aviation needs and enables DASA to access QinetiQ's global resources, specialist skills and knowledge required to promote and enhance defence aviation safety in collaboration with its partners, including Muru Management Consulting – a 100% female and Aboriginal-owned safety consultancy. Furthermore, QinetiQ now holds two military approvals for all Australian Defence Force (ADF) aircraft by Defence Aviation Safety Regulations (DASR). These include Subpart 21J Military Design Organisation, authorising QinetiQ to design and certify structural and mechanical systems for Defence aircraft; and Subpart 21G Military Production Organisation, enabling QinetiQ to build and supply structural, mechanical, and electronic parts and appliances across all ADF aircraft. These certifications offer unparalleled flexibility and expertise in design and production.

Case study

Delivering Mission Rehearsal activities for NATO allies

In June 2024, QinetiQ signed a three-year agreement with the NATO Support & Procurement Agency (NSPA) for the provision of mission rehearsal activities. This provides NATO nations with a simplified contracting route to access the extensive Test, Trials, Training and Evaluation (T3E) services provided by QinetiQ. Focused on the MOD Hebrides and MOD Aberporth Air Ranges operated through the Long Term Partnering Agreement (LTPA), together with target services to provide representative threat scenarios, we provide an extensive array of capabilities that enable NATO allies to deliver their mission rehearsal programme outcomes with live weapon firings. The contract has proved very popular with the Spanish Air and Space Force, Italian Air Force, and German Air Force conducting extensive campaigns with us since the NSPA contracting framework has been in place.

UK Defence

£935m

Total Revenue

£704m

Total Orders

Overview

The UK Defence Sector performed strongly in the year, with continued support from long-term contracts providing mission critical solutions for our Air, Maritime and Land customers' advantage. The relevance of our core offerings delivered another year of impressive revenue growth with strong operating profit and good cash conversion. Partnerships through long term contracts remain central to how we deliver customer value. The Engineering Delivery Partner (EDP) has surpassed £2bn of orders since its inception in 2018, we have worked closely with the customer to extend the delivery of the LTPA test, trials, training and evaluation (T3E) capabilities by five years until 2033, and we have secured our leadership of the Weapons Sector Research Contract (WSRF) for a further two years until 2027.

Operational and order highlights

Key drivers of performance and £703.5m orders over the course of the year included:

- **Long Term Partnering Agreement (LTPA):** The five-year extension to the LTPA contract is an important step in continuing our partnership with the MOD, as it provides a firm foundation to invest in the transformation of UK sovereign T3E capabilities to enable armed forces personnel to respond at pace to the threat environment. Examples of where this journey to adapt T3E capabilities is already underway includes securing a £16m order to build one of the largest Anechoic Test Facilities in Europe at MOD Boscombe Down in support of current and future radio frequency anti-jamming requirements, and c.£35m in orders to design new Maritime Signature measurement capabilities.
- **DragonFire:** Following the customer's decision to accelerate the cutting-edge DragonFire laser Directed Energy Weapon system into service on Royal Navy warships, working in partnership with the MOD, MBDA and Leonardo, we have rapidly mobilised this programme of work securing £58m of orders to date.
- **E-X Drive Technology:** To enable the exploitation of our electrification technology solutions, following the licencing deal with Texelis for our Hybrid Electric Hub Drive, we have secured a deal with RENK for the sale of our E-X Drive technology for the electrification and hybridisation of existing and future land platforms.
- **Engineering Delivery Partnership (EDP):** The Aurora partnership with AtkinsRealis and BMT, delivering Engineering Services through the EDP contract, continues to deliver very strong operational performance across a broad range of procurement programmes. The partnership recently secured the highest incentive fee to date based upon contractual key performance indicators.
- **NATO Support & Procurement Agency framework:** Separate air-to-air missile firing campaigns, contracted through a NATO Support & Procurement Agency framework, have been delivered for the German, Spanish and Italian Air Force.
- **Test, Trials, Training and Evaluation:** Against the backdrop of increasing threats, we continue to support our customers so they can be mission ready; supporting experimentation, accelerating new capabilities, and delivering pre-operational deployment evaluations and training. Recent examples include:
  - **REPMUS:** Supporting the UK Navy's participation in the recent NATO multi-domain REPMUS (Robotic Experimentation and Prototyping with Maritime Unmanned Systems) operational exercise.
  - **Sea Venom and UAS:** Successful firings of the new Sea Venom missile from the Wildcat helicopter and trialling a novel launch method for an Uncrewed Air System (UAS) for the Air Force Rapid Capability Office.
  - **Archer Artillery System and weapons stockpile assurance:** Evaluation activities for the recently procured Archer Artillery System to achieve initial operating capability prior to deployment in support of NATO exercises and environmental testing and an improved risk based assurance approach to extend air carriage hours for weapon stockpiles.

Outlook

The outlook is positive with our core engineering services, T3E, research and development offerings being well aligned to evolving customer demands to enhance the capabilities of the UK armed forces, drive innovation, develop industrial capacity, increase integration and boost interoperability with allies. Engineering Delivery Partner services are expected to continue performing well, with the renewal of major air platform contracts due next year. We are seeing increasing opportunities in science and technology, especially for Directed Energy Weapons. Integrated Air & Missile Defence and the adoption of uncrewed systems are opportunities to provide a broader set of integration support services. We are also seeing good opportunities for collective training and mission rehearsal services for UK and allied forces. The Defence Nuclear enterprise is also providing a number of important future opportunities aligned to our core offerings.

UK Intelligence

£435m
Total Revenue

£388m
Total Orders

Overview

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.

During the year it was impacted by a marked slowdown in short cycle orders, most noticeably in the second half of the year. As a result, a review was undertaken and the business realigned to better support the UK Government and ensure 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

The sector recorded £387.7m of orders for our distinctive capabilities across all of our markets:

- **Defence Intelligence:** The partnership with DI has continued to grow strongly with orders of c.£70m in the year. 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:** We have continued our strong and enduring relationship with DD's successful New Style of IT (Deployed) NSOITD programme for over five years, and secured another 12 months of support for FY26. It is a critical enabler of a range of Defence C4ISR capabilities on both exercises and on operations.
- **Borderwatch:** QinetiQ's Borderwatch system is used to detect illegal migrants at several European ports and in April 2024 we started work on a multi-million pound technology refresh programme to upgrade the systems.
- **Q40 GNSS Receiver:** FY25 saw the first two commercial releases of our new Q40 GNSS (Global Navigation Satellite System) receiver product. Designed to military standards, Q40 has entered the market at exactly the right time with the first partner products already launched, with extensive customer engagement in Europe, the US and Asia.
- **TacSys Resource Partner:** This contract, worth up to £150m, delivers support to the Battlefield Tactical Communication and Information Systems (BATCIS) Delivery Team and is a critical enabler for BATCIS to deliver the next generation of Tactical Communication and Information Systems as part of a Single Information Environment for UK armed forces.
- **Dreadnought Synthetic Environment:** Whole boat synthetic environment for Dreadnought to include interactive Systems, Sub-systems, and components for shore-based training and qualification prior to deployment.
- **Royal Navy Under Water capability:** The Royal Navy's Under Water capability delivery is a critical area for the UK, where continual improvement is required to maintain operational advantage. Sensor operators are presented with a significant challenge to detect and classify contacts from highly complex data. AI is providing significant opportunities and our Accelerated Capabilities Environment (ACE) is bringing diverse SMEs to explore this in partnership with the MOD and AUKUS partners.

Outlook

Despite the near-term trading challenges, UK Intelligence is well positioned over the medium-term with offerings aligned to increasing customer demand. EDP services are expected to continue performing well, with increased demand for our digitally focused offerings expected next year. We are seeing a good pipeline of opportunities in science and technology, especially in Artificial Intelligence, 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.

Case study

Bright Corvus – Deep ISR/ Distributed Sensing Technology

QinetiQ have recently completed the delivery of four research projects under the Spending Review 2020 'Bright Corvus' project delivering £8m+ of revenue over two years. Our main project developed and demonstrated world-leading distributed radar and radio frequency sensing technologies via field trials using drones detecting difficult targets in difficult environments. These technologies use multiple small and low cost sensors acting as one to deliver significant performance improvements over conventional approaches that use single large and expensive sensors. Key achievements were the use of the same sensors for multiple sensing techniques; demonstrating foliage penetrating radar capability – detecting targets hidden beneath trees; as well as collecting and processing 3D radar data. The work was highly collaborative, including academic partners and SMEs, with our academic collaborators publishing several papers on their novel passive radar work. Whilst the other projects developed novel Position, Navigation and Timing (PNT) fusion algorithms, and an architecture for PNT as a Service to support the distributed sensing technologies. Bright Corvus culminated in a showcase to military stakeholders in February 2025 that has already generated strong interest and leads for exploiting the research for the benefit of UK Defence.

Case study

Enhancing battlefield operations through Advanced Sensor Integration

Modern military operations demand real-time data sharing across various platforms to maintain situational awareness and decision superiority.

QinetiQ US provides mature Counter-Unmanned Aerial System (c-UAS) solutions supported by robust hardware and software sensor integration capabilities alongside cutting-edge Artificial Intelligence/Machine Learning (AI/ML) algorithm development experience. The seamless, end-to-end integration of existing high-performance sensors and processors, combined with the employment of AI/ML algorithms, provides fused sensor output and automated threat mitigation to protect our soldiers while minimising operator cognitive load.

United States

Overview

Our US Sector provides design, development, rapid prototyping, systems engineering and integration, and manufacture of speciality defence mission products and solutions related to robotics, autonomy, maritime, sensors, and persistent surveillance, along with mission enablement and operations services to support U.S. Defense, Federal, Homeland, and National Security customers.

Whilst legacy Avantus revenue was flat, the wider US business was affected by delays in short cycle product sales impacting performance in the second half of the year. In January 2025, Tom Vecchiolla was appointed US President and Chief Executive and embarked upon a restructuring plan to enhance the sectors' ability to compete, win and execute larger programmes as a mid tier prime. The change in US administration, together with the change in US Sector Chief Executive and resultant refinement of strategy and start of necessary restructuring, led to a goodwill impairment charge of £143.9m predominantly related to legacy US operations. With a backdrop of new leadership and restructured operations, our US Sector is well-positioned as a leading mid-tier defence and national security Company in the rapidly evolving US market.

Operational and order highlights

In FY25, QinetiQ US generated £394.8m of orders, delivering key solutions and capabilities that enhanced our customers' ability to execute their missions:

- **Enhanced U.S. Border Security Operations**: Building on our TARS contract, we expanded surveillance coverage and increased mission-critical support personnel for U.S. Customs and Border Protection, leading to expanded mission scope and over 10% on-contract growth.
- **Expanded Support for SDA and SCO**: We increased support for the Space Development Agency's (SDA) Proliferated Warfighter Space Architecture (PWSA) to improve missile tracking and data transmission. Additionally, our expanded role with the Strategic Capabilities Office (SCO) accelerated the transition of advanced capabilities to counter emerging threats.
- **U.S. Navy Submarine Programme Deliveries**: QinetiQ US delivered three Electromechanical Actuator Power Conditioner and Controller (EPCC) shipsets for the Virginia-Class submarine programme and began delivering Electronic Grounding Unit (EGU) shipsets for the Columbia-Class programme.
- **U.S. Navy Aircraft Carrier Support**: We delivered key systems for the Electromagnetic Aircraft Launch System and Advanced Arresting Gear on the USS Doris Miller.
- **$42.2m U.S. Army DEVCOM Sensor Development:** Supporting the development of embedded intelligent sensor processing and optics technologies to improve targeting capabilities.
- **$41.2m U.S. Army DEVCOM c-UAS**: Technical and software engineering expertise to advance sensor technologies and data fusion capabilities aimed at countering a rapidly evolving UAS threat landscape.
- **$4.9m U.S. Army Research Laboratory (ARL):** Enhancing and integrating Artificial Intelligence/ Machine Learning to improve sighting capabilities on combat vehicles for Project Linchpin.
- **$31.5m U.S. Army PEO IEW&S**: Advancing the Integrated Sensor Architecture (ISA) for seamless sensor data integration.
- **FLRAA Strategic Partnership**: Awarded a contract by Integris Composites to provide systems engineering and integration expertise for advanced armour materials on the U.S. Army's Future Long Range Assault Aircraft (FLRAA).
- **U.S. Army PD Aerostats:** Awardee on a $4bn multiple award task order contract to support persistent surveillance systems globally.

Outlook

Going forward, QinetiQ US will be focusing on the following key areas:

- **Border Security and Persistent Surveillance**: We are operating and developing persistent surveillance systems for U.S. border security as well as pursuing expansion into the international market.
- **Next Gen Sensor and ISR Systems:** We are building upon our core sensor and ISR system development and integration and intelligent processing algorithms and imaging technologies to address next generation programme including counter UAS and augmented reality systems.
- **Space, Missile Defense, and Intelligence Mission Enablement**: We are expanding technical and programmatic services that directly support the mission for markets aligned to the US market priorities.
- **Maritime Systems**: We are pursuing new opportunities to provide additional content and modernisation solutions in support of the U.S. Navy's shipbuilding plan.

£346m
Total Revenue

£395m
Total Orders

← Page 28 – Credit: Tethered Aerostat Radar System Optimization Image 7 of 7, by Debora Henley, identified by DVIDS. The appearance of U.S. Department of Defense (DoD) visual.

Difficult market conditions impacted in year profitability

Overview of full year results

The Group has delivered organic order and revenue growth at an underlying operating profit margin of approximately 10%. Consistently strong cash generation of above 100% has contributed to net debt to EBITDA falling to 0.4x (FY24: 0.5x) and enabled us to continue and extend our share buyback programme, enhancing returns to shareholders. We have also continued to grow the dividend in line with our progressive dividend policy, increasing the distribution by 7% to 8.85p per share (FY24: 8.25p).

The Group achieved a second successive year of record orders totalling £1,954.8m (FY24: £1,740.4m), a year-on-year 12% increase and a book-to-bill of 1.2x excluding LTPA non-tasking revenue. We have secured major orders across both of our operating segments.

Within EMEA Services we secured £1,441.7m of orders, representing organic growth of 21%. Within Global Solutions, FY25 orders were £513.1m (FY24: £547.3m), a 4% decrease on an organic basis, which was driven by the impacts to our US short cycle work. In the US, the total value of contract awards was $589.6m. Of this, $506.8m has been funded and is reported within the Global Solutions order intake. The remaining $82.8m represents unfunded orders, which are contract awards for which funding has not yet been appropriated or authorised.

Funded order backlog remains strong at £2.8bn, or £3.4bn including unfunded orders, providing good visibility going forward:

- In EMEA Services, the total funded order backlog was £2.5bn (FY24: £2.6bn). The decrease in the backlog is due to the delivery of non-tasking revenue (c.£270m per annum) within the LTPA, offset by the long-term award in Germany. This is a large multi-year contract that was booked in prior years and as we deliver, this will naturally reduce the LTPA order backlog.
- In Global Solutions, the total funded order backlog grew from £321.3m in FY24 to £374.6m in FY25. US unfunded order backlog reduced from $974m to $772m as orders were booked and traded in year.

On 31 March 2025 approximately 70% (£1.4bn) of the Group's FY26 expected revenue was under contract, compared to 64% (£1.3bn) of the forecast FY25 revenue at the same point last year.

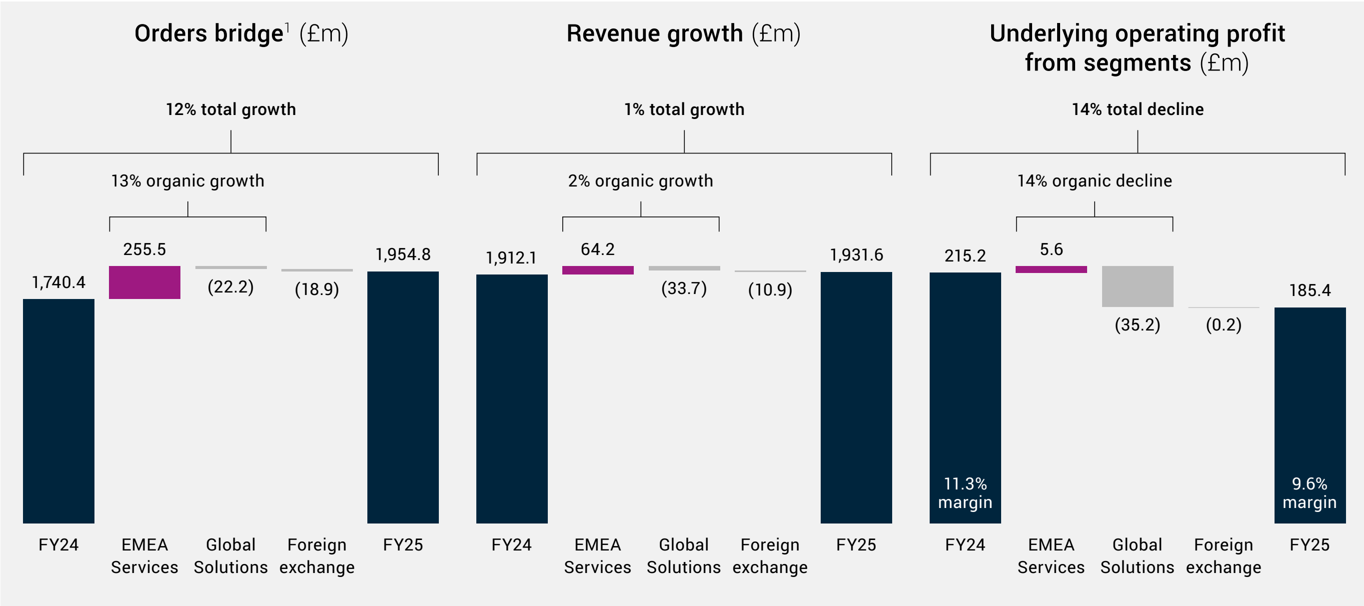
We delivered organic revenue growth of 2% to £1,931.6m (FY24: £1,912.1m), demonstrating continued demand for our mission critical capabilities. We saw a 5% organic revenue increase in EMEA Services primarily due to good growth in the UK Defence sector. Global Solutions revenue reduced 8% on a reported basis to £453.9m (FY24: £494.7m). On an organic basis, revenue declined 7%, primarily in the US driven our legacy US business whilst Avantus remained flat.

Financial performance

	Underlying* results		Statutory results	
(£m)	**FY25**	**FY24**	**FY25**	**FY24**
Revenue	**1,931.6**	1,912.1	**1,931.6**	1,912.1
Operating profit/(loss)[1]	**185.4**	215.2	**(90.5)**	192.5
Profit after tax	**147.0**	169.6	**(185.7)**	139.6
Earnings/(loss) per share **(p)**	**26.1**	29.4	**(33.0)**	24.2
Full year dividend per share **(p)**	**8.85**	8.25	**8.85**	8.25
Funded order backlog	**2,845.1**	2,873.0		
Orders	**1,954.8**	1,740.4		
Net cash inflow from operations	**316.2**	320.2	**287.6**	294.1
Net debt	**(133.2)**	(151.2)		

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

1 Underlying operating profit refers to operating profit from segments. See note 3 for details.



Operating profit from segments of £185.4m (FY24: £215.2m) was down 14%. This represents a 9.6% operating margin (FY24: 11.3%), consistent with our March revised anticipated outturn of approximately 10%. EMEA Services delivered a stable operating margin of 11.4% (FY24: 11.5%). Operating margins in Global Solutions reduced from 10.5% in FY24 to 3.6% in FY25, driven by the second half operating result in the US and one-off charges.

To ensure consistency and clarity, our headline profit figure remains as operating profit from segments and excludes any benefit arising from RDEC income. The statutory operating result was a loss of £90.5m (FY24: profit of £192.5m), including the impact of specific adjusting items and RDEC income, which increased to £30.0m (FY24: £27.2m).

Underlying profit before tax decreased 13% to £198.6m (FY24: £227.0m), in line with the reduction in underlying operating profit, with underlying net finance expense in line with the prior year at £16.8m (FY24: £15.4m).

Specific adjusting items

The total impact of specific adjusting items (which are excluded from underlying performance due to their distorting nature) on operating profit was a £305.9m cost (FY24: cost of £49.9m).

Our US operations performed below expectations for orders, revenue, profit and cash flow in the year with some key contract losses. The goodwill impairment charge of £143.9m relates to the US Sector and is driven by a combination of an increase in the discount rate and a reduction in the forecast cash flows used to calculate the recoverable amount predominately in our legacy US operations. During the second half of the financial year the change in administration, together with the new US Sector Chief Executive's perspective on the US business performance and outlook led to a material impact on the future projections of the business and an associated restructuring plan. These factors, together with the impact of the discount rate which increased significantly in H2, has a knock-on impact for future years' profitability and cash flow and hence an impairment.

Restructuring costs and other impacts of £64.5m includes approximately £20m of costs relating to restructuring to create efficiency and competitiveness in our functions and sectors. The remaining £45m relates to a number of one-off, largely non-cash charges and provisions primarily relating to inventory and cost recovery in our legacy US operations. These items are predominantly a consequence of the developments referred to above which happened in the second half of the financial year, including the restructuring of our US sector against the backdrop of challenging US market conditions.

1 Book-to-bill ratio is orders won divided by revenue recognised, excluding LTPA revenue of £270m (FY24: £266m).

£1,932m
Total Revenue

£1,955m
Total Orders

Acquisition, disposal and integration costs of £14.9m (FY24: £9.2m) primarily comprise residual costs associated with integrating the Avantus and Air Affairs acquisitions into their respective sectors and specific post-deal retention arrangements relating to Avantus employees.

In FY25 the non-recurring cost of the discrete digital investment programme is £20.8m (FY24: £16.9m). We have continued the roll out to modernise the IT infrastructure to support our future growth ambitions which will continue over the next two to three years. The non-recurring costs are reported as specific adjusting items in the P&L, with ongoing recurring operating costs (such as licence costs and overheads) remaining within underlying operating costs.

The loss on sale of property of £36.6m relates to the sale and leaseback of Cody Technology Park which was announced in September 2024. A gross cash receipt of £112m was received and a new 15 year lease was entered into. The sale and leaseback accounting under IFRS16, results in a one-off, non-cash, accounting loss, which is calculated based on the varying values of assets which were sold and those which are being leased back.

Also included within specific adjusting items are net finance income from pensions of £1.0m (FY24: £5.6m), impairment of right of use lease assets in the US following space relocation of £1.0m, and amortisation of acquisition intangibles of £24.2m (FY24: £25.2m).

Tax

The total tax charge was £79.4m (FY24: £43.1m). The underlying tax charge was £51.6m (FY24: £57.4m), on a lower underlying profit before tax, with an underlying effective tax rate of 26.0% for the year ending 31 March 2025 (FY24: 25.3%). The underlying effective tax rate is slightly above the UK statutory rate of 25% (FY24: 25%) primarily as a result of prior year adjustments to returns.

	FY25 £m	FY24 £m
Acquisition, integration and disposal costs	**(14.9)**	(9.2)
Digital investment	**(20.8)**	(16.9)
Restructuring costs and associated impacts	**(64.5)**	–
(Loss)/Gain on sale of property	**(36.6)**	2.1
Impairment of property	**(1.0)**	(0.7)
Amortisation of intangibles assets arising from acquisitions	**(24.2)**	(25.2)
Impairment of Goodwill	**(143.9)**	–
Pension net finance income	**1.0**	5.6
Total specific adjusting items loss before tax	**(304.9)**	(44.3)

The total specific adjusting items tax charge was £27.8m (FY24 credit: £14.3m). Although the pre-tax specific adjusting items result in a loss, a tax charge rather than a tax credit arises primarily due to the de-recognition of US deferred tax assets (£45.0m, being £29.6m brought forward and £15.4m arising in current year), the significant non-tax deductible impairment of goodwill, the non-recognition of US deferred tax assets created by deductible restructuring costs and the non-deductible loss on sale of Cody Technology Park.

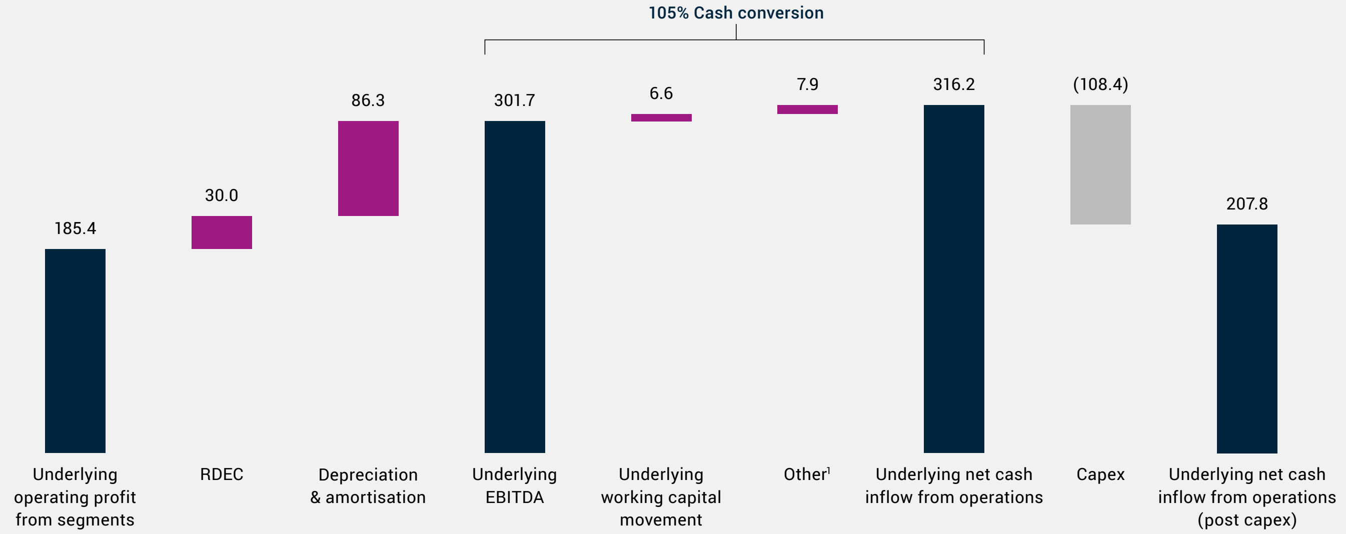
The underlying effective tax rate is expected to remain marginally above the UK statutory rate, subject to the impact of any tax legislation changes and the geographic mix of profits. The Group has engaged with advisers to assess any potential impact on the tax charge by the UK's enactment of the OECD's Global Anti-Base Erosion Model Rules (Pillar Two). The Group performed an assessment of the potential exposure to Pillar Two income taxes based on current period data. The Group believes it qualifies for one of the transitional safe harbours provided in the rules in all territories in which it operates. The Group has not accrued a Pillar Two top up tax for FY25. The Group has applied the temporary exemption issued by the International Accounting Standards Board from the accounting for deferred taxes under IAS12 and neither recognises nor discloses information about deferred taxes related to Pillar Two income taxes. The Group does not anticipate a material quantitative impact from Pillar Two legislation, however, there are expected to be significant compliance obligations.

Cash management and capital allocation policy

Working capital management and overall cash performance has remained strong. Underlying net cash flow from operations was £316.2m (FY24: £320.2m). Our cash conversion definition reflects our pre-capital expenditure cash flows as a proportion of EBITDA to demonstrate how we convert our profit (excluding interest, tax, depreciation and amortisation) into cash flow. We achieved consistent underlying cash conversion of 105% (FY24: 104%).

As at 31 March 2025, the Group had £133.2m net debt, reduced from £151.2m as at 31 March 2024 due to the strong operating cash conversion during the year and the proceeds from the sale and leaseback of Cody Technology Park, offset by c.£150m of shareholder returns through dividend and share buyback. During the year, we have successfully reduced leverage to 0.4x (31 March 2024: 0.5x) and announced two extensions of our share buyback programme.

Cash flow bridge (£m)



Through FY25 we have demonstrated our capital allocation policy in action:

- Invested in our organic growth – net capital expenditure of £108.4m (FY24: £96.1m), focused on contractual commitments (45% relating to customer funded contracts including £43m into the LTPA), sustainment of the portfolio and investment to support future growth.
- Provided a progressive dividend to shareholders – year-on-year growth rate of 7%.
- Completed sale and leaseback of Cody Technology Park allowing for a £50m extension to the buyback.
- Returned of excess cash to shareholders – c.£100m share buyback completed during the year, extensions announced in November 2024 (£50m) and March 2025 (£200m).

The Group is not subject to any externally imposed capital requirements.

Committed facilities

The Group has a £335m Term Loan split into two tranches: GBP Term Loan £273m (Tranche A); and, USD Term Loan $80m (Tranche B), which 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 3.46%, maturing on 27 September 2027.

The Group has a £290m bank revolving credit facility with an 'accordion' facility to increase the limit up to £400m. The facility which will mature on 22 April 2028 was undrawn at 31 March 2025 and has a one-year extension option to extend the final maturity date to 22 April 2029.

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. Our debt sits with our key relationship banks who have strong credit ratings and diverse portfolios. The banks have been selected for their capabilities in our home countries to support our business.

Return on Capital Employed (ROCE)

To help understand the overall return profile of the Group, we continue to report our Return on Capital Employed, using the calculation of: operating profit from segments less underlying amortisation / (average capital employed less net pension asset), where average capital employed is defined as shareholders' equity plus net debt (or minus net cash).

For FY25, Group ROCE was 22% (FY24: 21%), increased due to the impact of the Goodwill impairment and other specific adjusting items relating to the US. As we continue to invest in our business to support sustainable long-term growth, our ROCE is forecast to remain attractive, at or above the upper end of the 15-20%+ range, excluding the impact of any further acquisitions.

1 Other movements driven by share based payments, pensions impacts and provision movements.

26.1p
Earnings per share

8.85p
Dividend per share

Earnings per share

Underlying basic earnings per share decreased by 13% to 26.1p (FY24: 29.4p) driven by the lower underlying profit after tax. Basic earnings per share for the total Group (including specific adjusting items) were a loss of 33.0p (FY24: profit of 24.2p), driven by the impairment of Goodwill relating to the US, restructuring costs and other related items.

The average number of shares in issue during the year, net of treasury shares and as used in the basic earnings per share calculations, was 563.4m (FY24: 577.0m). There were 551.8m shares in issue at 31 March 2025, net of treasury shares, reduced due to the ongoing share buyback.

Dividend

The Board proposes a final FY25 dividend per share of 6.05p (FY24: 5.65p) making the full-year dividend 8.85p (FY24: 8.25p). The full-year dividend represents growth of 7% in line with the Group's progressive dividend policy.

Subject to approval at the Annual General Meeting, the final FY25 dividend will be paid on 21 August 2025 to shareholders on the register at 25 July 2025.

Pensions

The net pension asset under IAS 19, before adjusting for deferred tax, was £39.4m (31 March 2024: £18.4m). The key driver for the increase in the net pension asset during the year relates to the net actuarial gain on the net scheme assets.

The key assumptions used in the IAS 19 valuation of the Scheme are set out in note 27.

Net finance income and expense

The underlying net finance expense was £16.8m (FY24: £15.4m), increased due to a higher expense relating to leases following completion of the sale and leaseback transaction. Net finance income of £1.0m (FY24: £5.6m) in respect of the defined benefit pension net surplus reduced due to the lower opening net asset and is reported within specific adjusting items.

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.

	FY25	FY24
£/US$ – opening	**1.26**	1.24
£/US$ – average	**1.28**	1.26
£/US$ – closing	**1.29**	1.26
£/A$ – opening	**1.94**	1.85
£/A$ – average	**1.96**	1.91
£/A$ – closing	**2.07**	1.94

Foreign exchange translation has provided a modest headwind to revenue and operating profit in the year. Most significantly, the US Dollar has strengthened with the average exchange rate to Sterling increasing from 1.26 to 1.28. In FY25, 18% of our total Group revenue was generated in the US. As a result of the strengthening US Dollar and other FX movements in year, revenue decreased by £10.9m and operating profit decreased by £0.2m. For every 1 cent move in the USD FX rate this would impact Group revenue by c.£3m.

Martin Cooper
Group Chief Financial Officer

22 May 2025

Further reading

→ Details of the Group's tax strategy, treasury policy and approach to managing currency risk and liquidity risk can be found in the Additional Information section on page 199.

Measuring our performance

Financial KPIs

Orders

£1,955m

Description

This is the level of new orders and amendments to existing orders booked in the year.

Performance this year

Orders increased by 12%, including the €284m long-term award in Germany, with a book-to-bill of 1.2x.

Link to strategy

Enables us to assess the execution of our strategy to grow the Group. Order intake is used as a metric for the Annual Bonus Plan.

Underlying operating profit*

£185m

Description

The earnings before interest and tax, excluding all specific adjusting items.

Performance this year

Profit was down 14%, driven by the second half operating results in the US.

Link to strategy

Used for performance analysis as a measure of operating profitability. Specific adjusting items are excluded because their size and nature mask the true underlying performance.

Backlog

£2,845m

Description

This represents the total future revenue currently on contract.

Performance this year

Backlog remains stable at £2.8bn. As expected the LTPA backlog naturally decreases over the course of the contract, this was offset by a strong order intake.

Link to strategy

Backlog allows us to assess the effectiveness and execution of the Group strategy to move towards larger longer-term contracts, increasing confidence in our long-term revenue guidance.

Underlying earnings per share

26.1p

Description

The underlying earnings, net of interest and tax, excluding all specific adjusting items, expressed in pence per share.

Performance this year

Underlying basic earnings per share decreased by 13% driven by the lower underlying profit after tax.

Link to strategy

Provides a measure of the earnings generated by the Group after deducting tax and interest. Specific adjusting items are excluded because their size and nature mask the true underlying performance year-on-year.

Organic revenue growth

2%

Description

Calculated by taking the increase in revenue over prior year, at constant exchange rates excluding the impact of acquisitions and disposals.

Performance this year

Grew 2% on organic basis, with a 5% increase in EMEA Services driven by the UK Defence sector.

Link to strategy

Demonstrates the Group's ability to grow market share within its chosen markets. Delivering long-term sustainable growth reflects the successful execution our strategy.

Underlying net cash flow from operations

£316m

Description

This represents net cash flow from operations before cash flows of specific adjusting items and capital expenditure.

Performance this year

Remained consistently strong, with an operating cash conversion of 105%.

Link to strategy

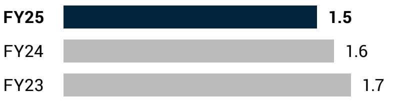
A measure of the ability to generate cash from operations. Gives an indication of the ability to make discretionary investments and pay dividends.

* Definitions for the Group's 'Alternative Performance Measures' can be found on page 202. Underlying operating profit refers to operating profit from segments. See note 3 for details.

Non-Financial KPIs

Health and safety
(LTI)

1.5



Description
The Lost Time Incident (LTI) rate is calculated using the total number of accidents resulting in at least one day taken off work, multiplied by 1,000, divided by the average number of employees in that year.

Performance this year
Our LTI decreased to 1.5 in FY25 from 1.6 in FY24, supported by our Safety Strategy and Safety Improvement Programme.

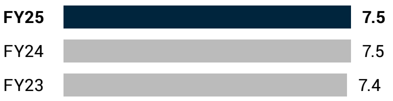
→ Read more on page 52

Link to strategy
It is imperative we operate with the highest level of safety. This is the right thing to do for our people and for our customers who entrust us with safety-critical work. The safety, health and wellbeing of our people is therefore intrinsically linked to our success.

→ Safety is linked to our Leadership Incentives (page 119)

Employee engagement
(score out of 10)

7.5



Description
We use WorkDay Peakon, an employee engagement measurement tool, which provides regular insights into how our people feel about working at QinetiQ, enabling us to identify what we are doing well, but also where we can improve and take action.

Performance this year
We continued to have good participation rates and have maintained an overall score, of 7.5 in FY25 compared with 7.5 in FY24.

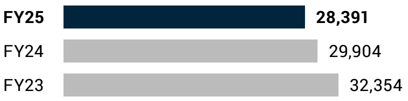
→ Read more on page 53

Link to strategy
Employee engagement is a key part of sustaining our strategy. Having an engaged workforce delivers increased productivity and retention. Improving employee engagement is essential to creating a positive culture within QinetiQ and aligns with our behaviour of 'listen'.

→ Employee Engagement is linked to our Leadership Incentives (page 119)

Greenhouse gas emissions Scope 1 & 2 (tonnes CO_2e)

28,391



Description
Our Net-Zero plan includes a near-term target of 50% reduction in Scope 1 and 2 emissions by FY30 from a base year of FY20.

→ Near-term and long-term targets are shown on page 41

Performance this year
We continued a downward trajectory for our Scope 1 and Scope 2 emissions, equating to a 36% reduction, in FY25 against our FY20 base year. This figure is not provided on a like for like basis as it includes the impact of the sale and leaseback of our Farnborough site, mid-year, which has not yet been retrospectively applied to our base year dataset.

→ Read more on pages 42–43

Link to strategy
We are committed to addressing our impact on climate change. Actively tracking our emissions, and striving to reduce these, is a critical part of our Sustainability strategy, which underpins and supports wider business performance.

→ Scopes 1, 2, and elements of Scope 3 GHG emissions are linked to our Leadership Incentives (page 119)

Sustainability: Environmental, Social & Governance

We are committed to being a responsible business

Highlights in FY25

We are pleased to have made progress against our three non-financial KPIs and continue to perform well and improve with key accreditations and ratings.

7.5/10

Employee engagement score maintained, with in year improvements. See page 53.

1.5

Lost time Incident (LTI) rate decreased from 1.6 in FY24 to 1.5 in FY25. See page 52.

36%

Scope 1 & 2 GHG emissions decreased from FY20 baseline (includes impact of sale and leaseback of our Farnborough site). See page 42.

Key independent accreditations and ratings

MORNINGSTAR SUSTAINALYTICS

Sustainalytics: Top rated ESG Companies List for third year

MSCI ESG RATINGS AA

MSCI AA rating

CDP Discloser 2024

CDP – overall B rating

Over the following pages we report progress on those areas of sustainability we consider most material (environment on page 40, social on page 52 and governance on page 58) and those aspects that meet our regulatory reporting obligations (for example the Taskforce for Climate-related Financial Disclosures on page 46). We also include aspects of ESG across this annual report:

- Investment case (page 07)
- Non-financial KPIs (page 37)
- Risk management (page 62)
- Stakeholders/Section 172 (page 70)
- Non-financial and sustainability information statement (page 60)
- Corporate Governance including ESG (page 74)
- ESG in leadership remuneration (page 119)

Additional information is provided on our website:
www.qinetiq.com/en/our-company/sustainability

Strategy and materiality

It is important that we are focused on those environmental, social and governance (ESG) elements of sustainability that matter most to our business as it evolves and that we meet the expectations and the needs of our stakeholders. Delivering our sustainability strategy, based on key ESG material factors, ensures we are addressing risks and creating value for our shareholders and customers. It means we create a great place to work for our people and future workforce, protect the environment and have a positive impact in our communities.

Our ESG framework is driven by our business strategy, the external landscape and stakeholder requirements and informed by best practice frameworks such as the UN Sustainable Development Goals. Based on this approach, we believe that the aspects of sustainability that we are focusing on are the most material to our business and to our stakeholders, and our approach is to embed ESG into strategy and our business processes.

Stakeholder engagement

Our strategy is informed by needs and expectations of our stakeholders, so regular engagement is important. Throughout the year, we engage with shareholders, customers and our people about ESG directly, and via reporting, surveys and questionnaires, so we are able to listen, understand, and identify what matters most to them; their focus tends to be on climate change, governance and inclusion.

We strive to be proactive, chairing a number of industry groups. We actively collaborate with customers, peers, academic partners and suppliers on topics such as climate change, ethics, modern slavery, inclusion and skills.

External landscape

The external landscape continues to rapidly evolve: 2024 was another record year for global temperatures, and there were social and geo-political changes. We know it is important to proactively seek to monitor and understand changes and trends so that we can try and ensure that sustainability is an enabler for our business.

ESG reporting requirements

QinetiQ Group plc is subject to a growing number of regulatory reporting requirements and we meet many of those obligations within this Annual Report. There have been developments in ESG reporting across all of our geographies in FY25 and a key evaluation we have undertaken is relating to the European Union's Corporate Sustainability Reporting Directive (CSRD). Following the EU Omnibus Proposal in February 2025, we will continue to monitor developments closely. We recognise the importance of the International Sustainability Standards Board (ISSB) disclosure standards and standards for transition plans, and will progress alignment of our reporting so we are ready for when the UK guidance is in place.

Our ESG framework

Our purpose: Protecting lives by serving the national security interests of our customers

We have a clear framework and focus to deliver change in the three areas of ESG

Environmental

Material factors

- Climate change: decarbonisation
- Climate change: resilience
- Solutions for customers
- Environmental management
- Waste and resources
- Conservation and biodiversity

→ Read more on pages 40–51

Social

Material factors

- Safety and wellbeing
- Employee engagement
- Diversity, equity and inclusion
- Learning and development
- Reward and recognition
- Social and community impact

→ Read more on pages 52–57

Governance

Material factors

- Business ethics and Code of Conduct
- Anti-bribery and corruption
- Human rights (ethical trading) and modern slavery
- Sustainable procurement
- Responsible tax management

→ Read more on pages 58–59

Underpinned by our values, integrity, collaboration and performance, we deliver safely, responsibly and sustainably for the benefit of all our stakeholders

Environmental

Additional information on GHG Emissions Methodology:
www.qinetiq.com/en/our-company/sustainability/climate-change

The frequency and severity of climate-related events seen in 2024 continues to highlight the importance of focusing on our environment, to ensure our business is resilient to the changing climate, and playing our part in mitigation.

Climate change

Greenhouse Gas (GHG) emissions targets

We have set GHG emissions targets that cover our full value chain, across all categories of Scopes 1, 2 and 3 emissions. These have been validated by the Science Based Targets initiative (SBTi), which confirmed that they were ambitious, and aligned to a 1.5°C global temperature pathway. Within these targets, we have made a commitment to at least a 90% reduction in absolute emissions across our full value chain by 2050 or sooner. We recognise that eliminating all sources of emissions will be challenging with current technologies, and with the pace of change across the other sectors and industries that sit within our value chain, therefore up to 10% of our carbon footprint may need to be offset in some form to enable us to reach Net-Zero.

GHG emissions methodology

Our methodology for calculating our GHG emissions is aligned to the GHG Protocol, and best practice outlined by the SBTi. As part of our drive for continuous improvement, we have a data programme underway to review and refine our approach and improve the accuracy of our Scope 3 emissions. We are committed to being transparent about our approach and have published our methodology for Scope 1 and 2, and Scope 3 on our website.

Climate Transition Action Plan

We recognise the need for a clearly defined plan to address the impact of climate change and the steps we are taking to address this. Our Net-Zero Plan (published in 2022) enabled us to set the foundations for achieving our targets and ambitions. We have worked hard to improve understanding of our emissions, and our business has changed since then, so we believe that now is the right time to evolve from that foundational Net-Zero Plan to a Climate Transition Action Plan (CTAP).

We have reviewed our GHG emissions data, and have identified that four key contributors are responsible for the significant majority of our total carbon footprint. These comprise: our jet fuel consumption (Scope 1), our operational energy emissions (Scope 1 fuel consumption and Scope 2 electricity); Procurement of Goods and Services and Capital Goods (Scope 3, Categories 1 and 2), and our Business Travel (Scope 3, Category 6).

While we will continue to endeavour to reduce all of our emissions, we believe that by prioritising our focus on these four areas, we will see the greatest and most rapid reduction in our footprint. We have designed four decarbonisation workstreams to enable focused planning and action against these sources of emissions.

Through our experience of meeting the Taskforce for Climate-Related Financial Disclosures (TCFD) requirements, we have been evolving our approach to both physical and transitional climate change risk. This forms the fifth workstream.

These workstreams are underpinned by a series of cross-cutting enabling programmes such as a focus on improving data, processes and skills. A high-level summary of our approach is outlined on page 41.

Climate Transition Action Planning – Building on strong foundations

Five key workstreams to reduce majority of emissions and improve operational resilience

Decarbonisation | **Risk management**

Workstream 1: Jet fuel

Reducing Scope 1 emissions:
- Operational efficiency
- Platform efficiency
- Sustainable aviation fuel

Workstream 2: Operational energy

Reducing Scope 1 and 2 emissions:
- Behavioural change
- Building consolidation
- Energy projects

Workstream 3: Procurement

Reducing Scope 3 emissions:
- Efficiency programme
- Selection criteria
- Supplier engagement

Workstream 4: Business travel

Reducing Scope 3 emissions:
- Travel less
- Travel differently
- Policy and tools

Workstream 5: Climate resilience

Increasing climate resilience:
- Financial modelling
- Business continuity
- Risk assessment
- Scenario analysis

Cross-cutting enabling programmes: data, tools, behaviours, forecasting

2030 Target: 50% reduction in Scope 1 & 2

2030 Target: 30% reduction in Scope 3

Resilience/TCFD

Evolving workstreams driving reductions across wider carbon footprint; increased resilience

2050 Target: 90% reduction in Scope 1, 2 & 3

↑ **QinetiQ Group Climate Transition Action Plan overview**

Net-Zero targets

-50%
Absolute reduction Scopes 1 & 2 by FY30
Baseline year FY20

-30%
Absolute reduction Scope 3 by FY30
Baseline year FY20

-33%
Absolute reduction total by FY30
Baseline year FY20

Net-zero
by FY50 or sooner

The evolution and development of this plan was undertaken as part of our annual strategic planning process. Our goal was to integrate how we address climate change within our business plan. The advantage of this approach is that it ensures it is embedded and owned by the key sectors and functions, and also enables annual review and updates so that it adapts to our evolving business. Governance of the CTAP will be overseen by the Climate Change Steering Group, chaired by our Group CFO.

Environmental continued

28,391

tCO_2e (Scope 1&2) FY25

Progress against targets

Scope 1 and Scope 2 emissions

For our Scope 1 and 2 emissions reporting, we have adopted a financial control approach, and used the GHG Protocol Corporate standard and UK Government emission conversion factors. We collect relevant data throughout the year via a dedicated team of energy experts. PricewaterhouseCoopers LLP (PwC) carried out a limited assurance engagement on selected GHG emissions data for the year ended 31 March 2025, in accordance with International Standard on Assurance Engagements 3000 (revised) and 3410, issued by the International Auditing and Assurance Standards Board. The figures provided in the table below that are covered by independent assurance are indicated by the following symbol Ⓐ. (It should be noted that the same metrics were subject to limited assurance in prior years).

We have seen consistent reductions in our Scope 1 and 2 emissions since our FY20 base year. In FY25 we achieved a 36% reduction in our total Scope 1 and 2 emissions. It should be noted that in October 2024 we completed the sale and leaseback of our UK Farnborough site which contained QinetiQ offices and facilities but also a number of tenants. This is a large site and so has contributed a significant proportion of our Scope 1 and 2 emissions to date. From November 2024 onwards, a proportion of these emissions migrated to Scope 3 (Category 8 Leased Assets), with the remainder no longer attributable to QinetiQ. This has had a significant contribution to the reduction of Scope 1 and 2. Under SBTi guidelines, as this change is material, it will trigger a recalculation of our Scope 1 and 2 baseline, and we will undertake this in FY26, as part of our wider methodology review and associated changes and improvements under our data programme.

To comply with the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements, we present our Scope 1 and 2 emissions and energy performance in the table below (indicating the proportion for the UK).

A copy of PwC's report is available on our website: www.qinetiq.com/en/our-company/sustainability/climate-change

Scope 1 and Scope 2 emissions	FY25	FY24	FY23	FY22	FY21	FY20
Total Scope 1 emissions (tCO_2e)	**19,662** Ⓐ	19,362	20,996	23,126	23,710	28,377
Total Scope 2 emissions (tCO_2e)	**8,729** Ⓐ	10,542	11,358	12,222	13,555	16,281
Total Scope 1 and 2 emissions (tCO_2e)	**28,391**	29,904	32,354	35,348	37,265	44,658
Intensity ratio (tCO_2e per £m of revenue)	**15** Ⓐ	16	20	27	29	42
Energy consumption (kWh) resulting in the above emissions	**124,902,749**	132,659,501	146,600,802	154,759,131	156,719,332	176,376,247
Proportion of energy consumption arising from UK operations (%)	**73%**	73%	75%	80%	79%	77%
Proportion of emissions arising from UK operations (%)	**71%**	70%	72%	78%	78%	78%

The following are examples of energy and emissions reduction projects:

- Continuation of the electrical sub-metering implementation programme across our UK estate, to enable greater insight into our energy consumption to directly support reductions.
- Ongoing use of digital energy monitoring and management toolsets, enabling identification of energy saving opportunities.
- Implementation of upgraded automated Building Management Systems across key UK sites, which enables energy saving through automatic lighting and heating controls.
- 'Switch off' campaigns, encouraging people to switch off lighting, heating and electrical equipment across extended holiday periods. This raises employee awareness of how they can practically contribute to energy saving and the impact theses actions have.
- Piloting of Senior Leader 'Energy Walk-around' visits to key UK sites, to support identification of energy-saving opportunities and to engage with people to encourage energy saving.
- Delivery of training for our Energy Champions which focuses on supporting them in the identification and implementation of energy-saving opportunities.
- Installation of new Photovoltaic (PV) arrays at our Portsdown Technology Park (PTP) and Malvern sites in the UK, driving greater availability of renewable power for emissions reduction and business resilience.
- Completion of airworthiness certifications on all QinetiQ-owned aircraft in the UK, to ensure compatibility with Sustainable Aviation Fuel (SAF), in response to the implementation of the new UK Government SAF Mandate.
- Working with an expert third-party to undertake a decarbonisation assessment of our owned and leased estate in the UK, to identify the decarbonisation projects to deliver in FY26.

In FY26 we plan to focus our efforts on reducing Scope 1 and 2 emissions by:

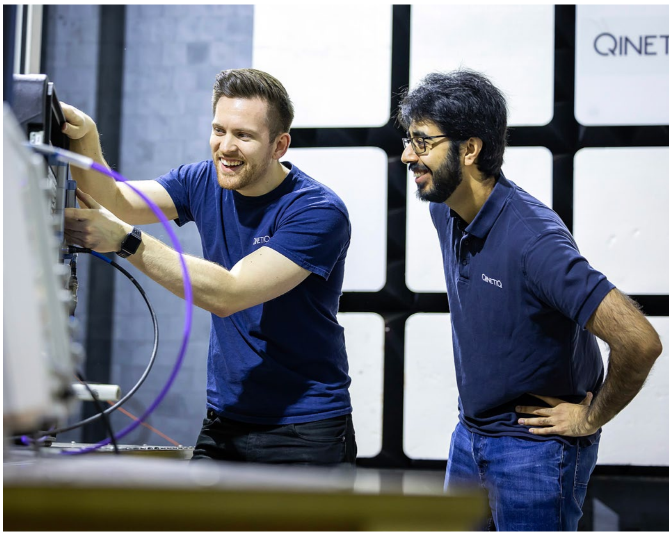
- Reviewing and assessing efficiency options across our aviation operations in Australia and Germany, to reduce fuel consumption.
- Implement prioritised decarbonisation projects across our estate including energy saving and renewable energy projects.

Scope 3 emissions

In contrast to Scope 1 and 2 emissions, where we have been working for many years to understand our data and manage emissions reductions, like many organisations, we are still evolving and refining our approach to the far greater and more complex challenge of Scope 3 emissions. The data capture and analysis takes considerable effort and is on a different time-line from our Scope 1 and 2. During FY25 we finalised the capture and processing of our FY24 Scope 3 data (312,629 tCO_2e), and implemented a new approach to data verification. While we have seen reductions in some areas (for example in upstream leased assets) overall our FY24 Scope 3 emissions are higher than the previous year, primarily due to an increase in spend with our supply chain which increases emissions in Category 1 (Procured Goods and Services) and Category 2 (Capital Goods).

As part of our CTAP we will focus our efforts on the most material emissions. Our largest contributor to our Scope 3 emissions remains Categories 1 and 2 (which represented circa 83% of our FY24 Scope 3 emissions). It should be noted that we currently use spend-based calculation (in line with the GHG protocol guidance), which provides an indication but not an accurate representation of the true emissions impact. During FY25 we have really focused our efforts on understanding the contributing roles of the different categories of spend within our supply chain (e.g. professional services, vs. construction), and we are developing our strategy to obtain meaningful product-level emissions data from our supply chain in the longer-term. We have been investigating alternative calculation methods to start refining our data.

Our next largest contributor to Scope 3 emissions is Category 6 – Business Travel. As a business with international operations, travel is an important enabler for collaboration and customer delivery. We have been encouraging less travel and promoting how to use our travel booking tools to choose lower emission options.



Environmental continued

The following are examples of activities undertaken in FY25 to improve our understanding of Scope 3 emissions and to drive emission reductions in the short and longer-term:

- Implemented the Net-Zero contractual clause for UK supply chain agreements that we developed in FY24, now applied to all new supplier engagements, setting expectations for our supply chain on setting targets and reducing emissions;
- Detailed analysis of supplier and procurement data, to enable prioritisation of supplier engagement; Supply Chain Efficiency Programme, to identify opportunities for cost savings across the business;
- Continuation of global adoption of a single business travel booking provider, to enable greater access to global travel data and availability of low-emission transport options;
- Changes to our Business Travel guidance, to provide greater clarity on allowances and entitlements for travel.

Our focus for FY26: will be to drive the two Scope 3 emission workstreams in our CTAP – procurement and business travel. For our supply chain we will be further investigating alternative calculation methods to start refining our data. For business travel we will continue to promote lower emissions options, review our policy and guidance and we will also be rolling out new digital tools that will enable greater remote collaboration.

Stakeholder engagement and awareness

We communicate regularly with our people on climate change and wider aspects of sustainability through a range of routes including campaigns on our Intranet, our dedicated online community of interest (the Sustainability Knowledge NetworQ) with our 'Lets Talk Sustainability' events and we have run dedicated sessions to support our leaders.

In addition to the training for Energy Champions we also have climate change as part of our mandatory training and this year developed a new climate change e-learning module.

We continue to be active within our sector, chairing a number of key networks for example our UK Trade Body ADS (Aerospace, Defence and Security) Sustainability Network, and we are co-chair of the MOD-Industry Sustainable Procurement Working Group. These enable us to engage with our suppliers and customers. We also run our Collaborate event for our suppliers (see page 59). We are signatories to the ADS ESG Charter.

Environmental management

As part of our ongoing commitment to responsible environmental management, we introduced the Environment Group Requirements in early FY25. These requirements cover 22 key areas, which align with the principles of the international standard ISO 14001:2015, and represent a step forward in reinforcing QinetiQ's governance commitment to the environment across our products, services and systems.

In FY25, 25 UK-based sites and one site in Canada successfully achieved recertification to the ISO 14001:2015 standard for environmental management systems, with no major non-conformities identified by the certifying bodies involved.

We launched a new initiative aimed at enhancing our regulatory compliance monitoring capabilities and are in the process of implementing a formal regulatory compliance evaluation tool, sourced from a leading business intelligence provider. This tool is designed to systematically evaluate environmental compliance performance across all operationally controlled sites, with the results feeding directly into our risk management programmes.

We have been defining applicability criteria, and we are moving towards broader deployment in FY26. Our evaluation programme focuses on key areas such as environmental management systems, and compliance with regulations related to permits, waste management, petroleum product storage, and refrigerant gas management. We noted that there were no enforcement actions, notices, or penalties arising from these inspections in FY25.

As part of our broader environmental performance monitoring, we also utilise an Incident Management Reporting (IMR) tool to track safety and environmental incidents. In FY25, environmental-related concerns were primarily related to low-impact issues such as vehicle leaks or burst hydraulic hoses, which were promptly contained. We are actively promoting awareness amongst our people about the opportunities to report environmental issues through the IMR tool.

Waste management

We continue to aim to deliver effective waste management practices. While the proportion of our business involved in electrical and electronic equipment remains small, we deliver our compliance obligations with regard to Waste Electrical and Electronic Equipment (WEEE) regulations, supported by membership of a WEEE Product Compliance Scheme.

Conservation and biodiversity

QinetiQ continues to focus on conservation efforts across our UK operations (the sites we own and those we manage on behalf of the MOD). While our Farnborough head office site was sold during FY25 and is now a leased property, in FY26 we look forward to celebrating the 30 year partnership with Marwell Wildlife in support of the conservation of Eelmoor Marsh Site of Special Scientific Interest (SSSI). Furthermore, a number of sites operated on behalf of the UK Ministry of Defence (MOD) are located in areas of significant conservation value, including SSSI, Special Areas of Conservation (SAC), and Marine Protection Areas (MPA). These sites are of both national and international importance, and we are committed to ensuring that our operations align with conservation standards, contributing to the protection and sustainable management of these vital ecosystems.

Customer solutions and innovation

Over the last year, our customers have increased their focus on resilience to the impacts of climate change and alignment to the international energy transition, for example, the MOD held the 'Energy Transition by Design' conference in January 2025 to bring industry and wider stakeholders together. QinetiQ has been proactive, with a customer-focused round table at Farnborough International Air Show, provoking discussion between start-ups, academia, the MOD and industry on how to create sustainable and resilient defence capability. We also published 'Sustainability on the Edge', a thought leadership report on the same topic, see QR code ↘.

Via our Internal Research and Development (IRAD) funding we have invested to create a suite of scenarios suitable to incorporate issues of climate change into war-gaming, simulation and experimentation. The work contributed to two small successful bids to support the UK Government Defence Science and Technology Laboratory (DSTL) with operational analysis and further scenario work.

Through the Aurora Engineering Partnership, between QinetiQ, AtkinsRealis and BMT (who together deliver the Engineering Delivery Partnership), we have continued to deliver a proof of concept emissions management programme with the UK MOD Defence Equipment and Support (DE&S) creating the foundation for emissions monitoring and management for the UK MOD.

Read our thought leadership report 'Sustainability on the Edge':
www.qinetiq.com/insights

Environmental continued

Taskforce on Climate-related Financial Disclosures

The Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) recommends a reporting framework across four themes: governance, strategy, risk management, and metrics & targets. In accordance with section 414CB of Companies Act and following the TCFD all-sector guidance (there is no specific supplementary guidance for our sector) we provide our disclosures here (pages 46–51) aligned to the four themes, providing material information against each requirement. We also outline our approach in our non-financial information and sustainability statement on page 60. We provide links to where further information is provided in this Annual Report and Accounts and on our website.

Compliance statement

In accordance with the UK Listing Rule 6.6.6R(8) we confirm we have considered the guidance and believe our approach is consistent with the TCFD recommendations, save for, we recognise we need to do more on quantitative modelling as part of the strategy disclosures and we continue to evolve our financial models to progress our quantitative financial assessment. We are committed to implementing this approach to provide investors and other stakeholders with information on climate-related risks that are relevant and material to our business.

Governance

Disclose the organisation's governance around climate-related risks and opportunities

TCFD recommended disclosures:	Overview	Additional information
a) Describe the Board's oversight of climate-related risks and opportunities	QinetiQ's Board sets the Company's strategic priorities, including ESG and climate change, and has regular oversight and input into our climate-change programme. It has oversight of the threats and opportunities resulting from climate change, and this is considered as part of our strategy. Our Group CFO is the Board Sponsor for climate change and wider ESG programme. The Group CFO, and our Group Director of ESG provide regular reports and briefings on ESG and climate change to the Board and Board Committees. The Board reviews our company Strategic Plan, where climate change is integrated into functional/sector plans and approves the annual budget (which contains Net-Zero targets and programmes). An update on the CTAP was discussed at the November meeting. The Audit Committee reviews and monitors QinetiQ's financial and non-financial reporting requirements including TCFD. During FY25 the committee moved to quarterly updates on non-financial reporting and are provided by the Group Director ESG. The Remuneration Committee oversees leadership incentives, and at the May 2024 meeting, included Net-Zero initiatives for leaders for the third year, as part of the Annual Bonus Plan. The Risk and Security Committee has oversight of and provides assurance to the Board on QinetiQ's risk management system. This includes quarterly monitoring and review of all QinetiQ's principal risks, which includes climate change. A deep dive on climate risk was provided by the Group Director ESG at the July 2024 meeting.	Board Directors (see pages 80–82) Board committees (see page 83) Board Responsibilities (see page 84) Audit Committee (see page 100) Remuneration Committee (see page 110) Risk and Security Committee (see page 106)
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Group CFO has oversight of the programme. Leadership and delivery of the Climate Change Programme is the responsibility of the Group Director of ESG, reporting to the Group CFO. Our QinetiQ Leadership Team (QLT) are responsible for managing climate-related risks and opportunities and delivering the programmes through our operations and across our value chain. ESG and climate change form an integral part of our strategic planning process, and so consideration of the role of individual sectors and functions was undertaken in H2 during the planning process, with oversight by the Group Director ESG and then reviewed by our executive team, the QLT. Our Functional Councils support good governance across QinetiQ, where functional and sector leaders come together to communicate, review and agree on issues, actions and standards of best practice that are enterprise-wide and/or have operational significance. Key Functional Councils include the Environment Council, Chaired by the Group Director ESG, and the Risk and Assurance Council, Chaired by the Group Chief Risk Officer, attended by the Group Director ESG. The Climate Change Programme includes leaders and subject matter experts from across the business, ensuring the necessary multidisciplinary approach. Climate change forms part of the Environment principal risk and the Group Director ESG is responsible for identification, assessment and oversight of the risk and opportunities, undertaking regular reviews of the programme and capturing those risks through the enterprise risk management governance process.	ESG Governance (see page 59) Non-financial information and sustainability statement (see pages 60–61) Environment principal risk (see page 66)

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy and financial planning where such information is material

TCFD recommended disclosures:	Overview	Additional information
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	We have reviewed and refined our climate-related risks and opportunities (see table) and assessed that our business is exposed to both physical and transitional risks (before mitigation activities) and opportunities, with impacts varying over the short (0–2 years), medium (2–5 years) and long-term (5–20 years), depending on climate change scenarios. This aligns with our strategic planning approach over a rolling five-year cycle. Each risk was associated (qualitatively) with a financial impact, for example, an increase in costs or in the case of opportunities, an increase in revenue. We will continue to review our risks and opportunities as the external landscape and our business evolves over time, and refine our approach, particularly focusing on quantifying the impacts, and we will report further information as this develops.	Table of risks and opportunities (see page 49)
b) Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	We recognise the importance of integrating climate change and wider ESG into our company strategy and planning and our wider governance and processes. While there is no requirement for a fundamental shift in our overarching business strategy due to climate change, having assessed the risks we understand it to be resilient to climate change (subject to the delivery of the CTAP plans and programmes). This is illustrated as follows: – Our commitment to sustainability forms part of our investment case. – Climate change forms part of our Environment principal risk. – Scope 1 and Scope 2 GHG emissions are a core non-financial KPI. – Net-Zero is integrated into our leadership incentives. – We have committed funding to support our climate change programme. ESG and climate change are embedded in our annual strategic planning process. During FY24 we planned for a number of actions which were implemented in FY25, including: – Allocation of budget to deliver energy-saving projects. – Internal research and development (IRAD) fund to support Net-Zero projects. – Investment in access to third-party horizon scanning tools. – Refinement of our investment approach including greater emphasis on Net-Zero. – Development of a new climate change e-learning model, and resources and support for leaders. During our strategic planning process in FY25 we further integrated climate change within our core business plan. Working with each of our functions and sectors to identify their key areas of responsibility in decarbonisation and climate resilience. This will be delivered through the CTAP. In addition as part of the broader scenario impact assessment of our strategic plan, a climate change event (a significant flood at a critical site) was selected as one scenario for financial modelling. The findings inform the consideration of the recommended longer-term viability statement and going-concern statement disclosures.	Investment case (see page 07) Environment principal risk (see page 66) Non-financial KPIs (see page 37) Leadership incentives (see page 119) Climate change programme (see pages 40–44) Climate Transition Action Plan (see page 40) Viability statement and going-concern statement (see page 67).

Environmental continued

Taskforce on Climate-related Financial Disclosures continued

Strategy continued

TCFD recommended disclosures:	Overview	Additional information
c) Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including 2°C or lower scenario	**Climate scenarios** The science is clear and it is unequivocal that the climate is changing. However, the precise trajectory is dependent on: – the influence of activities in the past, – the global action taken now and in the coming years and – the rate at which that action is taken. To guide our strategy and planning, we consider different scenarios: – <2°C strongly declining emissions: Intensification of decarbonisation action resulting in increasing and rapid transition, with more limited physical impacts. – 2–4°C stabilising/slowly declining emissions: Physical risks continue and transition risks continue to increase. – >4°C rising emissions: Failure to address climate change results in high physical risks with more limited transition issues. We used the scenarios above, based on the Representative Concentration Pathways (RCPs), which are used by the Intergovernmental Panel on Climate Change (IPCC). We considered horizons aligned with our Net-Zero targets and used a variety of data sources. We have aligned our assessment with our risk management approach (see next section) so that we are able to evaluate as low, medium or high. We review this approach regularly. We have made a qualitative assessment of the financial impacts (see table on the next page) and are currently continuing our work on modelling the quantitative impacts.	Climate change programme and targets (see pages 40–44) Approach to risk management (see page 62)

Risk effect (unmitigated)	Financial impact	Declining emissions	Stabilising emissions	Rising emissions	Mitigation/adaptation
Flooding			**Type of Risk: Physical (acute)**		
Direct damages to sites due to increase in severity and frequency of flooding, resulting in damage to assets and causing disruption to operations.	Reduced revenue and increased costs	L S M	M S M L	M S M L	– Risk assessment – Climate resilience business continuity planning – Customer and supplier engagement
Extreme temperature fluctuations			**Type of Risk: Physical (chronic)**		
Increased need for cooling and heating to minimise damage to high-value equipment within buildings.	Increased costs	L S M	M S M L	M S M L	– Risk assessment – Climate resilience business continuity planning – Customer and supplier engagement
Wind and storms			**Type of Risk: Physical (acute)**		
Direct damage to operational sites due to wind and associated storms, resulting in disrupted operations and increased cost for building repairs.	Reduced revenue and increased costs	L S M	M S M L	M S M L	– Risk assessment – Climate resilience business continuity planning – Customer and supplier engagement
Increased cost of energy			**Type of Risk: Transition (market)**		
Energy costs, such as those related to fossil fuels and electricity derived from non-renewable sources, are expected to increase.	Increased costs	M S M L	M S M L	M S M L	– Improving forecasting – Reduce reliance on energy through Net-Zero programme
Carbon taxes			**Type of Risk: Transition (policy and legal)**		
Current and emerging regulations on carbon emissions may result in carbon taxes.	Increased costs	M M L	M S M L	M S M L	– Legislative monitoring – Energy reduction programmes
Cost of raw materials			**Type of Risk: Transition (market)**		
Potential for exposure to increases in prices of raw materials directly or in supply chain.	Increased costs	L M L	L M	L M	– R&D investment – Customer and supplier engagement
Access to capital			**Type of Risk: Transition (reputation)**		
Failure to meet shareholder expectations of Net-Zero commitments, and resulting access to, or cost of capital.	Increased costs	L L	L S M L	L M L	– Reporting of progress – Investor advocacy – Customer and supplier engagement
Increased customer demand			**Type of Risk: Opportunity (product and service)**		
Growth in customer demand for more sustainable and resilient solutions could result in increased sales/access to new markets.	Increased revenue	L L	L S M L	L M L	– R&D investment – Customer and supplier engagement

Key: Scenarios (see page 48)

Impact:

L Low M Medium H High

Timescale:

S Short term M Medium term L Long term

Environmental continued

Taskforce on Climate-related Financial Disclosures continued

Risk management

Disclose how the organisation identified, assesses and manages climate-related risks

TCFD recommended disclosures:		Overview	Additional information
a)	Describe the organisation's processes for identifying and assessing climate-related risks	**Identifying risk;** Our risk assessment approach is in line with TCFD recommendations and addresses both physical risks, including factors such as flooding and extreme weather events and transition risks, which are related to the transition to a lower-carbon economy, such as policy or regulation change and changing markets. It is important that we understand where these risks are material to our business. – For physical risks we considered these primarily by site, as well as the potential impact on our supply chain and business delivery. A variety of potential risks have been identified (e.g. where there may be increased flood risk or exposure to storm events). We recognise that this needs to be a continuous process due to new emerging information or changes to our business (e.g. use of site, supplier etc). As part of our day-to-day management of our site operations, we have a good understanding of the physical risks posed and suitable mitigations. – To identify transition risks (such as market or regulatory changes) we undertake horizon scanning to identify any relevant changes. We work with subject matter experts across the business, and our industry networks and have invested in a third-party tool to support our horizon scanning approach. **Assessing risk:** As the global landscape changes and our business evolves, we recognise the need to review and update our risks regularly. Risks and opportunities are scored considering the potential impact, the likelihood of occurrence, and the velocity (proximity of occurrence). Scenario analysis has been undertaken on our most material risks and opportunities, and this has formed the foundation for the development of financial models to quantify financial impacts (taking into account impact on revenue, costs, and asset value).	Environment principal risk (see page 66) Summary table of risks (see page 49) Enterprise risk management (see page 62)
b)	Describe the organisation's processes for managing climate-related risks	Our risk management and control framework enables us to effectively identify, assess, monitor and manage risks. Ownership and management of individual risks are assigned to members of the QinetiQ Leadership Team (QLT) who are responsible for ensuring the operational effectiveness of internal control systems and for implementing risk mitigation plans. Climate change is recognised as part of the Environment principle risk and the Group CFO is accountable. The Board Risk and Security Committee review and discuss principle risks quarterly and the Board undertakes a twice-yearly assessment of the principal risks, including a deep dive on climate risks in July 2024. The QLT is supported by our Chief Risk Officer and our risk managers, who are able to have more tactical and operational oversight. All risks are assigned owners.	Principal risks (see page 64) Risk and Security Committee (see page 106)
c)	Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management	We have based our approach to climate risks on our enterprise risk management methodology, to ensure that we are embedding it into our existing processes. Managing transition risks requires us to consider a range of factors. Any new changes (e.g. new legislation) will be addressed in line with our standard processes. Key to supporting the management of risks is raising awareness and engagement with internal stakeholders. We also engage with key stakeholders such as our Environment Council. Our Business Management System contains our Group policy, requirements and instructions, to ensure that we have established and are maintaining robust and adequate procedures, systems and controls.	Enterprise risk management (see page 62) Internal stakeholder engagement (see page 44) Environment Council (see page 60)

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

TCFD recommended disclosures:	Overview	Additional information
a) Disclose metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	GHG absolute Scope 1 emissions GHG absolute Scope 2 emissions Intensity ratio (tCO_2e per £m of revenue) Energy consumption GHG Scope 3 emissions	Non-financial KPI (see page 37) Summary of emissions, intensity and energy consumption (see page 42) Scope 3 (see page 43)
b) Disclose Scope 1, 2, and if appropriate, Scope 3 GHG emissions and the related risks	We annually report our absolute GHG Scope 1 and 2 emissions and data are subject to independent third-party limited assurance. – Total FY25 Scope 1 emissions were 19,662 tCO_2e – Total FY25 Scope 2 emissions were 8,729 tCO_2e – Total FY25 Scope 1 and 2 emissions were 28,391 tCO_2e We have reported our total Scope 3 emissions for FY24 in this Annual Report and Accounts and are finalising our FY25 scope 3 data which will be published on our website during 2025: – Total FY24 Scope 3 emissions were 312,629 tCO_2e Climate change forms part of our Environment principal risk.	Scope 1 and Scope 2 GHG emissions (page 42) Scope 3 GHG emissions (see page 43)
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have committed to near-term and long-term science based targets across our value chain, validated by SBTi in June 2022 (all from an FY20 baseline): – 50% absolute reduction of Scope 1 and 2 by FY30 – 30% absolute reduction of Scope 3 by FY30 – 33% absolute reduction by FY30 – Net Zero by FY50 or sooner Performance: We have achieved progress against our Scope 1 & 2 target and by the end of FY25 we have achieved a reduction of 36% against our FY20 baseline (which includes the impact of the sale and lease-back of our Farnborough site). Scope 3 is currently more challenging and we saw an increase in FY24 compared with FY23, driven primarily by an increase in procurement.	Net-Zero targets (see page 41) SBTi validation of targets (see page 40) Scope 1 and 2 performance (see pages 42–43) Scope 3 performance (see page 43)

Plans for FY26

Our focus for FY26 will be to deliver our climate change programme, based on our evolved Climate Transition Action Plan. Under four workstreams, we will be delivering projects that focus on reducing our key emissions. We will also be continuing to improve our resilience to climate change through reviewing and managing our identified physical and transitional risks (Workstream 5).

Social

1.5
Lost time incident rate

FY25: 1.5

FY24: 1.6

FY23: 1.7

Group Lost Time Incident (LTI) rate

(The number of lost time incidents where the employee is away from work for one or more days, multiplied by 1,000 divided by the total number of employees)

Our people: Investing in our people, delivering for our customers.

It's important to us that our people work in a safe and secure environment where they are inspired to deliver for our customers, have the opportunity to realise their potential and feel recognised for their contribution.

Safety and wellbeing

Our safety programme is managed across five thematic workstreams. We have made a number of improvements this year:

1. **Risk management:** A new framework for safety cases provided a group-wide approach to safety case structure and application. Actions arising from the risk stabilisation programme over the past two years continued to be completed meaning that we are on track to complete this work in Q4, FY26.
2. **Culture:** A new Safety Strategy and embedding of a safety culture maturity model.
3. **People:** A focus on wellbeing (see below).
4. **Process:** Our compliance assessment completed its group-wide roll-out with legal registers in all sectors and countries of operation and a commitment to address identified gaps.
5. **Technology:** Safety was able to leverage artificial intelligence (AI) for the first time.

Safety is a key non-financial KPI (page 37). Our LTI performance has shown a consistent year-on-year improvement, decreasing from 1.6 in FY24 to 1.5 in FY25. This sustained reduction reflects our ongoing commitment to workplace safety and our focus on hazardous work.

Compared to typical LTI rates in the defence sector (between circa 2.0 and 3.0), our performance demonstrates significant progress in creating a safer working environment.

Our total recordable incident rate (TRIR) has increased from 2.5 in FY24 to 3.6 in FY25. While this remains within the typical range for the defence sector, (between circa 3.5 and 5), it reflects an upward trend.

In April 2025, QinetiQ Ltd was convicted for the offence of breaching section 2(1) of the Health and Safety at Work Act 1974 and fined £800k, in respect of an incident during an ammunition trial in March 2021 at one of the ranges operated by the Company.

We recognise the need for continued focus on safety initiatives and proactive risk management.

During FY25 we have evolved our approach to wellbeing:

– A new group-wide and multidisciplinary wellbeing steering group has been launched.
– A Group wellbeing manager was appointed.
– A new strategy developed with four focus areas: thriving environments; culture; bodies; and minds.
– Our employee engagement survey indicates sentiment around wellbeing has improved since 2020.
– At the beginning of 2025 our new occupational health partner launched their service in the UK.

Our safety and wellbeing roadmap for FY26 covers our five themes. **Risk management** activity will continue to focus on those activities with greatest risk of hazard and includes our safety case programme. Significant personal safety hazards include activities involving heavy lifting, aviation, and fire and explosion risks. The **people** theme includes our wellbeing programme alongside a refreshed approach to safety training that is planned for global roll-out. Our **culture** theme is focused on improving overall score against best practice benchmark the '*DSS+* Bradley Curve' through a variety of targeted activities. These include analysing a large amount of new information collected this year when we asked our leaders for their safety priorities and focus areas. We continue work to simplify and enhance safety **processes** via our Business Management System and we continue the roll-out of our safety compliance assessment. Safety made use of artificial intelligence **technology** for the first time this year and we will build on this work in FY26 to improve our service to customers and stakeholders.

Employee engagement: Listening, learning and taking action

Listening to our people helps us improve our working environment and we encourage feedback via:

- Global Employee Voice representatives act on behalf of our colleagues to shape ideas and initiatives.
- Peakon, our employee engagement platform, provides quarterly feedback, informing our decision-making at a Group, business and team level.
- Two-way communication channels encourage colleagues to share thoughts, feedback and experiences.
- Employee Roadshows are held group-wide, twice a year, providing an opportunity to hear from our leadership team about strategic progress and priorities.
- Site Champions and Heads of Site bring people together, building a community feel at a local level.

Employee engagement is a non-financial KPI, (see page 37) and we measure it quarterly. While our final quarter FY25 score (that we use for the KPI) maintained at 7.5, for the first three quarters of the year our score peaked at 7.6 out of 10; a significant increase over a five-year period (compared with 6.9 in FY20). Our voluntary attrition was 11.8% compared with 14.1% in FY24.

Employees provide valuable feedback on our strengths, including improvements to workload, reward and career path. We have also made progress against key themes identified as needing attention:

- Improving our sites. This includes the sale of Cody Technology Park, our head office, to Tristan Capital Partners who are committed to improving the working environment. In addition, our UK site strategy will optimise our footprint, and will save energy, reduce costs and enhance buildings.
- Engagement activities and resources, such as templates and toolkits, have enabled our people to connect their contribution to our strategy through their own performance goals to those for their team, sector and across the Group.

Looking ahead, we are creating a new approach to employee engagement, bringing together our feedback channels to create realistic and deliverable plans both across the Company and at a local level. Delivery and enhanced governance will be managed by a central steering group, who will ensure we are balancing business needs with employee feedback to create an inclusive environment in which our people can thrive.

We are launching a Culture and Leadership programme aimed at delivering the cultural change required to successfully deliver our strategy and improve performance.

Skills and development: investing in future capability

Delivering for our customers is reliant on having the right skills, where and when they are needed, both now and in the future. Furthermore, by listening to our people, we know that having opportunities to develop their career matters. With a personal development fund, formal programmes, fellowships and digital platforms, we ensure our people have the learning tools and resources they need to help them succeed. We enable professional qualification pathways, supported by mentoring and coaching from experts and qualified professionals. Over the last three years, we have more than doubled utilisation of the Apprenticeship Levy in the UK, with 178 of our people taking part in an apprenticeship in FY25, including early careers (see table on next page) and colleagues who are using the scheme to advance their skills.

We are proud of our group-wide Fellows scheme, which recognises technical, scientific and engineering leaders. We currently have 79 Fellows and Senior Fellows who are nationally or internationally renowned experts in fields such as Avionic Systems, Lasers and Adaptive Optics, Target Acquisition & Tracking and Sustainability. The scheme helps us attract and retain leading experts, enabling us to win work and invest in our capability.

This financial year, we invested in learning opportunities tailored to specific needs, such as the Project Management Improvement Programme.

7.5/10
Employee Engagement

Social continued

In the UK, we delivered two programmes for our mid-level technical leadership teams – Leaders as Coaches and Leading in a Technical Environment – developing capability in performance management and technical delivery. Following successful pilots, we will continue to improve and evolve them into FY26 and beyond.

As part of our commitment to developing talent from within, we are building a new digital approach to talent management which will provide personalised development plans for all our people, enhancing our ability to plan skills development on a wide-scale; ensuring delivery certainty for the future.

Other areas of focus include a new approach to succession planning and management, ensuring effective utilisation of learning, exploring the use of artificial intelligence within our People systems and introducing a new performance management framework, designed to ensure clarity and drive strong and consistent performance, aligned to Company strategy.

Leadership expectations

With a focus on leveraging our group-wide capability and offerings, this year we introduced the Leadership Expectations. They were designed to provide a collective view of leadership in QinetiQ around group-wide mindset, collaboration, performance and enterprise leadership. They ensure our leaders understand what is expected of them in order to focus their efforts where they matter the most, whilst holding themselves and each other accountable. This in turn creates an environment in which our customers, our people and our stakeholders can succeed. The expectations have been introduced to the QinetiQ Leadership Community (top 100+), who have been using them to develop their own capability. As a result, we are already seeing an improvement in our employee engagement feedback. We are also using them to support us in performance assessments aligned to leadership roles. From FY26, the expectations will be introduced to all middle-level managers, as part of a new Performance Framework process, whilst simultaneously forming a fundamental part of our new Culture and Leadership programme.

Early Careers

We continued to invest in our Early Careers pipeline and in FY25 we maintained progress towards 5% of the UK workforce being part of an Earn and Learn scheme, using apprenticeships as both an entry route and upskilling opportunity for professional development. Through deployment to customer work, research and trials, our Early Careers community make a meaningful contributions which are reflected in the feedback we receive via the employee engagement activities. We continue to see good retention rates (circa 80%). We saw a reduction in recruitment this year, in comparison to FY24 due to market forces creating some uncertainty in our key markets.

Commitment to The 5% Club

As a Patron and founding member of The 5% Club, we remain committed to achieving 5% of our workforce being either part of our Early Careers programmes or wider 'Earn and Learn'. The breakdown of our UK Earn and Learn community is published each year (see table below) including the percentage they comprise of the UK workforce.

UK Earn and Learn community	FY25	FY24	FY23	FY22
Apprentices	97	139	85	53
Graduate programme	106	105	128	105
Sponsored students[1]	21	16	26	24
Reskilling (within first 5 years in QinetiQ)	64	48	25	8
Early Careers as % of UK workforce	**3.7**	**4.2**	**4.2**	**3.4**
Total Earn and Learn as % of UK workforce	**4.7**	**5.0**	**4.7**	**3.5**

1 Includes eight-week paid work experience and Year-in-Industry placements.

Looking ahead for FY26: We are focused on building a group-wide learning capability that will develop skills for performance across the business, providing consistency of approach whilst allowing for regional contextualisation.

Flexibility and adaptability

Our adaptive working environment helps us to build an inclusive, collaborative and customer-focused culture. This continues to evolve and this year we have introduced in the UK:

- Paternity leave: now increased to four weeks paid leave.
- Pre-Retirement planning tool-kit: Providing advice on changing working patterns when approaching retirement.
- Sabbatical leave: Enabling a temporary unpaid break for a minimum of three months and a maximum of 12 months at one time.
- Carers leave entitlement: Providing five days of unpaid leave in any calendar year.
- Formal flexible working: Enhancements, following UK government changes.
- Compressed working: In the UK this continues to be valued, with 23% of UK employees taking part.

Diversity, Equity & Inclusion (DEI): strengthening representation and inclusion

We are committed to creating a culture where everyone is respected and empowered. We create high performing and collaborative teams; where everyone feels valued for their contribution.

We have delivered a number of initiatives, including:

- Strengthening our senior talent pipeline by investing in inclusive recruitment practices, offering tailored development programmes and creating opportunities for progression at every stage of a career.
- Mentorship and sponsorship initiatives participating in structured programmes, such as reverse mentoring, Women in Defence mentoring programme and the KPMG Cross Company Allyship Programme.
- Through our people-led networks, fostering greater understanding of the unique challenges people face, providing a platform for discussion, learning and advocacy.
- Supporting awareness raising campaigns, such as International Women in Engineering Day, Pride Month and Black History Month.
- As part of our Social Value commitments with UK customers, we have delivered a military spouses programme (see next section).
- Creating long-term partnerships across industry and our supply chain to share learning and best practices.
- We are signatories to the UK Women in Defence Charter and long-term sponsors of the Innovation and Sustainability Award.

Gender balance data

The table below shows the breakdown by gender of our board, senior managers and all employees. We have maintained the proportion of women who are senior managers and seen a slight reduction in our overall workforce.

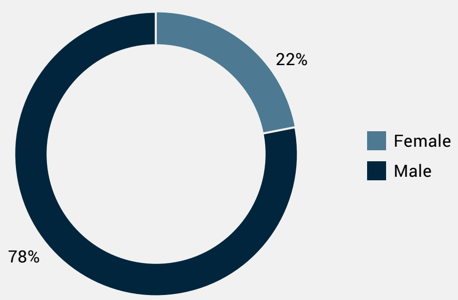
In our latest UK Gender Pay Gap report (for the FY24 reporting period) we report a mean gender pay gap of 11.6% which is a slight reduction compared with the previous year (11.8% for the FY23 reporting period).

We also participate annually in the FTSE Women Leaders Review which focuses on female representation at Executive level and their direct reports. We reported 26.7% (at October 2024), compared with 27.6% in FY24. We remain committed to 30% females by 2030.

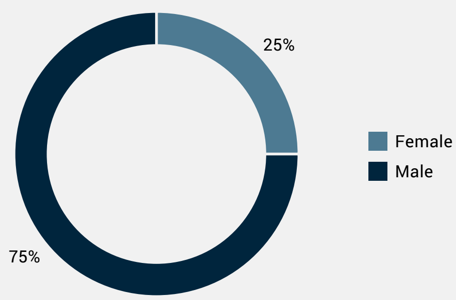
Our focus in FY26: inclusion will form a cornerstone of our Culture and Leadership programme and we will be reinvigorating our diversity, equity and inclusion strategy.

	FY25		FY24		FY23		FY22	
	Female	Male	Female	Male	Female	Male	Female	Male
Board Directors[1]	**4 (36%)**	**7 (64%)**	4 (44%)	5 (56%)	3 (33%)	6 (67%)	4 (44%)	5 (56%)
Senior managers[2]	**65 (22%)**	**237 (78%)**	69 (22%)	251 (78%)	57 (19%)	244 (81%)	59 (20%)	240 (80%)
Other employees[3]	**2,054 (25%)**	**6,036 (75%)**	2,144 (26%)	6,152 (74%)	1,976 (25%)	5,989 (75%)	1,478 (22%)	5,136 (78%)

Senior Managers



All employees (including leaders)



1 For more information on Board diversity, see page 97.

2 Senior managers are defined (in accordance with section 414C of the Companies Act 2006) as employees who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of it. This includes Directors of subsidiary Companies. It includes our QinetiQ Leadership Team (QLT) but excludes our CEO and CFO who are captured under Board Directors.

3 Excluding senior managers and the CEO and the CFO.

Social continued

Rewarding for Performance: Celebrating employee contribution

Our approach to reward and recognition 'Rewarding for Performance' ensures our people collectively share in our success and that we recognise outstanding contributions. In FY25, we continued to reward and recognise our people through our established programme:

- A discretionary payment of £400 (or equivalent) to eligible employees, in recognition for their outstanding contribution in a challenging year.
- Pay & Progression, invested over £1.2m on developing employees through in-year role changes and grade progression.
- Thank Q, our group-wide recognition scheme, celebrated 3,966 individual people and 6,125 teams, with 10,091 awards.
- Global Recognition Gala awarded 25 people in eight categories, celebrating the attributes most important to us at QinetiQ.

In April 2024, we completed the second phase of our UK reward strategy, providing increased pay transparency and implementing an additional base salary increase for eligible employees, equivalent to an average of 7.5% salary budget for FY25, addressing market relativity. In addition, our Group Hardship fund and Employee Assistance Programmes (EAP) continue to provide additional support to our people who are experiencing challenging personal circumstances. We also continue to be accredited as a Living Wage Employer.

Our focus in FY26: Having completed a reward benchmarking exercise in our Australia sector, we will be implementing the reward strategy for this sector. We will also be making recognition and benefits enhancements, introducing a new recognition platform. Aligned to our focus on performance, we will be adapting our incentive programmes to ensure we are driving the results and outcomes needed to ensure progress.

Our communities/social impact

We recognise the importance of giving back. At QinetiQ, volunteering is a vital part of our social impact strategy enabling our skilled workforce to dedicate their time and expertise to deliver social, environmental and economic benefits within the communities where we work. To support this, we've expanded our volunteering efforts to include working more closely with our defence charity partners, alongside our focus on Science, Technology, Engineering, and Mathematics (STEM), environmental initiatives, and skills-based volunteering. In the UK, we continue to promote and drive our flagship events such as: International Women in Engineering Day (INWED), Royal International Air Tattoo (RIAT), Hands on Science Day and our Power Boat Challenge, the latter receiving a spotlight segment on lunchtime and early evening BBC South News Today.

After the successful launch of Social Impact Week in the USA, we decided to bring the same campaign to the UK this year. Across both geographies colleagues were given the opportunity to drive awareness and give back to their local communities. The week consisted of environmental clean-ups, mental health awareness talks, inspiring the next generation of engineers, participating in veterans' support initiatives and writing letters to our troops. We continue to value the partnerships with organisations such as the Jon Egging Trust (JET), where we've continued to roll out our interactive apprentice workshops, and inspiring students to explore the world of STEM through engaging workplace visits.

Our focus in FY26: is to strengthen our approach to social impact by improving how we measure and report outcomes. This includes aligning our efforts with a recognised social impact reporting framework, and enhancing our data collection processes to ensure more consistent and meaningful reporting. These improvements will help us better demonstrate the value we create in the communities we work in. We will continue to champion and grow engagement in our flagship STEM outreach events. 2025 also marks the 30th anniversary of our partnership with Marwell Wildlife who have been instrumental in managing and maintaining the SSSI at our Farnborough site.

Social value

QinetiQ also delivers a range of 'Social Value' activities as part of the contracts we deliver within the UK. This activity complements and supports our Group ESG strategy and programmes, and sees project teams working with, and on behalf of, our customers on a range of areas; from positively growing the next generation of suitably qualified and experienced personnel (SQEP), volunteering for local good causes, or championing wellbeing. In FY25, we are proud to have successfully delivered outreach and community projects across the UK as part of our customer commitments. These projects have not only met the expectations of our customers but have also contributed to the social and economic wellbeing of the communities we're involved in. We understand that every project is an opportunity to drive social value, and we have prioritised initiatives that foster community job creation, inspiring the next generation of STEM innovators and sustainability. During FY25, the QinetiQ Social Value team have worked with projects to deliver a range of activities supporting good causes. Examples include:

- Inspiring the next generation of women in cyber: project teams have run targeted STEM outreach activities, 'Capture the Flag' events, and virtual work experiences, introducing the wide range of careers within the field and allowing them to work on real-world problems with those working in the sector.
- Employability skills for military spouses: with our partner the community interest company (CIC) 'Recruit for Spouses', the team has supported the development of employability skills for military spouses, through the delivery of a targeted 'Demystifying Defence' programme. Eight sessions have been delivered, supporting spouses to identify their transferable skills, find roles on LinkedIn, prepare their CV and get ready for a mock interview.

Our focus in FY26: our social value work will continue at pace in FY26, with the team focused on designing and delivering projects to drive the skills agenda, empower under-represented communities and support non-traditional Small to Medium Enterprises (SMEs) and Voluntary Community and Social Enterprises (VCSEs) to enter the defence supply chain.

Our commitment to the Armed Forces

We have always been passionate about supporting our Armed Forces community, including veterans and reservists, as we believe that within our company they greatly enhance how we connect with our customers.

QinetiQ was an early adopter of the Armed Forces Covenant in the UK and signatories of equivalent statements in Australia and in the US. We go beyond these statements to express commitment that matters. Specifically, we commit to honour and support the Armed Forces Community. We recognise the value Serving Personnel, both Regular and Reservists, Veterans and military families contribute to our business and our country.

Partnerships with the Armed Forces

To demonstrate this, we choose partnerships that strategically align with our business and reinforce our commitment to the Armed Forces.

In FY25 our UK partnership with the Royal Air Forces Association (RAFA) enabled QinetiQ employees the opportunity to volunteer in RAFA's community check-in calls, logging over 300 calls across the year, and as a result of this a number of veterans are now accessing the support they need.

Through our Social Value programme, we worked with our partner Recruit for Spouses in the UK to host two ten-week placements for military spouses, designed to help them regain confidence and re-enter the workforce (see previous section). In the USA we've supported Home Base, a Red Sox Foundation national non-profit dedicated to supporting Veterans. In Australia we continue to support Legacy, a defence charity who support partners and children of veterans who gave their lives or health serving their country.

In FY26 in the UK we will partner with Combat Stress who provide vital mental health treatment and support for veterans and service personal.

Raising awareness and celebrating contribution

Each year we take time to celebrate the UK's Armed forces week, recognising the contribution of QinetiQ's military community of veterans, reservists, military families and cadet force adult volunteers. Through this awareness raising activity, we encourage our people to learn more about the Armed Forces, fly the Armed Forces Day flags at our sites, participate in 'wear your uniform to work' day and encourage our people to get involved in activities taking place in their local communities.

As part of our approach to employee led networks, our Veteran's and Reservist's Network helps to connect, support and value the QinetiQ Military family. This year we have widened the network to be more inclusive with the addition of Army Cadet Instructors, regional points of focus for cadets and military spouses. We continue to support this network in raising awareness, recognising the unique skills and special contribution veterans and reservists make to our company.

Governance

Integrity

Trusted to do the right thing at all times, we take pride in our decisions, and work to create a sustainable and responsible business.

Collaboration

The chosen partner for customers and industry colleagues, we are a diverse and inclusive community with a common purpose; every contribution is valued.

Performance

Customer focused and highly responsive, providing operational excellence and assuring safe and secure delivery.

Our Code of Conduct is available on our website: **www.qinetiq.com/en/our-company/sustainability/business-ethics**

Effective governance is a critical pillar, underpinning our ethical standards and supporting how we work responsibly and sustainably.

Business ethics, doing business the right way

Our values

Our values of integrity, collaboration and performance underpin all that we do. Our values form part of our performance management framework, our leadership expectations are part of our reward and recognition framework and celebrated at our annual gala awards (also see page 78).

Code of conduct

Our Code of Conduct defines our ethical standards, providing clear direction and guidance on how we do business. It contains information on ethical decision-making and also how to seek help and advice. We review the Code annually to reflect the evolving needs of our business, the regulatory environment and best practice. Our Code of Conduct is for our people but we also make it available for customers, suppliers and other partners. Our Code of Conduct is available on our website (see link below).

Speak up

We strive to create an environment where our people feel confident to speak up and we provide a number of different ways for them to seek help or to raise concerns. Employees can talk to a manager, use our ethics email advice services, our global network of Ethics Champions and our independently run, 24/7, confidential reporting line.

For third parties, we provide our Speak Up contacts via our website and in our supplier Code of Conduct.

Throughout the year we have promoted the importance of speaking up and the various different contact routes, via awareness campaigns, in the Code of Conduct and in our mandatory business ethics training. We promoted our Speak Up Guide for Managers, supporting them in creating an open and inclusive environment, where our people feel confident to raise concerns, and managers know how to listen to and support anyone who may come to them with an issue.

We have responded to all queries received via our ethics email advice services and confidential reporting line. Our Audit Committee oversees our approach to confidential reporting (see page 91).

Our Business Ethics Committee, chaired by our Chief Ethics Officer (Group Director Legal and Company Secretary), oversees our ethics programme. We are members of our trade association, ADS, Business Ethics Network where members can share best practice on ethics, human rights and anti-bribery.

Conduct and ethics training

Annual business conduct and ethics training is mandatory and supports our people in understanding and using the Code of Conduct. The training is undertaken by our Board and is available to our suppliers and customers. We provide a number of challenging scenarios to help our people know what to do if they were to come across issues such as bribery, fraud, harassment, conflict of interest and modern slavery.

Our focus in FY26: will be to continue to promote our Code of Conduct, training and raise awareness on Speak Up.

Anti-bribery and corruption

The Company is required to comply with applicable anti-bribery laws and regulations in the jurisdictions around the world in which we operate. To that end, our anti-bribery and corruption programme seeks to ensure the adequate identification, assessment, monitoring and mitigation of bribery and corruption risks.

We do not tolerate bribery or any other form of corruption. The prevention of bribery and corruption is a focus of our third-party risk management and due diligence processes, as well as our monitoring and audit programmes.

We reinforce our commitment to ethical business conduct through our annual business conduct and ethics training (see above), alongside anti-bribery training for our people in certain high-risk roles, helping them to identify and mitigate any potential bribery risks that they may face.

Human rights and modern slavery

We operate and manage an action plan across the Group to address the risk of forced labour and modern slavery. Our annual modern slavery statement is published on our website homepage. We scored 82% on the UK Government Modern Slavery Assessment Tool in FY25. Our supplier Code of Conduct helps to ensure our suppliers have clarity of their responsibilities on human rights, forced labour, modern slavery and speaking up. We provide in-depth training to our people in key roles and continue to provide supporting resources for all employees and suppliers, including industry engagement events through our Collaborate Series.

Responsible business practice underpins how we operate, and we continue to anticipate, prevent and mitigate potential negative human rights impacts through our policy and processes. These are monitored through our business and supplier assurance processes and regular self-assessment, with oversight by our Business Ethics Committee. For example, we address salient human rights issues through our Code of Conduct, our ethical trading policy, international business risk management process, supply chain due diligence, export controls process and grievance mechanisms. Our confidential reporting approach provides routes for third parties to raise concerns. During FY25 we have been developing our approach to governance of AI, running workshops, and discussing with the Board.

Our focus in FY26: we will be reviewing and updating our Modern Slavery action plan to reflect the evolving external requirements and to continue to make progress. We will continue to evolve our approach to ethical trading and further develop our AI governance approach.

Responsible tax management

We make a significant tax contribution to the economies of the countries where we operate. In alignment with our sustainability and tax strategies, we strive to be responsible in all our business dealings with zero tolerance of tax evasion. Our annual tax strategy statement is published on our website. We apply our approach to tax management in a consistent and transparent manner in our dealings with tax authorities around the world.

As a UK-head-quartered Group we file our country-by-country report with the UK tax authorities. Our policies, processes and controls are regularly reviewed and risk assessed. Recognising the importance of embedding the tax strategy as a Group-wide culture, we provide relevant tax insights through our quarterly internal newsletter and bespoke tax training. Our Audit Committee oversees our approach to tax (see page 104).

Working with our supply chain

As an extension of our Company, we ensure that our suppliers are committed to the same standards and values of safety, security, sustainability and governance as we are. Working in collaboration with wider industry, we foster and develop ecosystems which draw together suppliers, academia and third-sector communities to solve complex challenges in science, social and environmental, engineering and technology to support our customer offering.

Through promoting inclusive procurement and removing barriers to entry, we enable access to opportunities for diverse suppliers, including Small to Medium Sized Enterprises (SMEs), minority owned and non-traditional defence suppliers. We maintain our support to the SME community through our various trade associations and being an active prime contractor at the Defence Procurement Research and Technology Exportability (DPRTE) trade show. We have continued to enhance our Supplier and SME Hub web-pages to make it easier for suppliers to engage and register their interest with us. We are committed to paying suppliers promptly.

We continue to work with our third-party subcontractors on UK sites as they progress towards compliance with our Real Living Wage commitment. In support of our Climate programme, we developed a new climate-conscious clause and successfully deployed it in our UK supplier terms and conditions. In FY26 we will continue to develop our approach to sustainable procurement and run further Collaborate events.

We have our Supplier Code of Conduct and Sustainable Procurement Guide documents available on our website: www.qinetiq.com/en/our-company/suppliers-and-smes

Governance and leadership of our sustainable business approach

Our approach to Sustainability is sponsored by our Group CFO and actively supported by our Board. Our Group Director ESG leads our sustainability strategy and programmes, working with leaders and subject matter experts across the business.

Regular briefings and papers are provided to the Board and key Board Committees. These cover all material aspects of our sustainability programmes, including sustainability strategy, climate change, non-financial reporting, ethics and community impact (see page 89). Programmes such as anti-bribery and corruption, confidential reporting, safety, and inclusion are updated to the Board from key functional leaders. This provides the necessary oversight of our approach, including progress and plans.

We have a global policy framework (our Business Management System) which underpins how we operate. We have been reviewing and refreshing key policies, group requirements and instructions.

Key aspects of governance are overseen by the Environment Council, Business Ethics Committee and Risk and Assurance Council. These multidisciplinary leadership fora provide governance and oversight and also the opportunity to collaborate across our global functions and sectors.

For more information on policy, due diligence, risk and KPI for key sustainability aspects – see pages 60 and 61.

Non-financial and sustainability information statement

The non-financial and sustainability reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed within this section by means of cross reference, in order to indicate where they are located within the strategic narrative and to avoid duplication. We have a range of policy and guidance, some of which is published on our website: **www.qinetiq.com.** Certain of the non-financial and sustainability information required pursuant to the Companies Act 2006 is provided by reference to the following locations:

Non-financial information	Section	Pages
Business model	Business model	→ 18
Policies	Non-financial and sustainability information statement	→ 60
Risk management and Principal risks	Risk management	→ 62
Key Performance Indicators	Key performance indicators	→ 37
Sustainability (ESG)	Environmental Social Governance	→ 38
Board Diversity Policy	Corporate Governance	→ 97

Environmental matters

Policy statement	Description
Environmental management	We are committed to embedding an environmentally sustainable approach to business (see page 44). The effectiveness of our Environmental Group Requirement is governed through our assurance process and our six-monthly self-certification. Environmental issues are part of a regular governance timetable, with oversight by the Environment Council and the Board Risk and Security Committee. We are certified to ISO 14001 in the UK and Canada and so are subject to external audit as well as our internal processes, which are overseen by the Risk and Assurance Committee.
Climate-related financial disclosure requirements S414CB(2A)	The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 place requirements on QinetiQ to incorporate climate disclosures in the annual report and accounts. We believe these have been addressed within our statement on TCFD (pages 46 to 51), Climate related governance (page 46), Climate related risk management (page 52), climate related strategy (page 49) and climate related metrics and targets (page 51).

Our people

Policy statement	Description
Code of Conduct	Our Code of Conduct lays out our ethical standards, providing our people with clear direction and guidance on how we do business across the Company (page 58). There is guidance on our standards, on ethical decision-making and also how to seek help and raise concerns. We review our Code of Conduct annually to reflect the needs of our business, regulations and best practice. Guidance for our people and third parties on how to 'speak up' is provided within our Code of Conduct and our supplier Code of Conduct (see page 59), both are available on our website. Speak up and the Code of Conduct form part of the Business Ethics Committee agenda and updates are part of ESG papers for the Board. Confidential reporting is overseen by the Audit Committee; the process is described on page 91.
Health and Safety	Our Safety policy outlines our commitment to continuously improving standards of safety management and compliance. This is supported by our Safety Strategy. The effectiveness of the policy is governed through our assurance process and our six-monthly self-certification. Safety issues are part of a regular governance timetable, quarterly through the Technology and Operational Excellence Council meetings, through QinetiQ Leadership Team (QLT) meetings and regularly as part of the Board Risk and Security Committee (see page 106. Lost Time Incidents (LTI) are a key non-financial KPI (page 37), and have shown an improvement compared with FY24. Safety programmes are described on page 52 and listed in our principal risks (page 66).
Diversity and Inclusion	Diversity and Inclusion forms part of our Employee Engagement and Culture Group Requirement and underpins our approach to supporting an inclusive workplace. The effectiveness is governed via our assurance processes and KPIs with monthly oversight by our QLT as well as regular oversight by the Board. Our Inclusion, Diversity and Belonging Strategy and data on gender diversity (against our 30% by 2030 target), is described on pages 55. Data and progress against the Board Diversity Policy is described on page 97.

Community and society matters

Policy statement	Description
Community	Our instructions provide guidance for employees to use dedicated volunteering time to use their skills, which enable us to make a positive difference in the community (page 56). The effectiveness is monitored by the ESG team. We ensure that there is screening and due diligence of donations and we also undertake selection with oversight by the Sponsorship and Donations Committee and our assurance process.
Tax	Our tax strategy (available on our website) outlines our commitment to being compliant with tax legislation, wherever we do business. We recognise our responsibility to pay the right amount of tax, at the right time and in the right jurisdiction. Oversight of this commitment comes through external challenge, such as business risk reviews and audit questions from tax authorities and external auditors and internal reviews such as quarterly tax updates with executive level reviews of process and procedure. The tax strategy also has oversight by the Audit Committee (page 104).

Human rights

Policy statement	Description
Human rights	We seek to anticipate and prevent potential negative human rights impacts through our policy and processes and address salient human rights issues through our Code of Conduct, ethical trading policy, international business risk management process and trade compliance process. Our policies ensure we meet all statutory requirements. We monitor the application of these policies through our business assurance processes and regular self assessment and with leadership oversight (ESG Steering Committee, Business Ethics Committee and Board). We believe that this integrated approach is effective in ensuring our business acts responsibly and respects human rights (see page 58). Our Supplier Code of Conduct helps ensure our suppliers have clarity on our expectations on human rights issues. See page 59 and our website for more details.
Modern slavery	We recognise our responsibility to comply with all relevant legislation, including The UK Modern Slavery Act 2015 and in accordance the modern slavery laws of other locations in which QinetiQ operates. Our supporting policies focus on management of the supply chain and the requirements for due diligence. In addition we include modern slavery in our resourcing policy. Our Modern Slavery and Human Trafficking statement is updated annually, signed by our Board and published on the homepage of our website. The effectiveness is monitored via our assurance programme and leadership oversight (QLT and Board). See page 58 for details of the programme.
Data protection	Our Data Protection Group Requirement details how we manage the privacy and security of personal information. The effectiveness is monitoring via our assurance programme and leadership oversight (QLT and Board).

Anti-bribery and anti-corruption

Policy statement	Description
Anti-bribery and corruption	Our anti-bribery and corruption (ABC) Group Requirement sets out our responsibilities in observing and upholding our zero-tolerance approach to all forms of bribery and corruption. This ensures we meet applicable statutory requirements, has significant senior oversight at QLT and Board level, is managed via our assurance processes and self-certification and there are regular internal audits. Details of our ABC programme are provided on page 58. This is underpinned by a number of supporting requirements and instructions, for example our approach to gifts and hospitality and for managing Commercial intermediaries. The foundation for all of this is our Code of Conduct which lays out our ethical standards, and contains advice on anti-bribery and corruption (see page 58).
Sanction Screening	It is key that we comply with applicable sanctions requirements so undertake various screenings. This is captured by our Sanctions Screening Group Requirement, with Board and QLT oversight and subject to assurance processes and self certification.

Risk management

Risk factors against heightened geopolitical and macroeconomic threat landscape.

Shifting priorities and an ever-changing risk landscape bring new challenges to our customers. QinetiQ's established risk, governance and assurance process aims to ensure we are well positioned to deliver for our customers and protect lives by serving their national security interests, while understanding and addressing the risks that could impact the execution of our strategy.

The tough near-term trading conditions, market and geopolitical volatility have caused realisation of some of our risks in the final quarter of the year. As a result we have repositioned our mitigation strategies including a review of our sector operations and are embarking on a restructure to support future growth, building on our capabilities in our sectors, with particular focus on the US, and leveraging them across the Group. These strategies will enable more pace and efficiencies in delivering a consistent operational performance.

Risk and assurance highlights

- Progressed the maturity of our risk management framework by advancing our risk appetite and risk capacity methodology and linking it to mitigations and residual risk levels.
- Completed Committee-level deep-dives on our principal risks focusing on mitigations and exposure reduction.
- Matured our approach to our risk and assurance activities at the first and second lines to ensure it demonstrates a proportionate approach to risk and has coverage across our material risks.
- Completed a full risk review finalising the outcome with the Board enabling us to 'ready, set, go' our risk strategy for the forthcoming year.

→ **Ongoing communication and feedback process**

This diagram illustrates a continuous five-part cycle that supports effective enterprise risk management throughout the year.

Our Enterprise Risk Management Framework

Our annual cycle consists of comprehensive identification, monitoring and review of current and emerging risks material to the Group which we conduct together with our Sectors and Functions. We take into account industry insights, competitor analyses, geopolitical, macro and microeconomic developments and advancements in technology. There is a healthy level of cross-functional challenge around principal risks and their collective mitigation. This ensures we keep pace with a growing business in a complex industry and manage our risks in line with our long-term priorities.

On behalf of the Board, the Risk & Security Committee provides oversight of the Company's principal risks, reviewing and monitoring them through the year. Risk owners are accountable for confirming adequate controls are in place, that the necessary mitigation plans are used to bring the risk within acceptable tolerance levels. Sectors conduct bi-annual detailed reviews of their risks which are reported to the Board and Risk and Security Committee.

We align our assurance activity to the identified risks in the context of our business processes and how those risks may affect our strategic goals and day-to-day operations. This is presented to the Risk & Security Committee quarterly, ensuring adequate monitoring to maintain the effectiveness of the Group's risk management activities and internal control processes.

Risk management and assurance activity

The Three Lines Model

We have embedded the Three Lines Model for our risk management and assurance activities. The first line is performed by operational management who are responsible for managing risks and reports to the QinetiQ Leadership Team. The second line is performed by teams that provide expertise, framework design and oversight role but sit outside of day-to-day management of the risks reporting through the Chief Risk Officer to the QinetiQ Leadership Team and the Risk & Security Committee. The third line is performed by internal or external teams such as Internal Audit that provide independent objective assurance reporting to the QinetiQ Leadership Team and the Audit Committee.

The Board is responsible for effective risk management and internal control across the QinetiQ Group, sets risk appetite and assesses principal and emerging risks. The Audit Committee and Risk & Security Committee receive reports from assurance functions, monitor and review principal and emerging risks, undertake risk deep dives, and monitor the effectiveness of internal controls.

The QinetiQ Leadership Team identifies and monitors principal and emerging risks, as well as material risks reported from the Sectors and Functions.

Management

First Line
- Identify and evaluate risks
- Design and operate internal controls and other mitigation measures
- Apply risk appetite, delegated authorities, policies, procedures and codes of practice
- Report risks through relevant reporting and escalation processes
- Manage day-to-day operational risks
- Report to the Board and QinetiQ Leadership Team

Second Line
- Independent of first line, perform oversight of risk management and other oversight functions, including compliance
- Design and facilitate risk management processes across the Group
- Provide risk expertise and support
- Responsible for continually improving the risk management process across the Group
- Report to the Board and the QinetiQ Leadership Team

Independent Assurance

Third Line
- Internal Audit and other external independent assurance providers
- Review and evaluate risk management activity and provide assurance over the effectiveness of the control environment
- Manage the confidential reporting process
- Report to the Board and the QinetiQ Leadership Team

Further reading
→ Board of Directors page 77
→ Audit Committee Report page 100
→ Risk & Security Committee Report page 106

Principal risks FY25

The Group Principal Risk Register consists of material risks that could affect the delivery of our strategic objectives and may have a material impact on our stakeholders and environment. We accept that risk is an inherent part of doing business and our Principal Risk Register aims to provide reasonable assurance that we understand, monitor and manage the effects of the main uncertainties that we face in delivering our objectives.

As part of our continual cycle of review and improvement in risk management, we completed an annual identification of risks to our strategic objectives followed by activities in sizing and handling those risks. The results were shared with the Risk & Security Committee who reviewed and agreed the principal risks for the year.

Principal risks FY25

	Risk	Executive Owner	Link to strategy: Global leverage	Link to strategy: Distinctive offerings	Link to strategy: Disruptive innovation
1	Markets	CGO	●	●	
2	Competition	CGO	●	●	●
3	Business winning	CGO	●	●	●
4	Capability	COO	●	●	●
5	Delivery	COO	●	●	●
6	Business platform	CESO	●		●
7	Acquisition & business Integration	COO	●	●	●
8	Culture	CPO	●	●	
9	Environment	CFO	●		●
10	Safety	COO	●		●
11	Security	CESO	●		

Potential Impact	Mitigation
1 Markets	
Evolving customer priorities, spending and terms of trade may lead to reduced profitability, adverse investor perception and decreased growth prospects and adverse financial impacts.	We are enhancing our competitive position as an established player in the defence and technology sector through our customer-centric approach, which includes engagement with the UK government as part of our UK first strategy. We are also re-evaluating the strategy of the German business in the context of EU/ NATO; and evaluating the changing EU/ NATO landscape and market context. We are augmenting our diverse product portfolio and unique skill, capability and resource mix to align to our customer needs in our home and priority markets. This will mitigate contract risk, optimise project delivery, ensuring efficiency and customer satisfaction throughout capture and project delivery.
2 Competition	
Failure to exploit emerging technologies (such as AI) into our operations or custom offerings as quickly or effectively or failure to respond to changes in market landscape may result in a decreased competitiveness in the market or loss of market share.	The Group has established technical capability priorities delivering insight into future customer and internal needs, including plans for embedding and exploiting new technologies. This includes creation of an ethical trading policy in terms of artificial intelligence that carefully considers regulatory and legal frameworks and potential future regulatory needs. We continue to carefully monitor developments in this area. We are also augmenting our diverse product portfolio and unique skill, capability and resource mix to align to our customer needs in our home and priority markets. This will mitigate contract risk, optimise project delivery, ensuring efficiency and customer satisfaction throughout capture & project delivery. We have strong collaborative and supporting processes that focus budgets, investment and resources on our strategic priorities.
3 Business winning	
Inadequate shaping of requirements and bidding competitive solutions could lead to adverse financial impacts and decreased growth prospects.	We are enhancing our competitive position as an established player in the defence and technology sector through our customer-centric approach to the digital transformation of our offerings. Company performance will benefit from leveraging improved 'win' strategies which enhance through-life delivery and optimised business operational costs.
4 Capability	
Inadequate functional skills, processes and tools to meet regulatory requirements and standards, deliver consistent performance and enable growth.	The effectiveness of our internal control environment continues to be assessed at both senior management and Board level. Having implemented a joint strategy and People approach to strategic capability planning which is supported by talent and demand management systems, we are implementing a further set of actions to ensure performance excellence: Investing in our people to upskill our management and leadership across the Company and reviewing our performance reward framework to improve our individual and team performance impact. We are also reviewing our site location strategy to improve our site occupancy and team building and improve our working environment by promoting an effective and inclusive culture. We are also implementing a common set of tools and processes across the Group that will promote one way of working on a standard platform.
5 Delivery	
Varying levels of capability in Project, Programme and Portfolio Management (P3M) and Supply Chain Management (SCM) community lead to poor delivery performance and increased likelihood of major programme failure.	Having updated and rolled out the Global P3M Competency Framework and the P3M Delegations process, we are making further improvements to organisational alignment in P3M and SCM. P3M and SCM competency assessments are used to build a capability baseline from which we can create improvement plans. In addition, we are making improvements to the Operating Model and implementing more effective governance.

Potential Impact	Mitigation
6 Business platform	
Effectiveness and stability of our IT infrastructure and business tools could affect broader Company business operations and ability to support revenue generating services.	Implementation of the Global Interoperable Infrastructure and Digital Workspace which enhances our collaboration and enables us to leverage our skills globally is well underway and includes replacement of some poorly-performing systems and introduction of new, more powerful tools. We have a robust programme of deployment with continual upgrade of our cyber security detection and protective capabilities and technologies. This includes a routine exercising and technical assessment of our networks, enhanced requirements for IT architecture and security.
7 Acquisition and business integration	
Failure to select and integrate value accretive businesses to enable strategic ambition and realise the maximum potential benefits.	Improved and synchronised Merger & Acquisition governance framework and the policies and procedures that guide pre and post-acquisition activities have been produced. Enhanced due diligence process and associated policies including ESG, and external advisory support, are in place to enable early warning, monitoring and action where and when necessary.
8 Culture	
Failure to define and build a single inclusive and high-performing organisational culture and leadership behaviour could impact achieving our strategic goals and ambition.	Implementation of our QinetiQ Operating Model enables us to invest in developing our culture and focus on embedding our approach to inclusion, diversity, and people management as well as align rewards, pay and progression and other tools and processes that enable performance and help us to continuously improve our ways of working. Examples include Peakon reviews and actions, and completion of Organisational Network Analysis which inform our priorities in building and embedding a single organisational culture.
9 Environment	
Rapidly shifting macroeconomic uncertainty, failure to meet our published climate change targets and outbreak of diseases, could impact stakeholder expectations and resilience needs, resulting in operational disruption, loss of new business, reduced investor confidence and compromised reputation.	We have a mature and established set of controls and policies to manage and respond to volatile economic and financial conditions including hedging, and counterparty limits, stress-testing and specialised contractual clauses. We developed a Net-Zero Plan and are committed to science based targets to drive our emissions to Net-Zero by 2050 or sooner. We have in place initiatives across the Group to ensure that we are embedding our Net-Zero transition plan. These are: investment in energy efficiency projects, development of programmes to deliver reductions in Scope 3 emissions, internal and industry-wide enabling activities (e.g. engagement and remuneration incentives), and working with our customers to develop sustainable solutions and protecting biodiversity. We are have a robust crisis management process in place supported by business continuity plans and we continue to improve this approach.
10 Safety	
Serious physical or mental health injury, fatality of employee(s), third-party personnel, or member(s) of the public; loss of assets or significant regulatory enforcement action.	A global Safety Improvement Programme is in place enabling measurable improvements in the safety culture maturity including more effective global safety processes to achieve overall risk reduction, aligned and integrated three lines of safety assurance approach, enhanced competence and upskilling employees to become better safety leaders and role models and inclusion of technology as an enabler for safety. We have established local emergency preparedness and in-country safety teams and are focusing on improving the engagement and training across the Group.
11 Security	
A breach of physical, personnel or information or cyber security could lead to the loss of information or harm our people, customers and broader stakeholders, exfiltrate or deny the use of data, degrade or deny capabilities.	Information is protected through policy, procedural, physical and digital security controls, supported by ongoing assurance activities, awareness campaigns and annual mandatory security training. We are further investing in tooling to improve tracking of trends to inform improvement in our security measures. We have a robust programme of deployment and continual upgrade of our cyber security detection and protective capabilities and technologies. This includes a routine exercising and technical assessment of our networks. Our changing and increasingly sophisticated threat environment is continuously reviewed and handled as part of our overarching security strategy, ensuring it balances the security, cost and flexibility required for any given solution. Our programme of continuous security improvement is underpinned by annual strategic security reviews.

Viability statement

Assessing the prospects of the Group

This viability statement should be read in conjunction with the Group's growth strategy on pages 4 and 5.

The Group's corporate planning processes involve the following individual processes covering differing time frames:

- An annual Integrated Strategy-to-Perform Plan (ISP) process that looks at the financial outlook for the following five years. This process commences with an assessment of the orders pipeline producing an order intake scenario. A review of the phased delivery profile of that order intake as well as contracted order backlog, and the cost base required to support this enables generation of a base-case profit forecast. Capital expenditure and working capital requirements are also collected, reviewed, approved and an operating cash flow produced for the plan period. This is then overlaid with inorganic growth assumptions as well as detailed tax, interest, funding and other non-operating assumptions to produce a five-year net debt/cash forecast including relevant covenant and funding metrics;
- An annual budget process that covers the first year of the five-year planning horizon in detail;
- A rolling monthly 'latest best estimate' process to assess significant changes to the budget/forecast for the year in progress.

The corporate planning process is underpinned by assessing scenarios and risks that encompass a wide spectrum of potential outcomes, both favourable and adverse. The sensitivity analysis undertaken by management explores the resilience of the Group to the potential impact of each of the principal risks set out on pages 64 to 66, and a combination of those risks.

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions (as described on pages 65 and 66) that could be taken to avoid or reduce the impact or occurrence of the underlying risks, and that realistically would be open to them in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 89 is taken into account.

Alongside the annual review of risk scenarios applied to the strategic plan, performance is rigorously monitored to alert the Board and QinetiQ Leadership Team to the potential crystallisation of a key risk. We consider that this stress-testing- based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

The period over which we confirm longer-term viability

The period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer-term viability is the five-year period to 31 March 2030. This period is deemed appropriate as the Group has good visibility of revenue out to 2030 driven by long-term contracts and frameworks. This is also the period covered by our strategic planning process and is subject to stress-testing and scenario planning around potential risks. It has been selected because it presents the Board and readers of the Annual Report with a reasonable degree of confidence whilst still providing an appropriate longer-term outlook.

The ISP base case assumed the renewal of the Long Term Partnering Contract (LTPA) from 1 April 2028. The five-year extension was signed by the UK MOD in May 2025.

Assessing the viability of the Group

The scenarios applied consider the key risks facing the Group, as summarised in the Risks and Uncertainty section on page 62. These include:

- Sensitivities on growth metrics in the plan such as margin achievement and revenue growth
- Sensitivities based on our cash position including increased working capital burden and the availability of debt financing
- An environmental risk focusing on a severe flooding event at the Shoeburyness site
- Sensitivities linked to the economic environment including revenue reduction and foreign exchange risk

The impact of each scenario is assessed in terms of revenue, operating profit, net cash/(debt) and loan covenants (leverage and interest cover ratio). They are considered individually and aggregated through two combined stress-tests, covering financial pressures and poor trading performance.

The Group has significant forecast growth resulting in a return to positive net cash from FY29. The sensitivities assume that the Group continues to have access to revolving credit facilities of £290m (expiring April 2028 with a one-year extension option) and that the term loan of £335m can be extended (expiring September 2027).

The financial impacts are inherently subjective and highly variable, but have provided an indicative assessment to the Board. None of the risks applied individually, have a material impact on long-term viability (in terms of breaching our available facility headroom or associated covenants). Despite being unlikely, the Directors have considered mitigations that could be put in place to offset the risks. The Group has a number of cost-control levers that could immediately be drawn on to control cash outflows. In addition it continues to review its portfolio of assets to ensure they remain relevant to the strategic ambition (through disposal of non-core assets). The revolving credit facility has the option to increase further by an additional £110m, prior to considering the reduction of dividends. All of these options can be drawn on to ensure the Group remains a going concern and does not breach covenants.

Confirmation of longer-term viability

As noted on page 62, the Directors confirm that their assessment of the principal risks facing the Group was robust. Based upon the robust assessment of the principal risks facing the Group and their stress-testing based assessment of the Group's prospects, all of which are described in this statement, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2030.

Scenarios modelled	Links to Principal Risks
Scenario 1 – Profit margin downgrade	
Profit margin is downgraded as a result of competitive pressure, project execution, inability to achieve supply chain and organisational efficiency savings or a regulatory fine. **Assumptions:** A 2% reduction in profit margin, no impact on revenue.	– Market competition – Business winning – Delivery capability – Business platform – Security – Environment – Safety
Scenario 2 – Reduction in revenue growth	
Revenue grows at a slower rate through the planning period driven by slow-down in orders as a result of customer spending, macroeconomic pressures, a cyber incident, or failure to plan the future resource and skillset needed. **Assumptions:** A 5% per annum reduction in revenue compared to the ISP base plan	– Markets – Competition – Business winning – Security – Environment
Scenario 3 – Reduced operating cash conversion	
Economic environment causes delays in customer payments, high inventory levels driven by supplier shortages, or IT system failure resulting in inability to raise invoices and receipt of supplier payments. **Assumptions:** Cash conversion restricted to 90%.	– Delivery – Capability – Business platform
Scenario 4 – Major environmental event	
For the purposes of this scenario we have assumed a failure at the exposed area that would result in significant flooding. This flooding would, despite mitigation measures, damage the equipment and infrastructure resulting in significant remediation work to safely restore capability. **Assumptions:** There would be an immediate impact to our ability to deliver. The impact has been modelled through lost backlog, pipeline revenue and reputational damage, together with lost recoveries from people impacted.	– Environment – Delivery – Safety – Security
Scenario 5 – Increased FX rates	
Macro-economic trends, global events and government interventions may cause foreign exchange rates to move in unfavourable directions (mainly an increase in the USD:GBP and AUD:GBP rates) such that the returns of the US and Australia businesses are worth less in GBP terms. **Assumptions:** 10% increase in FX (USD, CAD, EUR & AUD) rates.	– Markets

Going Concern Disclosures

The Group's activities, combined with the factors that are likely to affect its future development and performance, are set out on pages 1 to 29. The Group meets its day-to-day working capital requirements through its available cash funds and its bank facilities. The Chief Financial Officer's review on pages 30 to 34 sets out details of the financial position of the Group, the cash flows, drawn and committed borrowing facilities (including associated covenants), liquidity, and the Group's policies and processes for managing its capital and financial risks.

This past year has seen continued unrest and growing conflict across many regions of the world. The defence and security context continues to elevate the market needs for our mission critical capabilities. Both our addressable market and our confidence in capitalising on that market opportunity continues to grow. The Group enters the new financial year with a healthy balance sheet and leverage position, and strong order backlog and pipeline. After making enquiries, the Directors believe that the Group is well positioned to manage its overall business risks successfully and 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 financial statements.

The Group is exposed to various risks and uncertainties, the principal ones being summarised in the 'Principal risks and uncertainties' section on pages 64 to 66. In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the statement on the long-term viability of the Company and the Group. As noted below, 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 the next 12 months from 22 May 2025.

Key Stakeholder groups and Section 172 statement

Section 172 Statement

We are committed to our responsibilities to promote the success of the Group. The Board of QinetiQ Group plc confirms that during the year under review, it has acted in the way that it considers in good faith, would be most likely to promote the Group's success for the benefit of its members as a whole, having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

QinetiQ Group plc is a public Company limited by shares, registered in England and Wales No. 4586941.

Typically in large and complex companies such as QinetiQ, the Directors partly fulfil their duties through a governance framework that delegates day-to-day decision-making to the employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure which covers our values, how we engage with our stakeholders, and how the Board assures itself that the governance structure and systems of controls continue to be robust.

The main methods used by the Directors to perform their duties are outlined below.

This statement and the relevant disclosures referenced on this page summarise how the Board has upheld and discharged its duties to consider:

(a) The likely consequences of any decision in the long term;
(b) The interests of the Company's employees;
(c) The need to foster the Company's business relationships with suppliers, customers and others;
(d) The impact of the Company's operations on the community and the environment;
(e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) The need to act fairly as between members of the Company.

→ See page 73 for relevant disclosures.

Our stakeholders and approach to engagement

To deliver responsibly and for the benefit of our stakeholders we must understand what matters to them. To do this we engage in a variety of ways in an open and transparent manner, with the aim of identifying common goals.

In some cases the Board will engage directly with certain stakeholders, however, the relevant delivery teams will also manage these relationships if they are better-placed to facilitate meaningful engagement.

We consider our respective stakeholders and relevant issues to ensure that engagement is led by those best-placed to affect any necessary change and therefore expect that, to best benefit our stakeholders, our approach to how we engage will continue to evolve as we pursue further growth.

Board activity and principal decisions in FY25

The principal decisions taken by the Board in FY25 are detailed on pages 87 and 88. These decisions cover a variety of topics including, capital allocation, the Cody Technology Park Disposal and business strategy. Due to the nature of these decisions, a variety of stakeholders are considered as part of the Board's discussions.

How we engage with our key stakeholder groups

Customers

Our customers are at the heart of our purpose and we strive to apply our strengths to their advantage to enable delivery of mission-led innovation. Every QinetiQ customer has a delivery team and we regularly invest time listening and understanding our customers' views and needs via our formal customer research systems. For more information see pages 18 and 19.

People

Our people are critical to the success of our business. To ensure meaningful engagement the business continues to utilise its key forms of engagement, the Global Employee Voice Group, Peakon and the 'Speak Up' programme.

The business holds regular Global Employee Roadshows and Q Talks to enable employees to engage directly with decision makers and the QLT. The Board were also able to spend time this year with employees during visits to UK sites such as the offices of QinetiQ and Inzpire in Lincoln, and our Group Chair during visits to a number of sites in the UK and Germany. Our site Champions and Heads of Sites also provide feedback at a local level.

To see more about how we engage with our people see Employee engagement on page 91 and Employee engagement: Listening, learning and taking action on page 53.

Shareholders

We engage with our shareholders throughout the year via physical and virtual roadshows, results presentations and at the AGM. We seek to keep an open dialogue regarding business, our strategy, and the management team. Our Group Chief Financial Officer has met with a number of shareholders from the UK, US and Germany during the year as part of his induction, and has attended a number of industry specific investor conferences since his appointment in September 2024. Our Group CEO and Group Chair have also engaged directly with a number of major shareholders throughout the year.

See page 76 for details on the 2025 AGM.

Impact of stakeholder engagement and how we create value

Customers

The formal feedback we receive from our customers allows us to respond and adapt our approach when achieving their objectives. It is reviewed at all levels of our organisation to ensure we continuously improve and evolve our business processes and delivery solutions. It enables us to deliver mission-critical solutions and help customers address their most pressing challenges. They benefit from a responsive and agile approach and the ability to innovate at pace, while delivering value for money.

People

Listening to our people through these various feedback channels has enabled us to identify priority focus areas to improve the employee experience by directing our efforts to enhance areas highlighted by direct feedback. This year we responded to feedback around site improvements and engagement activities, making progress on resources such as templates and toolkits, to enable our people to better connect their contribution to our strategy.

Our people's work makes a genuine difference to our customers and we are committed to providing an employee experience which fosters rewarding careers in highly skilled areas, giving our people the opportunity to perform to their full potential.

Shareholders

Shareholder feedback and comments help shape our strategic thinking and decision-making, and their ongoing support enables us to invest in our business and execute our growth strategy for the benefit of all stakeholders. In return we aim to deliver long-term sustainable growth and attractive returns, and have sought to keep both our investors and the financial markets up-to-date with our progress and strategic decisions throughout the year. Shareholder feedback this year helped shape the decision to extend our share buyback programme of up to £200m over the next two years and our ongoing engagement enables balanced choices to be made on how and where we invest.

How we engage with our key stakeholder groups

Suppliers

We occupy a unique position in the defence industry and actively engage with our suppliers, working collaboratively to ensure we treat them with integrity and take a fair and sustainable approach. We hold strategic relationships across organisations and engage with our supply chain through in a variety of ways, including our QinetiQ Collaborate events and industry working groups such as Aerospace Defence and Security (ADS), techUK, Aerospace and Defence Procurement Group (ADPG) and MOD Sustainable Procurement; see Working with our supply chain on page 59 for more information.

Community

We strive to have a positive impact on our local communities by engaging in community investment such as our outreach programme, volunteering, supporting local charities and community liaison. Our aim is to benefit the wider environmental and socio-economic wellbeing of our communities and our community investment is viewed positively where we operate. Volunteering is a vital part of our social impact strategy and we enable our skilled workforce to dedicate their time and expertise to deliver social, environmental and economic benefits within the communities where we work. We have also expanded our volunteering efforts to include defence, as well as our usual Science, Technology, Engineering, and Mathematics (STEM), environmental initiatives, and skills-based volunteering. See pages 56 and 57 for more information.

Environment

We engage with shareholders, customers and our people on environmental and ESG related matters throughout the year via reporting, surveys and questionnaires. We also chair a number of industry groups and actively collaborate with customers, peers, academic partners and suppliers. This enables us to listen, understand, and identify what matters most to our stakeholders and over the last year our customers have increased their focus on resilience to the impacts of climate change and alignment to the international energy transition.

Our sustainability programme is focused on the most material issues for the Company including a deliverable Net-Zero plan, and the business is cognisant to the importance of ensuring its own resilience to the changing climate and how it can contribute to its mitigation. See pages 40 to 45 for more information.

Regulators

We engage with Regulators to understand changing regulations and ensure we meet their requirements. This year our Audit Committee oversaw planning to implement changes needed to audit, risk and internal controls to comply with the recently published 2024 UK Corporate Governance Code, as well as the proposed changes in non-financial reporting. We have also successfully submitted our 2024 Parker Review.

See page 76, Audit risk and internal control at pages 100 to 105 and Board activity at page 89.

Impact of stakeholder engagement and how we create value

Suppliers

We aim to bring down barriers for suppliers in defence and emerging sectors. In the year under review we held a number of QinetiQ Collaborates working group events, including 'Raising Awareness of Modern Slavery in the Supply Chain' and 'Let's Talk Sustainability Climate Contracting'. Our engagement with our supply chain gives us insight into industry partnering to effectively support our customers.

Community

We provide services that promote the safety and security of members of society and seek to drive social value from our projects. This year we are proud to have successfully delivered outreach and community projects cross the UK and continue to engage in regular community liaison updates ensure local people are aware of our outreach activity.

We have also delivered a range of 'Social Value' activities as part of our contract delivery and have prioritised initiatives that foster community job creation, inspiring the next generation of STEM innovators. Early Careers and STEM in particular are communities in which we are continually supporting and investing.

Environment

The Company has worked hard to improve its greenhouse gas understanding of its emissions since the publication of its 2022 Net-Zero plan and in light of the Company's evolution felt it was appropriate to evolve from a foundational plan, to a Climate Transition Action Plan (CTAP). The evolution and development of this plan is intended to integrate climate change within the Company's business plan and will be overseen by the Climate Change Steering Group, chaired by our CFO (see page 40).

The Company has also invested via IRAD in the creation of a suite of scenarios suitable to incorporate issues of climate change into war-gaming, simulation and experimentation and has been proactive in provoking discussion this year between start-ups, academia, the MOD and industry on how to create sustainable and resilient defence capability by holding a customer-focused round table at Farnborough International Air Show.

During the year in review the Company also retained its rating as a top-rated ESG company by Sustainalytics and its AA rating from MSCI.

Regulators

We take an active role in the defence industry through various forums and industry networks. Our engagement supports us meeting the high standards expected by our regulators. This year the UK tax authorities provided an overall low risk rating across all measures of systems and delivery, governance and approach to tax compliance following their testing of the Group Tax policies. The Company is also in the process of implementing a formal regulatory compliance evaluation tool designed to systematically evaluate environmental compliance performance across all operationally controlled sites.

Section 172 relevant disclosures

Considering long-term consequences

s172 link (a)

The Board holds annual strategy meetings which assess the long-term sustainable success of the Group and our impact on our investors, customers, people, and local communities over a five and ten-year outlook. Our Group Chair and Company Secretary working with the Executive Directors, set a rolling agenda for each Board meeting, including a two-day strategy review to consider the Company's overall purpose and strategy. This is supported by a budget for the following year and both medium and long-term (five and ten-year) financial planning informed by strategic assessments such as SWOT analysis. These arrangements are supported by external political, industrial and customer inputs. There are also risk management processes that identify the potential consequences of decisions in the short, medium and long term, so that mitigation plans can be put in place to prevent, reduce or eliminate risks to our business and wider stakeholders.

Relevant S172(a) disclosures

- → Pages 78 to 79 Significance of our purpose, values and strategy
- → Pages 18 to 19 Business model
- → Pages 4 to 7 Strategy
- → Pages 34 and 87 Dividend and Capital Allocation policy
- → Pages 67 to 69 Viability statement
- → Page 109 Frameworks for risk management and internal control
- → Pages 40 to 41 Climate Transition Action Plan (CTAP)
- → Page 88 Integrated Strategic Planning

Protecting communities and environment

s172 link (d)

The Group is committed to corporate responsibility oversight including business ethics, anti-bribery and corruption, human rights, modern slavery, environmental stewardship and use of resources, sustainable solutions, greenhouse gas emissions and energy management, investing in our local communities and the armed forces. Any major decisions taken by the Board includes formal consideration to these factors where relevant as well as regular reviews through the Board risk management process and the Audit, Risk and Security and Remuneration Committees.

Relevant S172 (d) disclosures

- → Pages 40 to 51 Environmental
- → Pages 38 to 39 Sustainability: Environmental, Social & Governance
- → Pages 46 to 51 TCFD disclosures
- → Pages 60 and 61 Non-financial and sustainability information statement
- → Pages 52 to 57 Social
- → Pages 58 and 59 Governance

Fostering stakeholder relationships

s172 links (b, c)

To encourage mutually beneficial stakeholder relationships, specific training is provided for Directors and senior managers and we ensure external assurance, through audits, stakeholder surveys and reports from brokers and other advisers, and stakeholder engagement. The Board receives regular presentations and reports on customer engagement, risk, health and safety, confidential reporting, defence process review, dividend policy, people and culture strategy, and operational business updates. The Company also made progress against the themes identified in previous years as needing attention and are in the process of creating a new approach to employee engagement to bring together our feedback channels to create realistic and deliverable plans at a local level and across the Company.

Relevant S172 (b, c) disclosures

- → Pages 52 to 57 Social
- → Page 91 Employee engagement
- → Pages 53 to 54 Skills and development: investing in future capability
- → Page 56 Rewarding for performance: celebrating employee contribution
- → Pages 60 to 61 Non-financial information statement
- → Pages 71 to 72 Stakeholder engagement
- → Page 55 Diversity, equity and inclusion
- → Page 39 ESG framework
- → Pages 78 to 79 Significance of our purpose, values and strategy
- → Page 71 Shareholders

Setting culture and conduct

s172 link (e, f)

The Board sets the Group's purpose, values and strategy, ensuring it is aligned with our culture. To ensure section 172 requirements are met, stakeholder factors are addressed in Board papers, and through standing agenda matters presented at each Board meeting (for example, the Group CEO presents updates on the financial overview, strategic progress, investor relations, business development, and operational progress) and the Company Secretary presents updates on relevant corporate governance and compliance matters.

Relevant S172 (e, f) disclosures

- → Pages 52 to 57 Social
- → Pages 78 and 79 Significance of our purpose, values and strategy
- → Page 109 Frameworks for risk management and internal controls
- → Page 76 Annual General Meeting
- → Pages 62 to 66 Risk Management
- → Page 83 Governance structure
- → Page 55 Diversity, Equity & Inclusion (DEI)
- → Pages 77 to 90 Board leadership and Company purpose