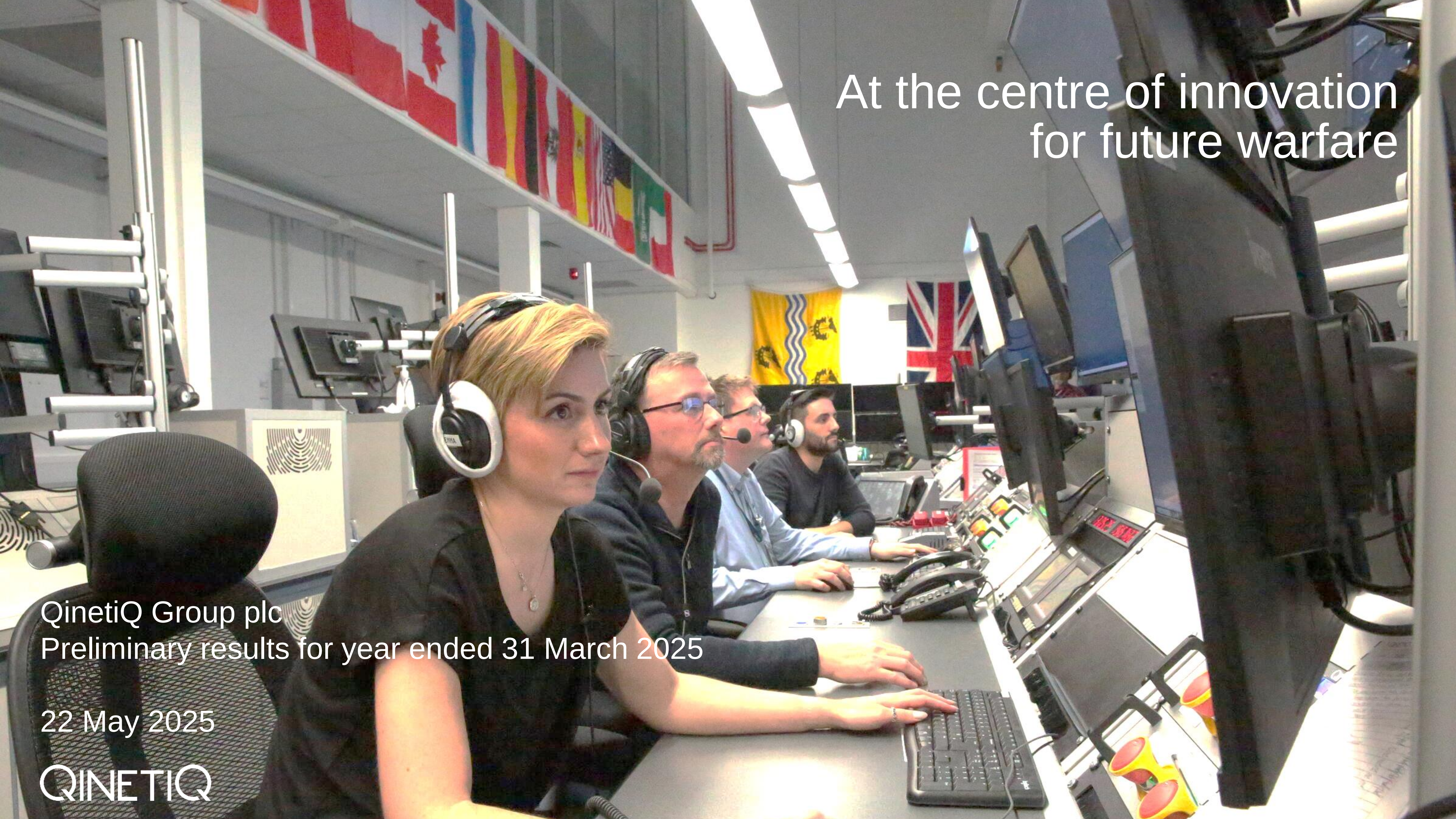


At the centre of innovation for future warfare

QinetiQ Group plc
Preliminary results for year ended 31 March 2025

22 May 2025

QINETIQ

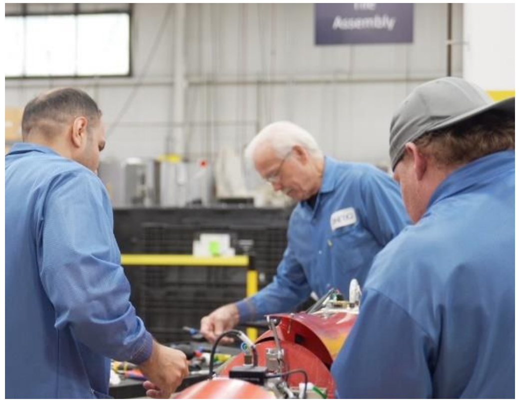
Headlines

1. Tough market environment impacted UK and US short-term performance plus impairment in US

2. Decisive actions taken to address operational issues with strengthened leadership and portfolio focus

3. Long-term fundamentals of company remain strong with clear strategy to create value across Group

4. Record backlog and alignment with customers' needs driving confidence in medium to long-term growth



Focused on organic growth with disciplined capital allocation and attractive shareholder returns

Agenda

1	Year in review	Steve Wadey – Group CEO
2	Financial results	Martin Cooper – Group CFO
3	Strategic outlook	Steve Wadey – Group CEO
4	Q&A	

Year in review

Steve Wadey

Group Chief Executive Officer

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FY25 – our year in review

- Revenue and profit impacted by delays and one-off charges
- Strengthened leadership and disciplined portfolio actions
- Increasing strategic focus to leverage AUKUS and NATO
- Highly relevant capabilities with record order intake
- Focus on execution with 75%[1] revenue contracted for FY26
- Strong cashflow enabling investment in organic growth
- Strong shareholder returns with buyback extended by £200m

Financial performance

Orders

£1954.8m +12%
1.2x book-to-bill[2]
FY24: £1,740.4m

Revenue

£1931.6m +1%
+2% organic
FY24: £1,912.1m

Profit[3]

£185.4m -14%
9.6% margin
FY24: £215.2m 11.3%

Cash

105% conversion
0.4x leverage
FY24: 104% 0.5x

Focused on delivering consistent operational performance and sustainable profitable growth

[1] Funded and unfunded backlog [2] B2B ratio is orders won divided by revenue recognised, excluding LTPA revenue of £270m (FY24: £266m) [3] Operating profit from segments Note: glossary for acronyms can be found in the Appendix

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FY25 – tough market environment impacted short-term performance

UK Intelligence - market challenges

- Delays to contract awards affected short cycle work reducing revenue by £30m e.g. science & technology
- Reviewed operations and resized some capabilities to align with reduced demand, whilst protecting core skills
- Business realigned to support operations and digital transformation of UK defence and security customers

Resized capabilities whilst maintaining market share

United States - market & operational challenges

- Revenue reduced by $70m due to legacy US operations e.g. delays to product sales, whilst Avantus remained flat
- Launched restructuring following review of US business with new US Chief Executive, addressing:
  - Cost base, labour rates and inventory management
  - Non-cash charges predominantly relate to legacy US
- Strategy refined to improve execution and invest in core capabilities to win longer-term programmes
  - Avantus long-term contracts growth e.g. SDA, SCO and TARS

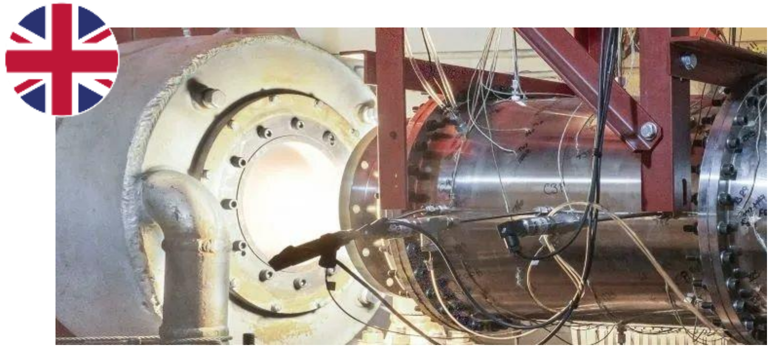
Realigned business to national security priorities

Actions taken to de-risk portfolio and drive consistent operational performance

Note: glossary for acronyms can be found in the Appendix

FY25 – operational highlights

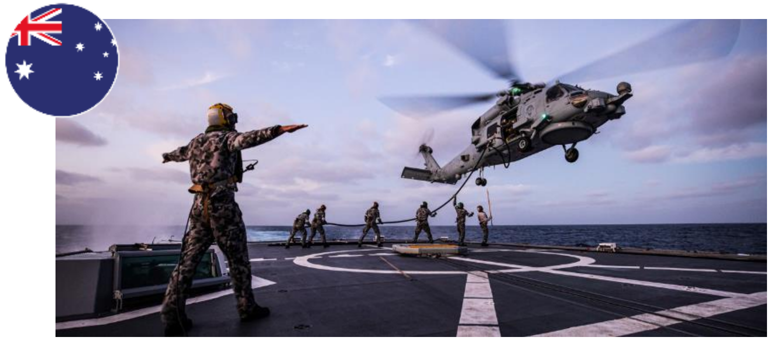
Increased NATO use of LTPA capabilities



£160m R&D for weapons innovation

Deployed comms contracts up to £200m

$120m next gen sensor system awards[1]



$47m+ DASA strategic partner contract

17% demand increase for aerial targets

Highly relevant mission critical capabilities to meet current and future needs

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

Financial results

Martin Cooper

Group Chief Financial Officer

Full Year Summary Financials

Order Intake	Revenue	Op' Profit	Cash Conversion[1]	Dividend & Buyback
£1,954.8m	**£1,931.6m**	**£185.4m**	**105%**	**£150.8m**
+12%	**+1%**	**-14%**		
FY24: £1,740.4m	FY24: £1,912.1m	FY24: £215.2m	FY24: 104%	FY24: £61.8m

Statutory profitability impacted by one-off charges – exceptional charges include £144m impairment in the US

Order Backlog	Book-to-bill[2]	EPS	Leverage	ROCE
£2.8bn	**1.2x**	**26.1p**	**0.4x**	**22%**

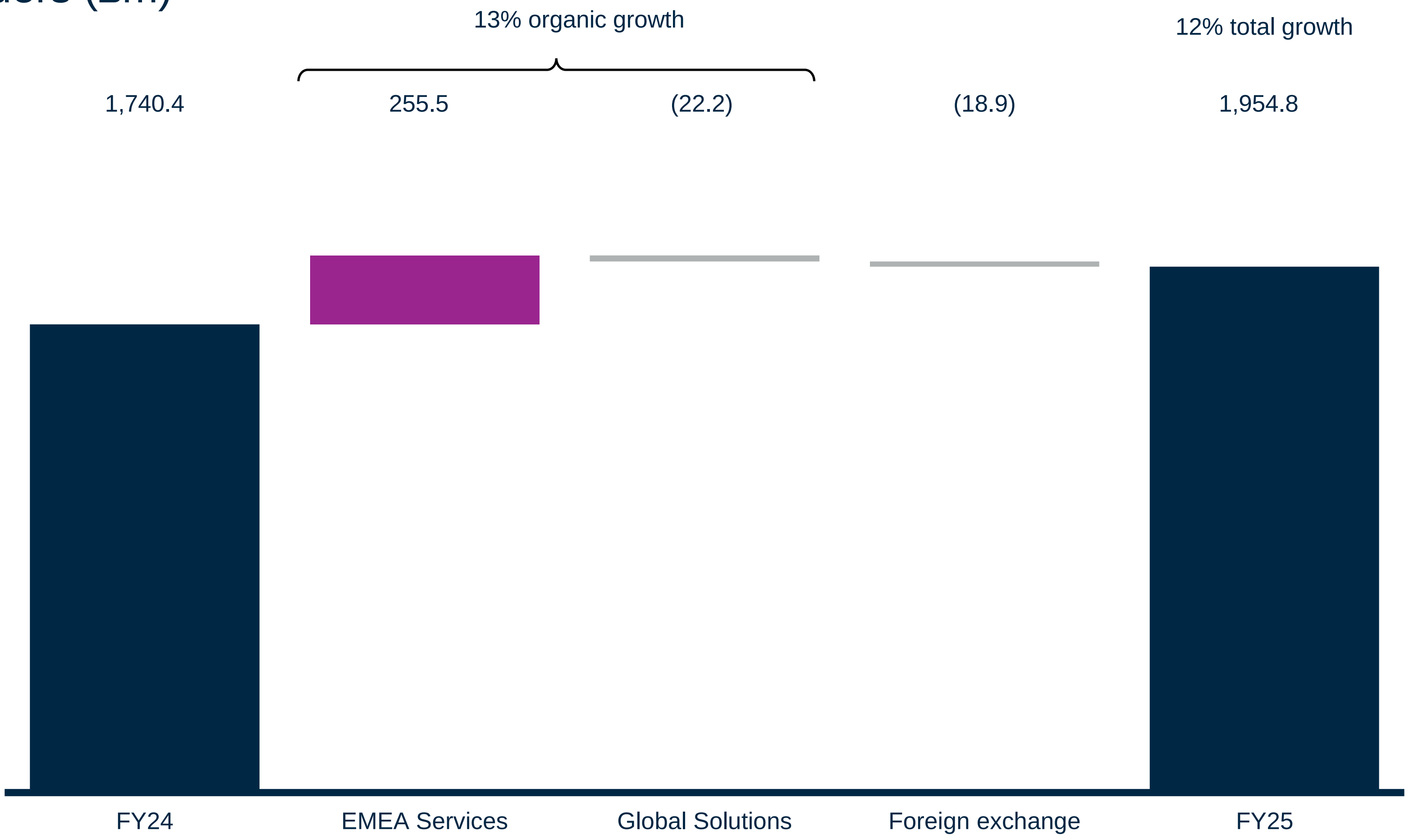
Cash generation remained strong, which has enabled increased shareholder returns

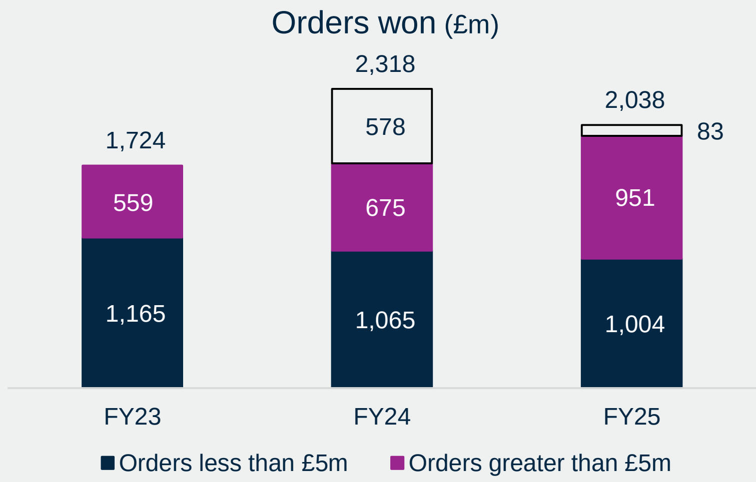
All measures on this page are underlying. Operating profit is the total from the operating segments. Definitions of APMs can be found in the Appendix

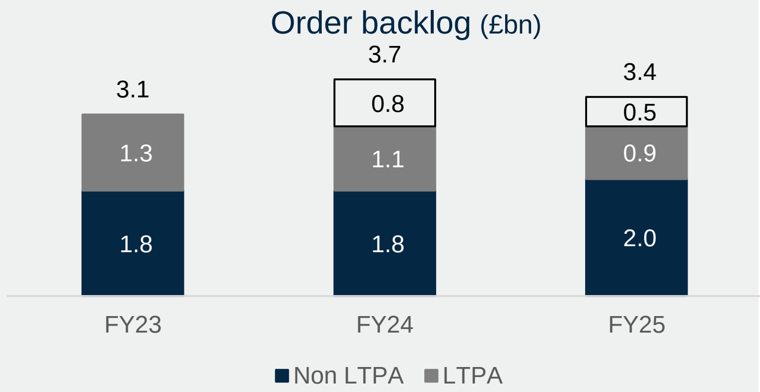
[1] The ratio of underlying net cash from operations to underlying EBITDA [2] Book-to-bill ratio is orders won divided by revenue recognised, excluding LTPA non-tasking revenue of £270m (FY24 £266m)

Record order intake with book-to-bill 1.2x[1] supporting sustainable organic growth

Orders (£m)





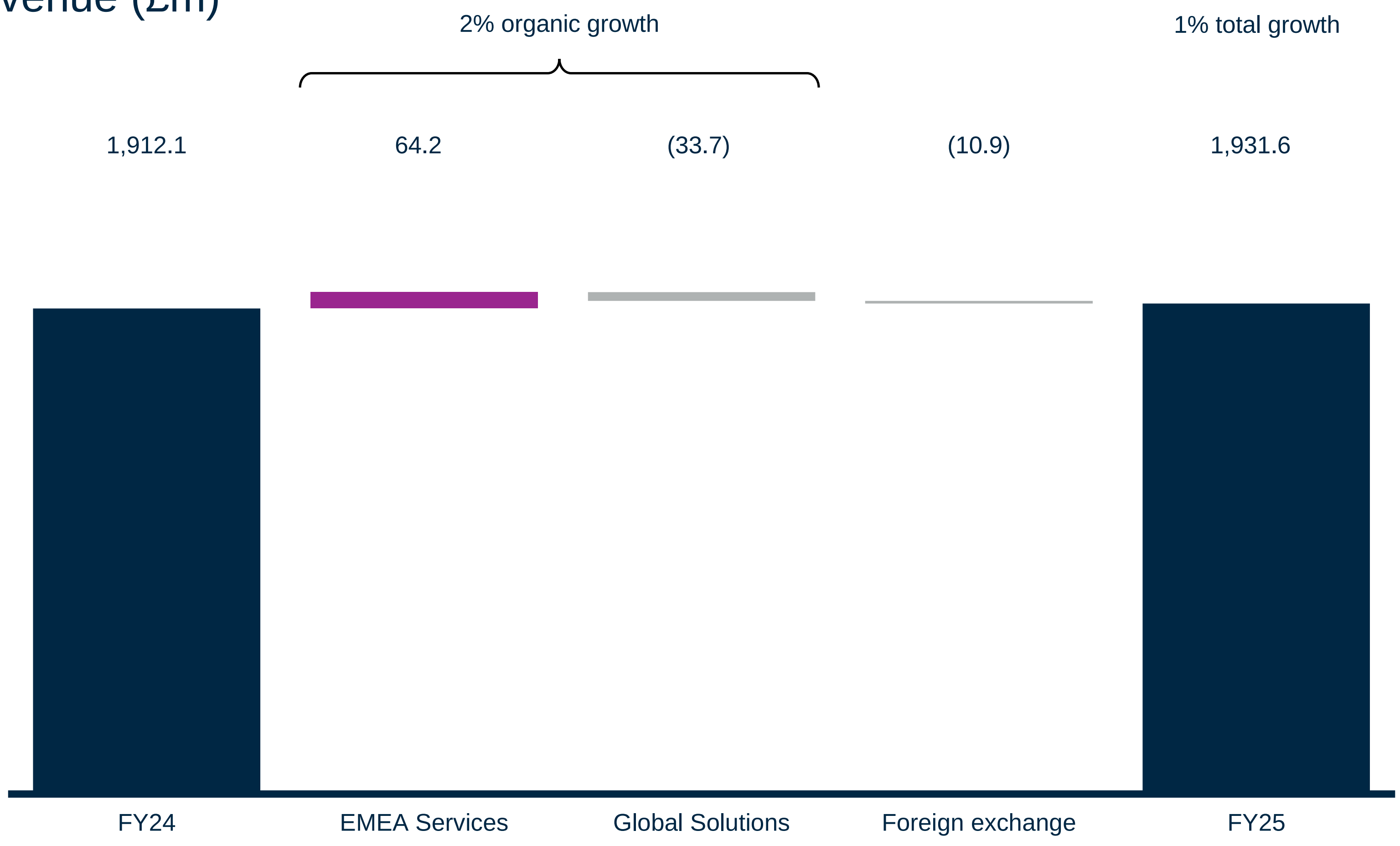


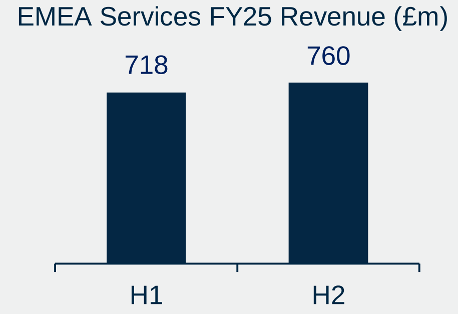
[1] Book-to-bill ratio is orders won divided by revenue recognised, excluding LTPA non-tasking revenue of £270m (FY24 £266m)

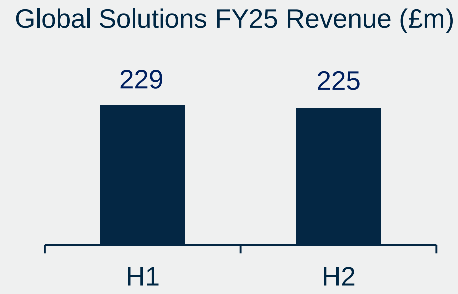
☐ US unfunded orders represents the value of contract awards for which funding has not yet been appropriated or authorised

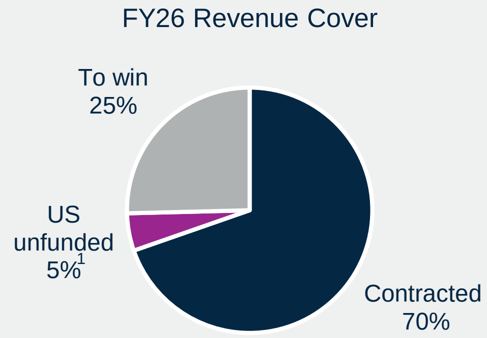
Revenue growth impacted by market conditions and orders timing

Revenue (£m)





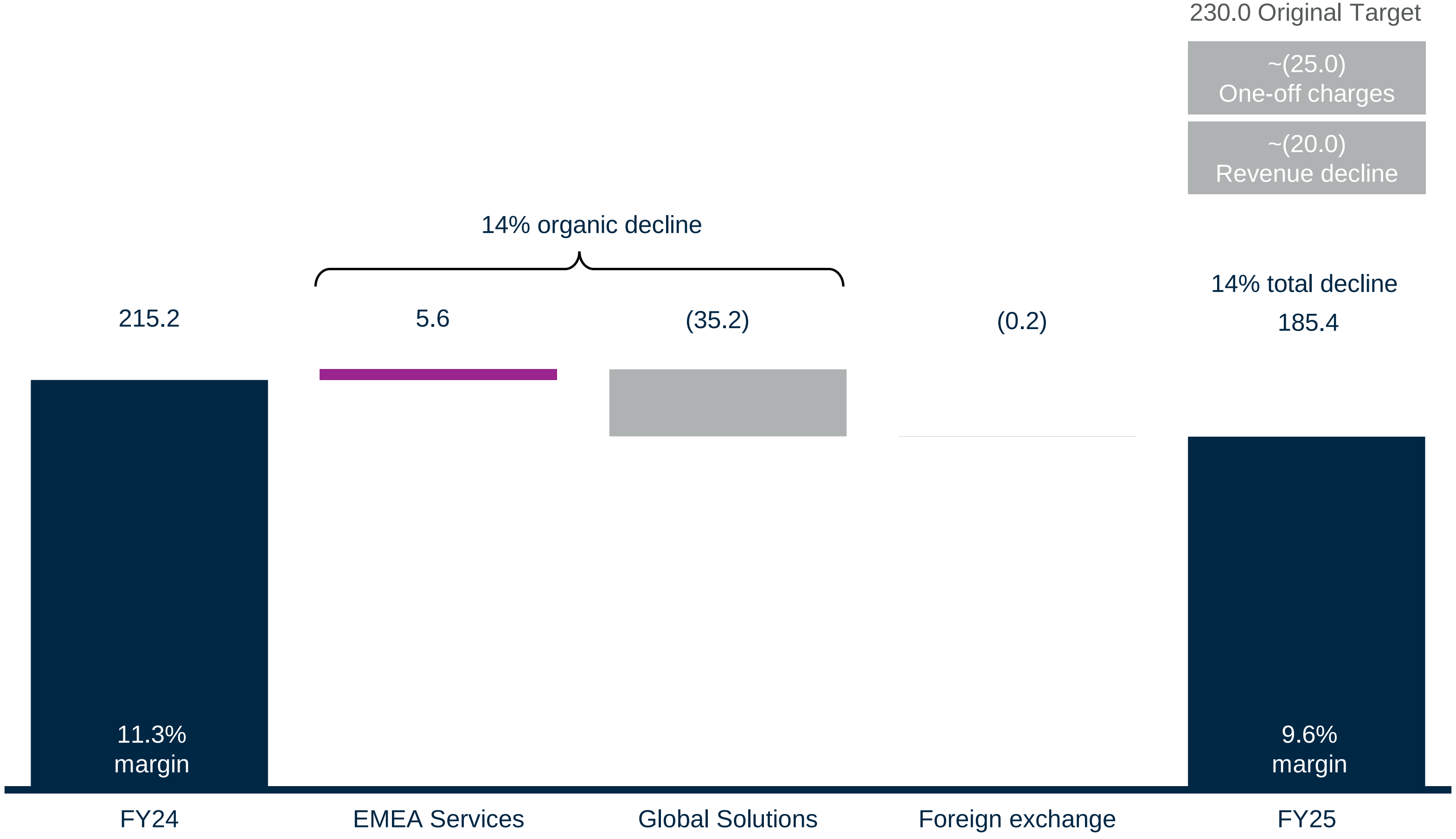




[1] US unfunded represents the value of contract awards for which funding has not yet been appropriated or authorised, which is expected to be funded during FY26.

Margin impacted by one off charges and market dynamics

Underlying operating profit from segments (£m)



	FY25 £m	FY24 £m
Operating profit from segments	185.4	215.2
RDEC Income	30.0	27.2
Specific adjusting items	(305.9)	(49.9)
Statutory operating (loss)/profit	(90.5)	192.5

Global Solutions	**£m**
Non US revenue & margin mix	1.9
US revenue	(4.9)
US margin mix	(8.1)
US one-off charges	(24.7)
Operating profit decline	(35.2)

Underlying operating profit to statutory operating loss

Planned actions to deliver long-term growth

1. Digital investment is a discrete investment project to enable our global growth strategy
2. Loss on sale of property driven by the sale and leaseback of the Cody Technology Park

One-off charges taken on restructuring operations

3. Restructuring costs and other impacts from US operational restructuring and the group wide efficiency programme
4. Impairment of US goodwill due to a change in market conditions and reflective of a restructuring of US Operations

	FY25 £m	FY24 £m
Operating profit from segments	**185.4**	215.2
RDEC Income	**30.0**	27.2
Underlying operating profit before tax	**215.4**	242.4
Digital investment	**(20.8)**	(16.9)
Amortisation of intangibles assets arising from acquisitions	**(24.2)**	(25.2)
Impairment of property	**(1.0)**	(0.7)
(Loss)/gain on sale of property	**(36.6)**	2.1
Acquisition and disposal related costs	**(14.9)**	(9.2)
Restructuring costs and other impacts	**(64.5)**	-
Impairment of Goodwill	**(143.9)**	-
Specific adjusting items	**(305.9)**	(49.9)
Statutory operating (loss)/profit	**(90.5)**	192.5

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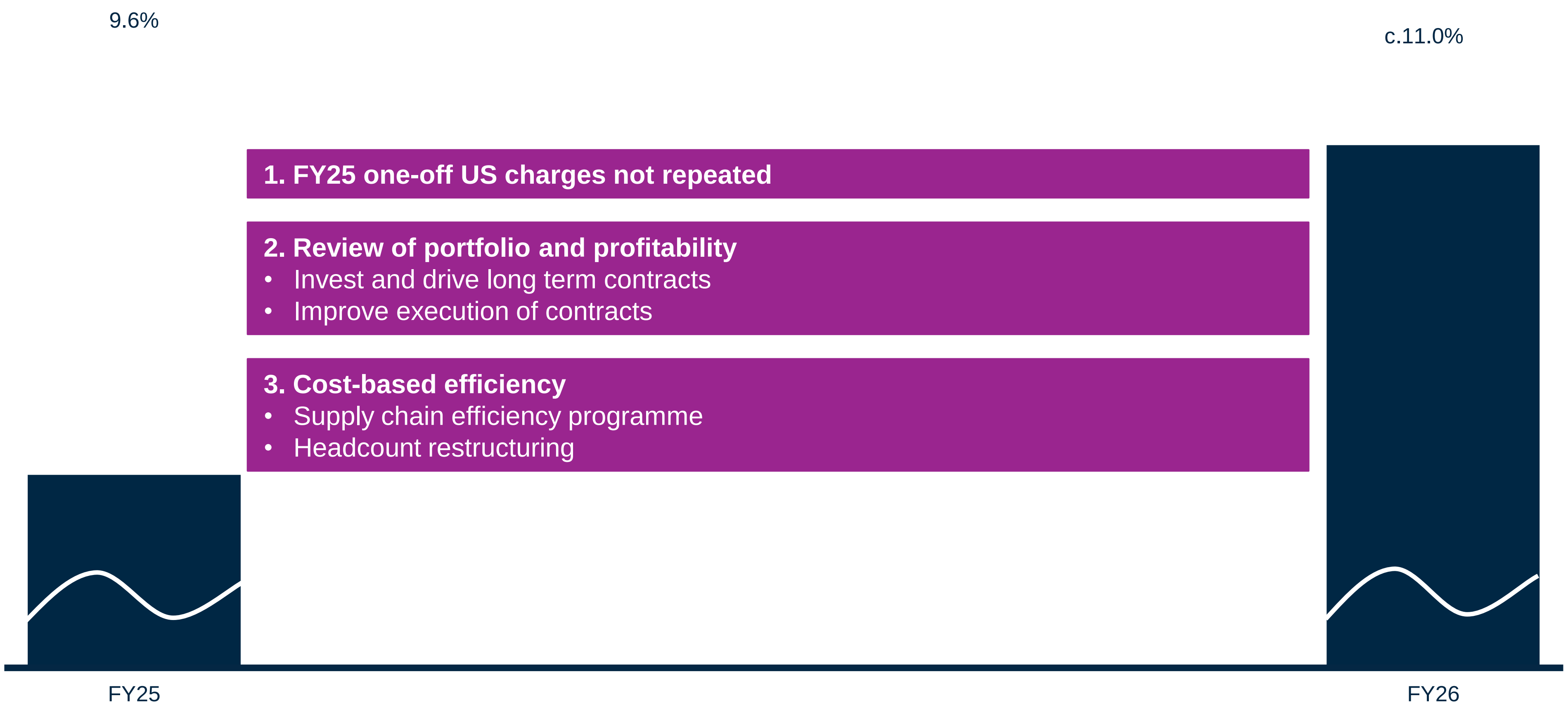
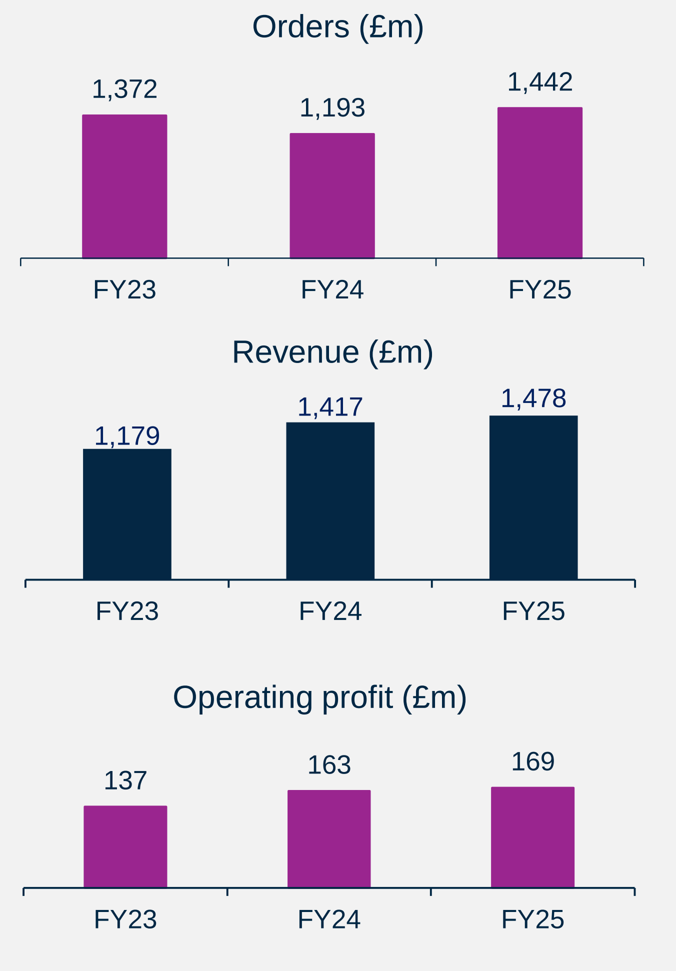
FY26 margin recovery



EMEA Services – strong order intake

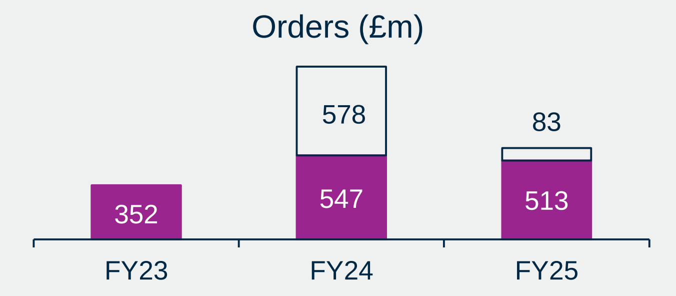


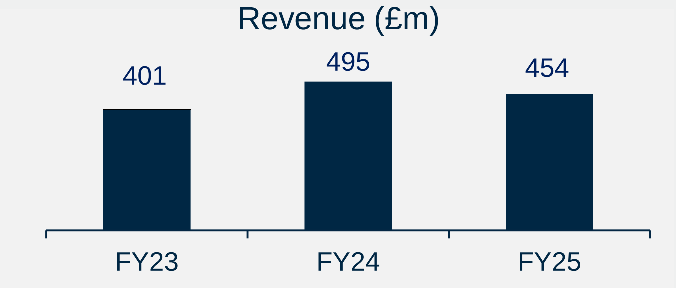
	FY25 £m	FY24 £m	% change
Orders	**1,441.7**	1,193.1	21%
Revenue	**1,477.7**	1,417.4	4%
Underlying operating profit	**169.0**	163.4	3%
Underlying operating profit margin	**11.4%**	11.5%	
Book-to-bill ratio[1]	**1.2x**	1.0x	15%
Total funded order backlog	**2,470.6**	2,551.7	(3)%
Funded order backlog excl. LTPA amendments	**1,615.9**	1,446.5	12%

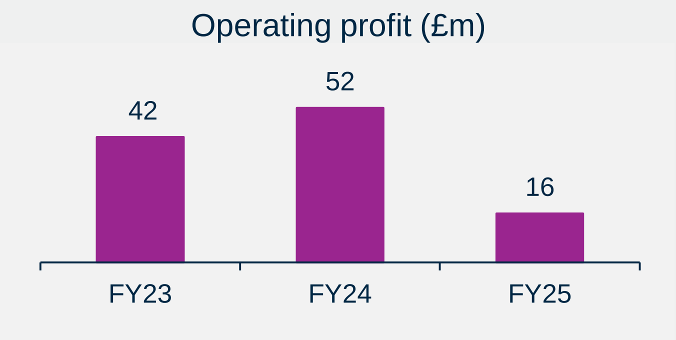
- Orders increased by 21%, driven by €284m Aerial Training Services contract in Germany, delivering a strong book-to-bill ratio of 1.2x
- Funded order backlog increased by 12% excl. LTPA to £1.6bn
- Revenue increased by 4% on strong programme execution on the backlog, partially offset by a slow down in short cycle orders in H2 FY25
- Operating profit margin at 11.4% in line with expectations

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

Global Solutions – challenging US market backdrop







	FY25 £m	FY24 £m	% change
Orders	**513.1**	547.3	(6)%
Revenue	**453.9**	494.7	(8)%
Underlying operating profit	**16.4**	51.8	(68)%
Underlying operating profit margin	**3.6%**	10.5%	
Book-to-bill ratio	**1.1x**	1.1x	- %
Funded order backlog	**374.6**	321.3	17%
Unfunded order backlog	**529.0**	773.2	(22)%

- Book-to-bill ratio of 1.1x supporting future revenue outlook
- Funded order backlog increased by 17% from FY24
- FY26 revenue cover at 89%
- Revenue reduced 8% impacted by a slowdown in short cycle work and a reduction in Q4 high margin product sales
- Operating profit margin reduced to 3.6% impacted by revenue decline and one-off charges predominately in our legacy US business

US unfunded orders represents the value of contract awards for which funding has not yet been appropriated or authorised

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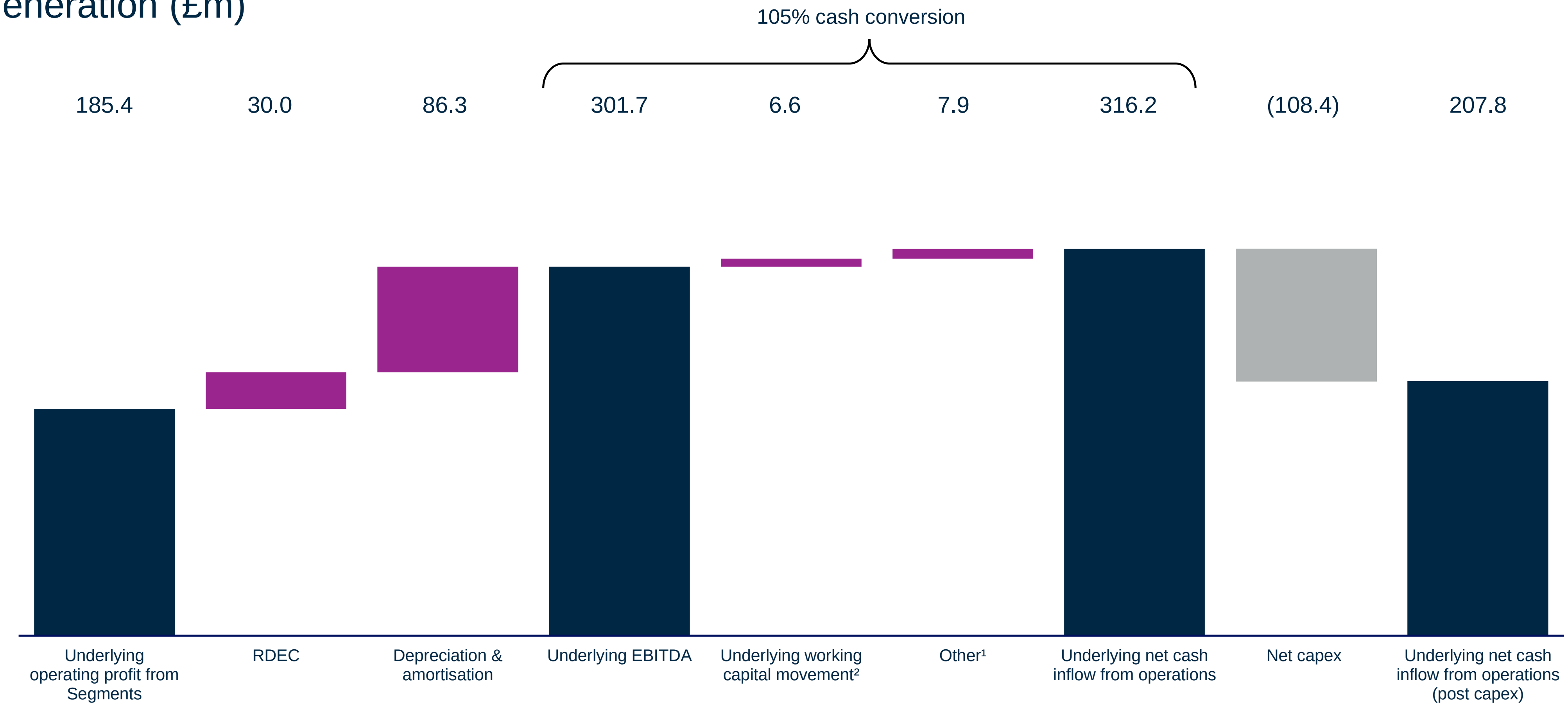
Strong cash generation

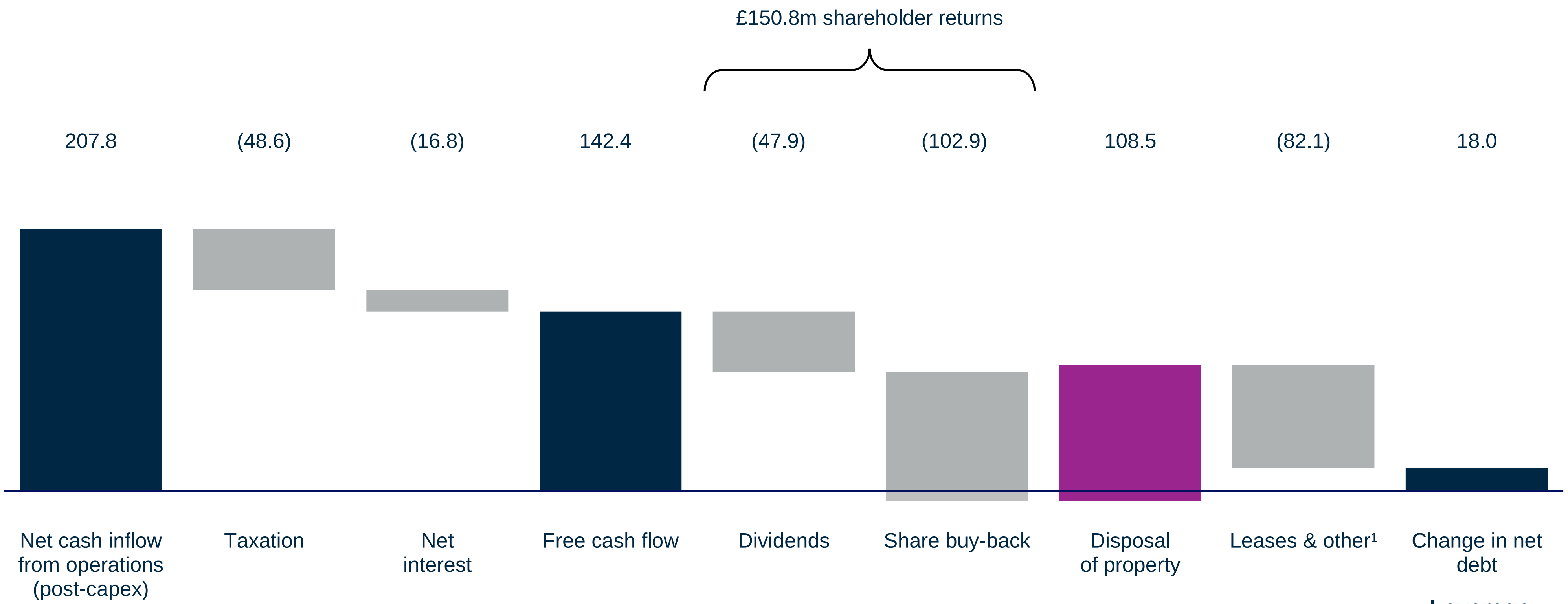
Cash generation (£m)



[1] Other movements driven by share based payments and pensions impacts

Strong balance sheet supporting shareholder returns

Change in net debt (£m)



Leverage 0.4x

Net Debt £133.2m

[1] Leases and other includes £50.8m net increase in lease obligations, £20.8m digital investment, £5.3m acquisition and disposal related costs, and £5.2m other specific adjusting items and foreign exchange movements

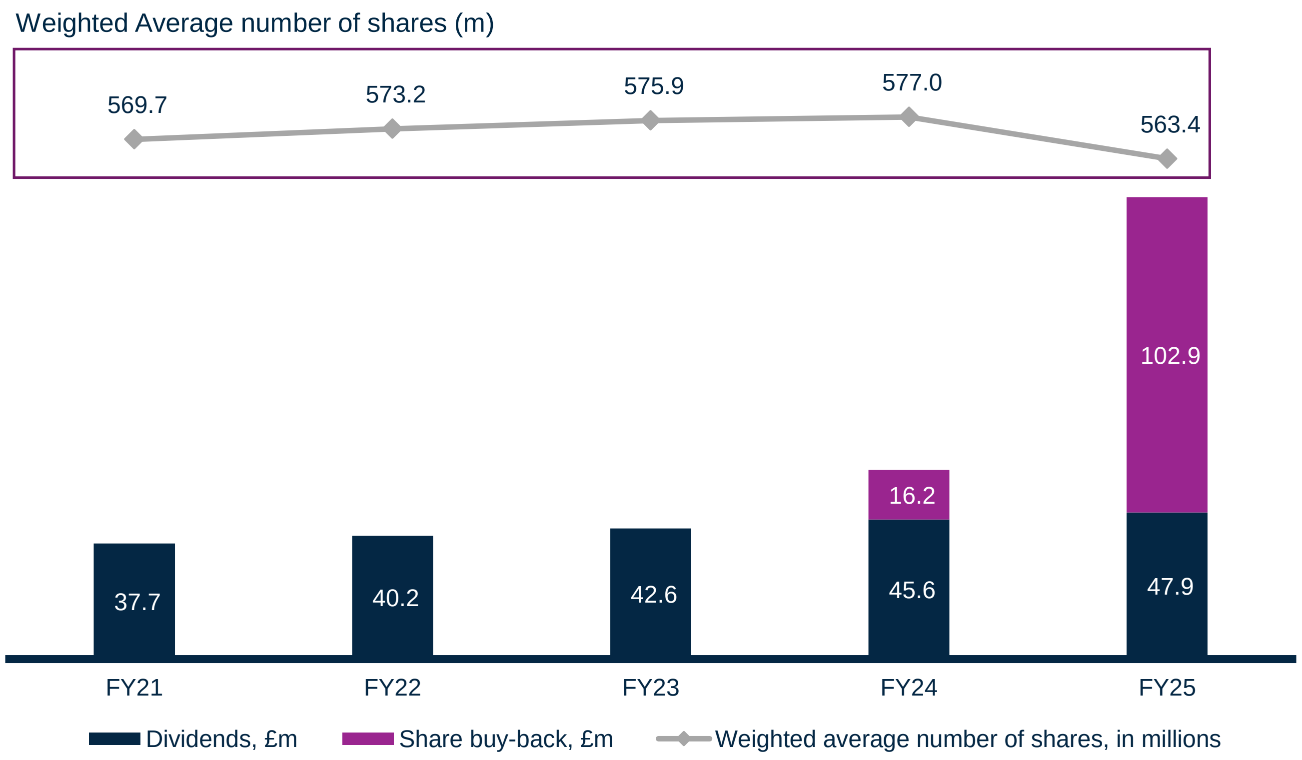
FY26 Guidance

	FY25	FY26	
Revenue	£1.9bn	c.3% growth	Short term market dynamics and phasing of restructuring
Profit margin	9.6%	c.11.0%	
Operating cash conversion[1]	105%	90%+	Continued good cash generation
Underlying EPS	26.1p	15-20% growth	Margin recovery and share buy-back

Short cycle markets remain challenging, strong cash generation enabling further shareholder returns

[1] The ratio of underlying net cash from operations to underlying EBITDA
GBP:USD average FX rate for FY25 is £1 : $1.28, the assumed average FX rate for FY26 is £1 : $1.29

Disciplined capital allocation



Capital allocation policy

Invest in our organic growth

Return excess cash to shareholders

Provide a progressive dividend to shareholders

Complement with value accretive acquisitions

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

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Strategic outlook

Steve Wadey

Group Chief Executive Officer

Our fundamental strengths and growth drivers remain strong

Driven by our purpose and strategy

Aligned to structural growth markets

Highly relevant to increasing threat

Driving consistent operational execution

Investing in sustainable growth

Delivered by our people for our customers

A differentiated defence and security company

- Long-term contracts provide good visibility
- High value mission critical capabilities
- High quality and attractive operating margins
- Strong balance sheet and high cash conversion
- Disciplined capital allocation and investment

Delivering attractive shareholder returns

A unique proposition creating long-term value for all stakeholders

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Geopolitical instability driving increasing spending in defence and security

Continued global instability

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

Dynamics driving markets

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

Our strategy and inherent strengths are well matched to national priorities

National priorities increasing demand for our mission critical capabilities

Our customers' priorities

- National security and deterrence
- Deploying new equipment, upgrades and weapons replenishment at pace
- Enhancing operational readiness
- Rapid operational advantage from disruptive technologies e.g. AI
- Increasing military effect through drones & human machine teaming
- Industry productivity and resilience

R&D for technological superiority

Engineering services accelerating capability

Mission support for national security

Test & training for operational readiness

Our capabilities are highly aligned to our customers' priorities

Examples of our capabilities delivering for our customers through partnering

DragonFire enabled by long-term R&D

- Royal Navy deployment in 2027
- Disruptive technology mobilised rapidly with £58m orders in-year

EDP critical to national programmes

- Advanced engineering services
- Leading thriving ecosystem of suppliers including 250+ SMEs

TARS protecting US borders

- Persistent surveillance & mission support for national security
- Franchise opportunity in Europe

LTPA accelerating operational readiness

- Customer and industry partnering
- Rapidly developing innovative drones for Ukraine, UK and allies

Investing in cutting-edge technologies and services for current and future warfare

Note: glossary for acronyms can be found in the Appendix

£1.5bn[1] LTPA extension to transform UK's T&E for future warfare

Announced 22/5/25

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

Strong platform to accelerate UK defence innovation and enable International growth

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

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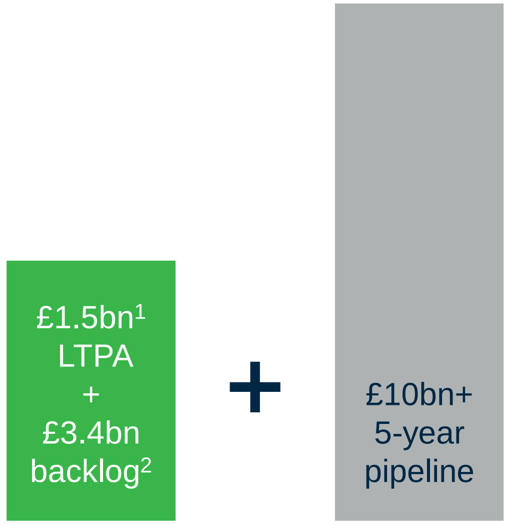
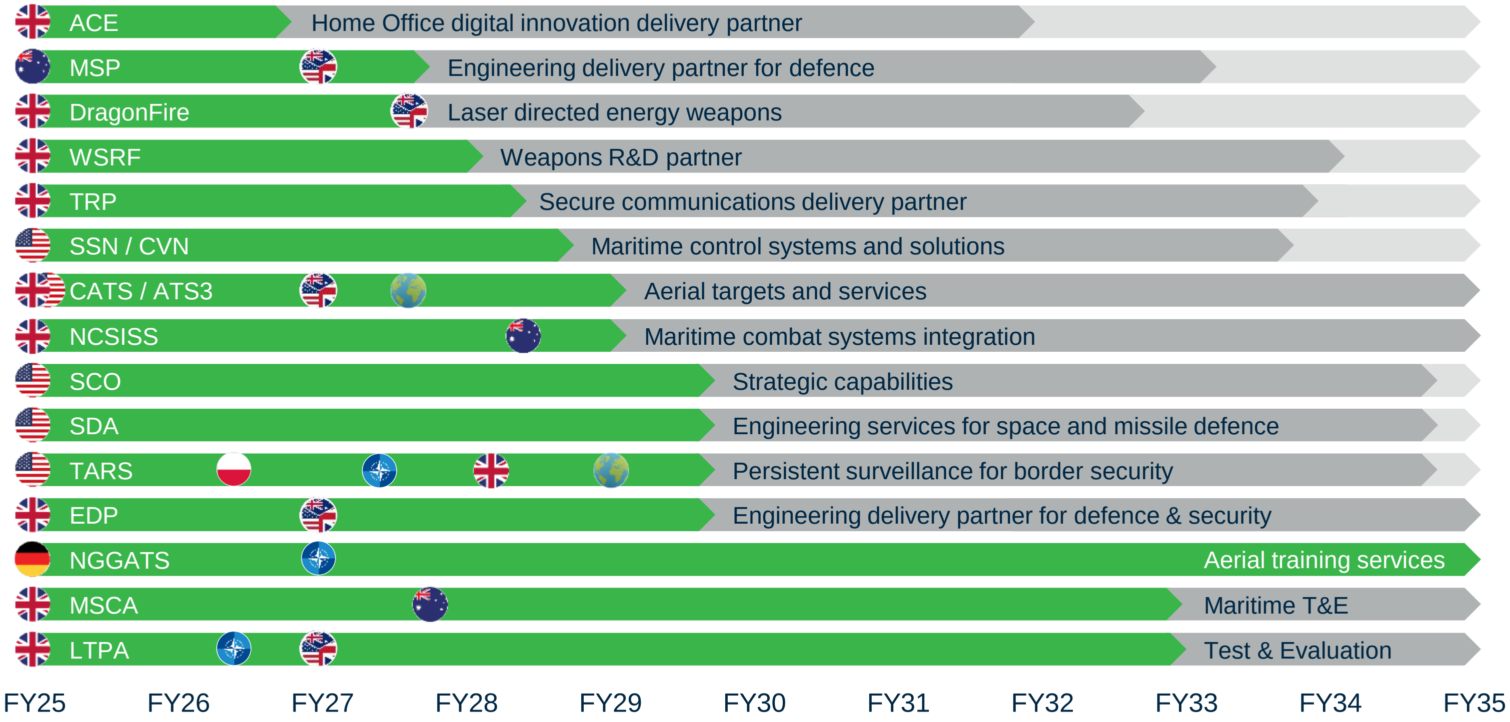
Record backlog and strong pipeline supports sustainable mid to long-term growth

Revenue visibility



£15bn+ backlog and pipeline approx. 8x revenue[3]

Major embedded programmes and opportunities



Significantly enhanced visibility provides opportunity for long-term value creation

[1] £1.54bn LTPA extension announced 22/05/25 plus award of £166m relating to current investments
[2] Funded and unfunded backlog [3] FY25 revenue Note: glossary for acronyms can be found in the Appendix

Backlog embedded programmes | Opportunity | Multinational expansion

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Summary

Steve Wadey

Group Chief Executive Officer

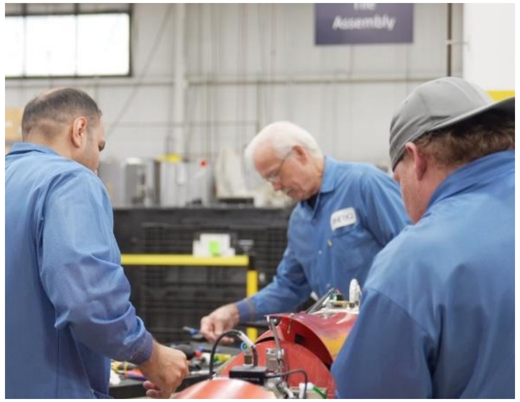
Summary

1 Tough market environment impacted UK and US short-term performance plus impairment in US

2 Decisive actions taken to address operational issues with strengthened leadership and portfolio focus

3 Long-term fundamentals of company remain strong with clear strategy to create value across Group

4 Record backlog and alignment with customers' needs driving confidence in medium to long-term growth



Well positioned to deliver sustainable organic growth and attractive returns for shareholders

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Q&A

COMMERCIAL IN CONFIDENCE

Appendix

Glossary

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

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

Strategy aligned to AUKUS nations and NATO allies

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

Invest in core capabilities	Grow in core markets	Expand across markets	Drive innovation and partnering
High-value and differentiated	**Enable critical national priorities**	**Deep multi-domain expertise**	**Co-create innovative solutions**
1. Research & Development	1. Australia	1. NATO and allies	1. Advanced technologies
2. Engineering Services	2. United Kingdom	2. AUKUS partnership	2. Digital transformation
3. Test & Training	3. United States	3. Leverage capabilities	3. New business models
4. Mission Support & Operations			
5. Cyber & Intelligence			

Our strategy is well matched to evolving customer needs

Note: glossary for acronyms can be found in the Appendix

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Definitions

- Underlying performance is stated before:
  - Amortisation of intangibles arising from acquisitions
  - Pension net finance income
  - Gains/(losses) on disposal of businesses, investments and property
  - Transaction, integration and one-off remuneration costs in respect of business acquisitions and disposals
  - Impairment of property and goodwill
  - One-off period of digital investment
  - Costs and other impacts of group-wide restructuring programmes
  - Tax impacts of the above items
  - Other significant non-recurring tax and RDEC movements
- Book-to-bill:
  - Orders won divided by revenue recognised excluding the LTPA contract
- Organic growth:
  - The level of year-on-year growth, expressed as a percentage, calculated at constant prior year foreign exchange rates, adjusting for business acquisitions and disposals to reflect equivalent composition of the Group
- Underlying cash conversion or cash conversion ratio
  - The ratio of underlying net cash from operations to underlying EBITDA

Additional technical guidance

	FY25	FY26
Underlying net finance expense	£16.8m	→
Effective tax rate[1]	12.8%	↗
Tax cash outflow	£48.6m	↗
Capital expenditure	£108.4m	→
Leverage	0.4x	↗
Share buy-back	£102.9m	→

1 Illustrative tax rate to reflect RDEC credit included in the tax line (to be used on Underlying Operating Profit from Segments). Equivalent published tax rate of 26.0% excluding the benefit of RDEC in the tax rate

Revenue by customer and country

Revenue by customer (%)

FY25

£1,931.6m

	%
MOD	**57%**
DoD	**9%**
Government agencies	**20%**
Defence Other	**13%**
Commercial	**1%**

FY24

£1,912.1m

	%
MOD	**57%**
DoD	**10%**
Government agencies	**21%**
Defence Other	**11%**
Commercial	**1%**

Revenue by destination country (%)

FY25

£1,931.6m

	%
UK	**68%**
US	**18%**
Australia	**8%**
Other	**6%**

FY24

£1,912.1m

	%
UK	**66%**
US	**21%**
Australia	**7%**
Other	**6%**

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Income statement including specific adjusting items*

	FY25 £m	FY24 £m
Operating profit from segments	**185.4**	215.2
RDEC Income	**30.0**	27.2
Underlying operating profit before tax	**215.4**	242.4
Amortisation of intangibles assets arising from acquisitions	**(24.2)**	(25.2)
Digital investment	**(20.8)**	(16.9)
Acquisition and disposal related costs	**(14.9)**	(9.2)
(Loss)/gain on sale of property	**(36.6)**	2.1
Impairment of property	**(1.0)**	(0.7)
Impairment of Goodwill	**(143.9)**	-
Restructuring costs and other impacts	**(64.5)**	-
Statutory operating profit	**(90.5)**	192.5
Pension net finance income	**1.0**	5.6
Underlying net Finance Expense	**(16.8)**	(15.4)
Profit before tax	**(106.3)**	182.7
Taxation	**(79.4)**	(43.1)
Profit after tax	**(185.7)**	139.6

* Definitions of APMs can be found in the Appendix

Impact of foreign exchange translation

	FY25 **£m**	FY24 £m	**FY25 Restated at FY24 rates** **£m**	FY25 FX headwind £m	**FY25 FX headwind** %
Orders	**1,954.8**	1,740.4	**1,973.7**	(18.9)	(1.1%)
Revenue	**1,931.6**	1,912.1	**1,942.5**	(10.9)	(0.6%)
Underlying* operating profit from segments	**185.4**	215.2	**185.6**	(0.2)	(0.1%)
Total funded order backlog	**2,824.2**	2,873.0	**2,839.1**	(14.9)	(0.5%)

- Key driver of FX change in the year was the translation of US dollars. The average USD rate for FY25 was 1.28, compared to 1.26 in FY24
- US revenue was 18% of the FY25 total
- A 1 cent movement in the USD rate would impact Group revenue by c.£3m

* Definitions of APMs can be found in the Appendix

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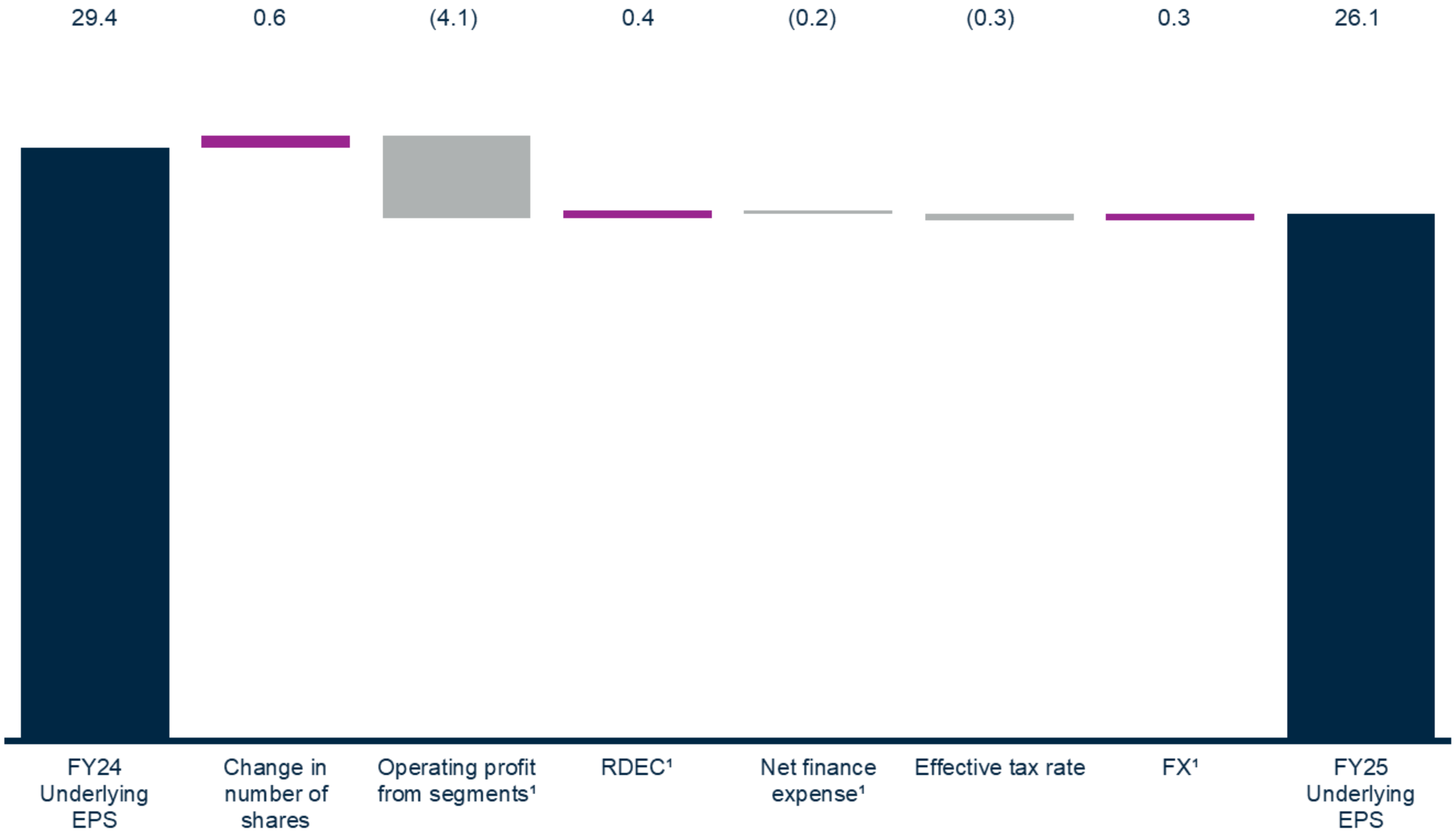
Understanding our different underlying profit and tax rates

	FY25 £m	FY24 £m
Operating profit from segments	185.4	215.2
RDEC income	30.0	27.2
Underlying operating profit*	215.4	242.4
Underlying tax charge*	51.6	57.4
De-recognition of US deferred tax asset	45.0	-
Tax impact on other specific adjusting items	(17.2)	(14.3)
Headline tax charge	79.4	43.1
*Underlying tax rate**	*26.0%*	*25.3%*
Illustrative effective tax rate, with impact of RDEC income included in the tax charge		
Operating profit from segments*	185.4	215.2
Underlying tax charge including RDEC income	21.6	30.2
Effective tax rate including RDEC income	*12.8%*	*15.1%*

* Definitions of APMs can be found in the Appendix

Underlying earnings per share (pence)



[1] Post-tax

Cash conversion

	FY25 £m	FY24 £m
Underlying operating profit from segments	**185.4**	215.2
Underlying RDEC income	**30.0**	27.2
Underlying operating profit	**215.4**	242.4
Depreciation and amortisation	**86.3**	65.5
EBITDA	**301.7**	307.9
Underlying changes in working capital	**6.6**	9.8
Underlying loss on disposal of PPE	**0.7**	0.9
Share-based payments charge	**9.8**	9.4
Share of post-tax profit of equity accounted entities	**(0.3)**	(0.8)
Underlying net movement in provisions	**-**	(5.1)
Retirement benefit contributions in excess of income statement expense	**(2.3)**	(1.9)
Net cash inflow from operations	**316.2**	320.2
Cash conversion %	***105%***	*104%*
Net capex	**(108.4)**	(96.1)
Underlying net cash inflow from operations (post-capex)	**207.8**	224.1
Net interest	**(16.8)**	(14.1)
Taxation	**(48.6)**	(36.9)
Free cash flow	**142.4**	173.1

* Definitions of APMs can be found in the Appendix

Movements in net debt

	FY25 £m	FY24 £m
Free cash flow	**142.4**	173.1
Dividends	**(47.9)**	(45.6)
Acquisition of business	**-**	(5.1)
Disposal of property	**108.5**	2.1
Change in lease obligations	**(50.8)**	(31.2)
Acquisition transaction, integration and remuneration costs	**(5.3)**	(9.2)
Digital investment	**(20.8)**	(16.9)
Restructuring costs	**(3.4)**	-
Purchase of own shares	**(108.9)**	(17.1)
Other (including FX)	**4.2**	5.6
Change in net debt	**18.0**	55.7
Opening net debt - 1 April	**(151.2)**	(206.9)
Closing net debt - 31 March	**(133.2)**	(151.2)

Balance sheet

	FY25 £m	FY24 £m
Goodwill	**249.8**	401.4
Intangible assets	**293.9**	321.8
Property, plant and equipment	**473.3**	531.8
Working capital	**(146.8)**	(120.3)
Net pension asset (net of deferred tax)	**24.8**	8.8
Other assets and liabilities	**(135.3)**	(66.2)
Net debt	**(133.2)**	(151.2)
Net assets	**626.5**	926.1

Net pension asset

	FY25 £m	FY24 £m
Equities	**11.2**	21.8
LDI investment	**351.1**	414.9
Asset backed security investments	**75.0**	35.5
Bonds	**326.7**	405.5
Cash and cash equivalents	**46.1**	36.5
Derivatives	**10.9**	19.6
Insurance buy-in policies	**450.7**	507.4
Borrowings	**(95.0)**	(125.0)
Market value of assets	**1,176.7**	1,316.2
Present value of scheme liabilities	**(1,137.3)**	(1,297.8)
Net pension asset before deferred tax	**39.4**	18.4
Deferred tax liability	**(14.6)**	(9.6)
Net pension asset	**24.8**	8.8

Share buy-back programme

1. £100m share buy-back programme announced on the 16th January 2024 completed in February 2025

2. The additional £50m share buy-back programme, announced on the 14th November 2024, is currently in progress and will complete in May 2025

3. £200m share buy-back programme announced on the 17th March 2025 will commence once the additional £50m share buy-back programme is complete

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