THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION - FOR IMMEDIATE RELEASE

QINETIQ

FY27 Half Year Results – 12 November 2026

Solid H1 performance with double-digit profit growth and improved margins
Agreed US sale creates a stronger focused company built for sustainable growth
Full-year guidance confirmed; commitment to enhanced shareholder returns

Steve Wadey, Group Chief Executive Officer, said: "We have delivered solid first-half results, improving profitability through execution and efficiency. The agreed US business sale sharpens QinetiQ's focus on the areas where we see the strongest opportunities for growth. Our engineering, test and mission support capabilities put us at the heart of growing customer demand for warfighting readiness. We see opportunities to expand roles and leverage into European NATO and key allies. With full-year guidance confirmed, our priorities remain clear: deliver for customers, invest for sustainable growth and return capital to shareholders."

	Underlying*			Statutory	
£ million	H1 FY27	H1 FY26	Change	H1 FY27	H1 FY26
Order intake[1]	771	707	+9%		
Funded order backlog	4,124	4,345	-5%		
Revenue	923	900	+3%	923	900
Operating profit (loss)[2]	110	96	+14%	(79)	64
Operating profit margin[2]	11.9%	10.7%	+120bps	-8.6%	7.1%
Profit (loss) before tax[2]	114	102	+11%	(87)	57
Basic earnings per share	16.8p	14.2p	+18%	(21.6p)	7.1p
Net debt	274	181	+51%		
Dividend per share	4.0p	3.0p	+33%		
Share buyback spend	48	68	-29%		
Return on capital employed*	41%	21%	20ppts		

Improved profitability and strong shareholder returns

- Order intake[1] increased 9% and revenue 3%, reflecting higher demand to enable our customers warfighting-readiness requirements. Underlying operating profit increased 14% to £110m, driven by revenue growth and disciplined execution. Underlying operating profit margin was 11.9%, 120 basis points higher, with growth investment weighted towards the second half
- Statutory results include a £175m non-cash charge relating to the impairment of the US business
- Underlying EPS grew 18% to 16.8p and ROCE* was up to 41%. Statutory EPS was (21.6p)
- Net debt increased on working capital, tax timing and higher capex. Leverage was within target range at 0.8x
- Strong shareholder returns: a 33% higher interim dividend and on track to buyback £100m of shares in FY27

A stronger focused company built for sustainable growth

- As announced today we have concluded our US business review and agreed a $292m sale to Serco plc. The majority of proceeds will be returned to shareholders through an additional £100m pa buyback over two years
- Group revenue ex. US grew c. 5% despite continued near-term customer budgetary pressures
- Growing UK and allied readiness requirements are supporting increased activity across our capabilities
- Order backlog and long-term programmes provide good visibility of future revenue growth, underpinned by investment in our people, technology and infrastructure

Unchanged FY27 outlook (current reporting basis)

- Revenue growth 3-5% and operating margin 11.0-11.5%
- EPS growth 8-10% with cash conversion >90%
- >£550m of free cash flow targeted over FY27-29

Analyst presentation

A live webcast of the analyst presentation including Q&A will be held today at 9:30am GMT for investors and analysts and will be available via our website at https://www.qinetiq.com or on https://brrmedia.news/QQ_HY27. This will be available for playback after the event.

Dividend declaration

The company announces an interim dividend of 4.0p (H1 FY26: 3.0p) per share for the half year ended 30 September 2026. The interim dividend will be paid on Friday 5 February 2027 to shareholders on the register on Friday 8 January 2027. The interim dividend represents a 33% increase on the prior half year dividend, underlining confidence in the Group's medium-term prospects and the new dividend policy announced on 21 May 2026. The full year proposed dividend will be announced with our full year preliminary results in May 2027.

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

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

Share buyback programme

During the period the company acquired shares with an aggregate purchase price of £47.6 million. QinetiQ will complete the remaining c.£50 million of the current buyback commitment by the end of the FY27 financial year and then commence the additional £200 million announced on 21 May 2026.

About QinetiQ

QinetiQ is a leading provider of mission-critical defence and security solutions to the UK and its allies, protecting lives by supporting national security priorities. Our innovative research and development, specialist engineering expertise, unique test and training facilities and mission support and operations capabilities deliver sustained warfighting readiness and operational advantage. QinetiQ employs c.7,500 highly skilled people.

For further information please contact:

Andrew Carter, Group Investor Relations Director: +44 7392 289116

Stephanie Mann, Group Head of Media Relations: +44 7770 720268

Inside Information

This announcement contains inside information within the meaning of Article 7 of the Market Abuse Regulation No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented ("UK MAR"), and is disclosed in accordance with QinetiQ's obligations under Article 17 of UK MAR. The person responsible for the release of this announcement on behalf of QinetiQ is James Field, Company Secretary.

Cautionary notice

This announcement may not be distributed, directly or indirectly, in or into or from any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. This announcement does not constitute or form part of an offer to sell or issue, or any solicitation of an offer to buy or subscribe for, any securities referred to herein in any jurisdiction. The distribution of this announcement and other information in connection with the proposed Transaction in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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

[1] Order intake H1 FY26 here excludes the LTPA extension award of £1,543m plus £166m relating to current investments

[2] Underlying operating profit, operating profit margin and profit (loss) before tax refer to profit from segments and exclude 'specific adjusting items'. See note 2

Basis of preparation:

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

Year references (FY27, FY26, 2027, 2026) refer to the year ended 31 March.

Disclaimer:

This document contains certain forward-looking statements relating to the business, strategy, financial performance and results of the Company and/or the industry in which it operates. Actual results, levels of activity, performance, achievements and events are most likely to vary materially from those implied by the forward-looking statements. The forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words 'believes',' expects', 'predicts', 'intends', 'projects', 'plans', 'estimates', 'aims', 'foresees', 'anticipates', 'targets', 'goals', 'due', 'could', 'may', 'should', 'potential', 'likely' and similar expressions, although these words are not the exclusive means of doing so. These forward-looking statements include, without limitation, statements regarding the Company's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the relevant markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Nothing in this document should be regarded as a profit forecast. The forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources, contained in this announcement are solely opinions and forecasts which are uncertain and subject to risks. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Actual results may differ materially from those expressed or implied by these forward-looking statements. A number of factors could cause actual events to differ significantly and these are set out in the principal risks and uncertainties section of this document. Most of these factors are difficult to predict accurately and are generally beyond the control of the Company. Any forward-looking statements made by, or on behalf of, the Company speak only as of the date they are made. Save as required by applicable law or regulation, the Company will not publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document. All subsequent written and oral forward-looking statements attributable to either QinetiQ Group plc or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to in this disclaimer and contained elsewhere in this document. QinetiQ Group plc and its directors accept no liability to third parties in respect of this document save as would arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Schedule 10A of the Financial Services and Markets Act 2000. It should be noted that Schedule 10A and Section 463 of the Companies Act 2006 contain limits on the liability of the directors of QinetiQ Group plc so that their liability is solely to QinetiQ Group plc.

Group Chief Executive's Review

Overview

The first half has marked an important step in creating a stronger, focused QinetiQ. We delivered a solid financial performance and sharpened the Group's focus on the UK, European NATO and key allied defence markets where we have the strongest positions and see the most attractive opportunities for growth and returns. I would like to thank our highly skilled employees for their continued dedication and hard work and our customers and partners for their ongoing support.

We delivered orders of £771 million, up 9% and revenue of £923 million, up 3%. Operating profit increased to £110 million, representing an operating margin of 11.9% and we delivered operating cash flow of £113 million. We ended the period with leverage of 0.8 times and a backlog of £4.4 billion, providing good multi-year visibility.

Since the year-end, we concluded our review of the US business and as announced today agreed its sale to Serco plc. The US market has changed and, despite improvements to the business, we do not have the scale to meet our growth and returns expectations relative to the rest of our portfolio. The transaction will create a stronger, focused company and enable us to concentrate our resources on the UK, European NATO and key allied markets, which offer more attractive opportunities for sustainable growth and attractive returns. The transaction remains subject to regulatory approvals and is expected to complete in the first quarter of 2027.

Our core business, excluding the US, delivered revenue growth of c. 5% in the first half and has leading positions underpinned by long-term customer relationships and differentiated capabilities aligned with growing demand for warfighting readiness.

We are confirming our guidance for the full year: revenue growth of 3% to 5%; an operating margin of 11.0% to 11.5%; EPS growth of 8% to 10%; and cash conversion above 90%.

We are increasing investment to capture the sustainable growth opportunities ahead. Following completion of the US sale, we expect to return £200 million of the proceeds to shareholders by increasing the existing FY28 and FY29 share buybacks by £100 million per year.

A stronger focused company

Following the agreed US sale, we are focusing the Group on core markets and the capabilities where we hold the strongest positions.

Our role is clear. We develop, test, deploy and sustain critical defence systems, helping our customers improve their warfighting readiness. We help get capability into service and keep it effective throughout its operational life. As a sovereign, integrated defence and technology services company, we bring together the expertise and infrastructure needed to support customers across that lifecycle. Our strength lies not only in our individual capabilities, but in how we combine them to solve complex customer problems.

We have deep technical expertise, trusted customer relationships, established positions on critical programmes and unique national infrastructure. Together, these strengths give us a clear right to win as customers invest in upgrading existing systems, introducing new technologies and improving warfighting readiness.

Customer priorities play to our strengths

Our customers are responding to an urgent need to improve warfighting readiness. This requires them both to accelerate the deployment of new platforms and technologies and to upgrade the systems they operate today. It also means increasing the use of affordable mass, autonomy and artificial intelligence, improving interoperability across allied forces and domains and building greater sovereign industrial resilience.

These priorities play directly to our strengths. Customers need partners that can develop advanced technologies, integrate them into complex systems, test and assure them, and support them throughout their operational lives.

Our four capabilities address these needs: developing advanced technologies; engineering complex systems; testing and evaluating their performance; and supporting live defence operations.

Together, these enable us to help customers introduce new capability faster and get more from their existing platforms and systems, creating demand for our expertise both now and over the longer term.

Clear focus on three core markets

Our three core markets—the UK, European NATO and key allies—are increasing defence spending to improve warfighting readiness. The UK defence budget is set to reach £68 billion this financial year, rising by 5% annually over the next three years. Near-term budget pressures nevertheless continue as customers seek to meet increasing requirements, ahead of the anticipated acceleration in defence spending. European NATO and key allied markets are also increasing defence spending creating significant growth opportunities for our aligned capabilities.

Countries operating the same platforms, or participating in shared programmes, need many of the same engineering, test, training and operational support capabilities that we already provide to the UK. We are building on that experience, supported by strong government-to-government and industry relationships, to develop and pursue new opportunities beyond our current customer base.

Across the UK, European NATO and key allies, we see a £13 billion annual addressable market for our capabilities, including £6 billion in the UK.

Our growth strategy in action

Across our four capabilities, we see growth from platform upgrades, defence digitalisation, increasing readiness requirements and investment in innovation. Our trusted expertise helps customers bring complex capabilities into service faster, while our sovereign capabilities support operational advantage and the development of next-generation technologies.

In engineering services, we help customers bring complex capabilities into service faster and support them throughout the platform lifecycle. Our role on the Global Combat Air Programme, where we are providing engineering services to support the acquisition and entry into service is a good example. Programmes of this scale create opportunities over several decades, with further growth as customers upgrade platforms and capabilities over time.

In mission support and operations, customers need digital advantage to strengthen deterrence and improve operational effectiveness. We bring multi-domain network and systems integration expertise built over several years of delivery in developing and assuring key elements of the digital backbone for the UK Ministry of Defence. Existing programmes – such as the TacSys Resource Partner contract – that we have in this area already generate more than £100 million of revenue per annum and we see further opportunities as customers invest in defence digitalisation and faster decision-making.

In test and training, the drive for warfighting readiness is increasing demand for our specialist expertise and unique sovereign facilities. We are already seeing higher utilisation by UK and allied customers, with trials revenue up 50% in the first half. Through Project SAFARI, we are transforming the speed and scale of delivery by enabling easier access to the UK's sovereign test and evaluation facilities. This will create an agile environment to prove and deliver new technologies at pace as well as bringing the next generation of military capability into service faster. We are opening up our infrastructure, equipment and expertise to key allies of the UK, major Primes, disruptors and SMEs – expanding our customer base and building on the long-term revenue visibility of our Long-Term Partnering Agreement (LTPA) programme.

In research and development, we continue to see significant potential in disruptive laser technologies for counter-drone and air-defence. Over the next several years, we are investing £20 million in further product development and production capability for our Helena family of laser sources. This investment will support smaller, more powerful lasers, opening up opportunities for mobile and redeployable systems for battlefield and critical national

infrastructure protection. Working with partners including MBDA and Rheinmetall, our ambition is to sell these products into UK and international allied markets, including maritime and land applications.

Investing for sustainable growth and attractive returns

Our established roles on long-term customer programmes provide a strong foundation for sustainable growth. Following the sale of US business around 70% of revenue will come from sole-source and long-term contracts, supported by a £4 billion backlog and a 5-year pipeline worth £12 billion. This more focused portfolio strengthens revenue visibility and predictability, giving us confidence to invest in the opportunities ahead.

We are increasing investment in our people and engineering skills, product development and manufacturing, workplaces and secure facilities, and the greater use of digital technology and artificial intelligence. We are directing that investment towards markets and opportunities where we are best placed to grow and generate attractive returns.

Capital allocation and shareholder returns

Shareholder returns remain a clear priority. We have declared an interim dividend of 4.0 pence per share, an increase of 33%, consistent with our policy of targeting a payout ratio of 35–40% of underlying earnings.

We are continuing our existing share buyback programme of £100 million per year through FY29. Following completion of the US sale, we expect to return a further £200 million of the proceeds to shareholders by increasing the FY28 and FY29 buybacks by £100 million per year.

Our disciplined approach to capital allocation balances investment in organic growth with attractive and predictable returns to shareholders, while maintaining balance-sheet strength and financial flexibility.

Investment case – positioned for sustainable growth and strong shareholder returns

We are focused on the UK, European NATO and key allied markets, where increasing defence investment and the urgent need for warfighting readiness are driving demand for our capabilities.

We hold leading positions across engineering services, mission support and operations, test and training, and research and development. Deep technical expertise, trusted customer relationships, unique national infrastructure and embedded roles on critical defence programmes underpin these positions.

We have strong multi-year revenue visibility with attractive margins, high returns on invested capital and strong cash generation. This supports increased investment in growth and predictable returns to shareholders.

FY27 outlook and summary

- Revenue growth 3–5% and operating margin 11.0–11.5%
- EPS growth 8–10% with cash conversion >90%
- >£550m of free cash flow targeted over FY27-29

We delivered a solid first half and agreed the sale of our US business, sharpening our focus on the UK, European NATO and key allied markets. With our full-year guidance confirmed, we are investing to capture the opportunities ahead while returning surplus cash to shareholders.

Overview of half-year results

The Group has delivered a solid half-year financial performance against the backdrop of near-term budget pressures in each of our markets.

Total orders were up 9% on last year at £771m (H1 FY26: £707m), excluding the £1.7bn LTPA five-year extension secured in FY26. The book-to-bill ratio remained robust at 1.0x, reflecting sustained demand across our markets. This was a good result in the near-term market conditions, which continue to impact the timing of certain awards. EMEA services increased 6% driven by awards across our engineering services framework and tasking under the LTPA framework. Global Solutions increased 14% driven by increased award levels on the Space Development Agency contract in the US and our aerial and maritime targets business. Order backlog of £4.4bn, which includes £0.3bn of US unfunded backlog, provides good visibility for future growth driven by our core long-term UK business frameworks.

On 30 September 2026, approximately 84% (£1.7bn) of the Group's FY27 expected revenue was under contract, compared to 89% (£1.7bn) of the forecast FY26 revenue at the same point last year.

Organic revenue grew 3% to £918.2m (H1 FY26: £890.9m) despite challenging near-term market conditions. Reported revenue was £923m, 3% growth, reflecting the combined impacts of foreign exchange movements and the disposal of the US Federal IT Business in FY26. EMEA Services increased 4% driven by strong growth in our UK Defence operations in engineering services, test and training and tasking revenue. This was partially offset by the expected lower H1 performance in our UK Intelligence business following the loss of the Ace contract in the prior year. We expect a stronger H2 as new business wins increase to offset this loss. Global Solutions was down 4% reflecting the actions in the US business last year on divesting and exiting some business lines. The US operations are tracking in line with our guidance for the full year with the second half weighting driven by growth in the space development agency work and strong half year orders. Our targets business performed well on orders and revenue reflecting the high demand for warfighting readiness amongst our customer base.

Operating profit from segments of £109.7m (H1 FY26: £96.0m) was up 14%. This represents an 11.9% operating margin (H1 FY26: 10.7%), driven by good consistent programme execution against our backlog especially in EMEA services 12.5% (H1 FY26: 11.5%), which allowed for a number of risk retirements in the half, along with timing of investments in the business. Operating margins in Global Solutions increased from 7.4% in H1 FY26 to 9.5% in H1 FY27, driven by an increase in profitability in the US due to actions taken in FY26.

The statutory operating result was a loss of £79.1m (H1 FY26: profit of £64.3m), including the impact of specific adjusting items (see below) and recurring income on Research and Development Expenditure Credits (RDEC), which was £14.0m (H1 FY26: £14.8m).

Underlying profit before tax increased 12% to £114.4m (H1 FY26: £102.2m), in line with the increase in underlying operating profit, with underlying net finance expense in line with the prior year at £9.3m (H1 FY26: £8.6m).

Specific adjusting items

The total impact of specific adjusting items on operating profit was a net charge of £202.8m (H1 FY26: £46.5m). These items are excluded from underlying performance because of their nature and the potential to distort the assessment of the Group's underlying performance.

In H1 FY27 costs associated with the Group's discrete digital investment programme were £12.5m (H1 FY26: £12.1m). The programme continues to modernise the Group's IT infrastructure and support its future growth ambitions. The non-recurring costs of the programme are reported as specific adjusting items in the income statement, while

recurring operating costs, including licence costs and overhead, are included withing underlying operating costs. FY27 is expected to be the final year of the programme.

Restructuring costs and other impacts resulted in a net credit of £4.1m in H1 FY27 (H1 FY26 net charge: £22.6m). The net credit principally arose from the reversal of provisions recognised in prior periods following the completion of efficiency programmes in the UK and Australia, together with the reversal of certain non-cash charges recognised in the US in the prior year.

The impairment charge of £174.6m in respect of the US CGU comprised £166.4m relating to goodwill and £8.2m relating to acquired intangible assets. The impairment arose following a change in management's business strategy and capital allocation priorities, which resulted in a reassessment of the CGU's future cash flows. The recoverable amount of the CGU was determined on a fair value less costs of disposal basis, with reference to third-party bids received for the business. Further details of the impairment assessment, including the valuation methodology and key assumptions are set out in Note 12.

Specific adjusting items also included net finance income relating to pensions of £1.6m (H1 FY26: £1.1m), amortisation and impairment of acquisition intangibles of £19.6m (H1 FY26: £11.6m) and disposal-related costs of £1.8m (H1 FY26 £nil).

Tax

The total tax charge was £24.4m (H1 FY26: £19.0m). The underlying tax charge was £27.7m (H1 FY26: £25.4m) and is calculated by applying the expected underlying effective tax rate at a geographical level for the year ending 31 March 2027 to the underlying profit before tax for the six months to 30 September 2026. The Group's full year expected underlying effective tax rate is 24.3% which is marginally above the underlying effective tax rate of 24.2% (H1 FY26: 24.9%). The decrease on last year is due to the geographic mix of profits. In future we expect the effective tax rate to be in line with the UK statutory rate subject to the geographic mix of profits and the recognition of deferred tax in respect of overseas tax losses and excess interest deductions.

The Group has assessed the impact on the tax charge of the OECD's Global Anti-Base Erosion Model Rules (Pillar Two). 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 charge for FY27 or prior periods. The Group has applied the temporary exemption issued by the International Accounting Standards Board from the accounting for deferred taxes under IAS 12 and neither recognises nor discloses information about deferred taxes related to Pillar Two income taxes. The Group does not anticipate a material quantitative impact and is fulfilling its compliance obligations under the Pillar Two legislation.

Cash management and capital allocation policy

Working capital management and overall cash performance has remained good. Underlying net cash flow from operations was £112.9m (H1 FY26: £127.9m). 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 solid underlying cash conversion of 64% (H1 FY26: 85%) in line with expectations. It was lower reflecting the out performance at FY26 year end and higher levels of working capital.

As at 30 September 2026, the Group had £273.6m net debt, compared to £180.9m at last half year and £159.1m at 31 March 2026. The increase since year end reflects shareholder distributions, comprising dividend payments of £41.1m and £47.9m of shares repurchased under the ongoing share buyback programme, which contributed to the higher level of net debt. The half year also included cash payments relating to restructuring activities that had been provided for in FY26. The net debt position results in a leverage ratio of 0.8x (31 March 2026: 0.5x).

During H1 FY27 we have demonstrated our capital allocation policy in action:

- Invested in our organic growth through CAPEX, R&D, digital and major competitive bids
- Provided a progressive dividend to shareholders and changed the dividend policy to a pay-out ratio – year-on-year growth rate of 33%
- Return of excess cash to shareholders – Approximately 75% of the £200m share buyback extension announced in March 2025 had been completed as at 30 September 2026. The further £200m extension announced in May 2026 will commence on completion of this tranche.

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

Committed facilities

The Group has a £333.6m 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 two-tier basis, three banks at £67m and four 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 entered into a new £250 million amortising term loan facility in October 2026, comprising a £200 million UK Export Finance ("UKEF") Export Development Guarantee-backed tranche and a £50 million commercial tranche, with a final maturity of October 2032. The facility refinances the Group's existing term loan arrangements and further strengthens liquidity while extending the debt maturity profile.

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 2029, was undrawn at 30 September 2026.

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)

ROCE at a group level uses 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).

H1 FY27 ROCE was 41% (H1 FY26: 21%) driven by stronger profitability and the reduction in assets following the write-down of the US CGU. As we continue to invest in the business to drive our organic growth strategy and maintain the disciplined capital allocation agenda, ROCE is expected to remain high, at or above the 25-30% range.

Earnings per share

Underlying basic earnings per share for the Group was 16.8p (H1 FY26: 14.2p), driven by the higher underlying profit after tax and acceleration of the share buyback programme. Basic earnings per share for the total Group (including specific adjusting items) were (21.6)p (H1 FY26: 7.1p).

The average number of shares in issue during the period, net of treasury shares and as used in the basic earnings per share calculations, was 515.1m (H1 FY26: 541.9m). There were 513.3m shares in issue as at 30 September 2026, net of treasury shares, reduced due to the ongoing share buyback.

Dividend

An interim dividend of 4.0p (H1 FY26: 3.0p) will be paid on 5 February 2027 to shareholders on the register on 8 January 2027. The interim dividend represents a 33% increase on the prior half year dividend reflecting the move to a payout ratio. The full year proposed dividend will be announced with our full year preliminary results in May 2027.

Pensions

The net pension asset under IAS 19, before adjusting for deferred tax, was £91.8m (31 March 2026: £54.4m). The key driver for the increase in the pension net surplus during the period 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 13.

Net finance income and expense

The underlying net finance expense was £9.3m (H1 FY26: £8.6m) with the increase due to a combination of higher interest rates and increased borrowings. Net finance income of £1.6m (H1 FY26: £1.1m) in respect of the defined benefit pension net surplus increased, reflecting a combination of higher interest rates and a higher opening net asset at the beginning of the year, on which the interest is calculated. This 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.

	H1 FY27	H1 FY26
£/US$ - opening	**1.32**	1.29
£/US$ - average	**1.33**	1.34
£/US$ - closing	**1.33**	1.34
£/A$ - opening	**1.92**	2.07
£/A$ - average	**1.89**	2.07
£/A$ - closing	**1.91**	2.03

Foreign exchange translation had a modest impact on revenue and operating profit during the period. Most significantly, the Australian dollar has strengthened, with the average exchange rate to Sterling decreasing from 2.07 to 1.89.

EMEA Services

	H1 FY27 £m	H1 FY26 £m	Change
Orders	**488.3**	459.7	+6%
Orders including LTPA extension	**488.3**	2,169.1	-77%
Revenue	**738.1**	708.3	+4%
Underlying operating profit	**92.2**	81.7	+13%
Underlying operating margin	**12.5%**	11.5%	+100bps
Book-to-bill ratio[1]	**0.8x**	0.8x	
Total funded order backlog	**3,792.9**	3,926.4	-3%

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

Overview

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

Financial performance

Total orders reached £488.3m. Excluding the FY26 LTPA extension, orders increased 6% year-on-year with awards across our engineering services framework and tasking under the LTPA framework leading the way.

Funded order backlog, excluding LTPA, closed at £1.6bn, with a book-to-bill ratio of 0.8x, consistent with H1 FY26.

Revenue increased by 4% to £738.1m (H1 FY26: £708.3m) on both a reported and organic basis. There was strong growth in our UK defence engineering services, test and training and tasking revenue. This was partially offset by the expected lower revenue in UK Intelligence following the loss of the ACE contract last year.

As at 30 September 2026, we had £1.3bn of EMEA Services' FY27 revenue under contract, compared to £1.4bn for the FY26 revenue at the equivalent point last year.

Underlying operating profit grew by 13% to £92.2m (H1 FY26: £81.7m) driven by both the revenue growth, programme execution and cost efficiencies driving an improved operating margin of 12.5% (H1 FY26: 11.5%).

Approximately 73% of EMEA Services revenue is derived from single-source contracts (H1 FY26: approximately 67%). 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 and the quality of earnings within the backlog.

Global Solutions

	H1 FY27 £m	H1 FY26 £m	Change
Orders	**282.7**	247.4	+14%
Revenue	**185.1**	192.1	-4%
Underlying operating profit	**17.5**	14.3	+22%
Underlying operating margin	**9.5%**	7.4%	+210bps
Book-to-bill ratio[1]	**1.5x**	1.3x	
Total funded order backlog	**331.3**	419.3	-21%
Total US unfunded order backlog[2]	**292.5**	406.9	-28%

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

[2] Unfunded orders represent the value of contract awards for which funding has not yet been appropriated or authorised

Overview

Global Solutions combines our world-leading technology-based products, services and solutions. Our strategy is to focus the portfolio of solutions in the US to win larger, longer-term programmes providing good visibility of revenue and cash flows, and to grow our product offerings in a number of targeted fields.

Financial performance

Orders of £282.7m (H1 FY26: £247.4m) reflected a book to bill of 1.5x. This was a strong half on half performance with increased award levels on the Space Development Agency contract in the US and within our aerial and maritime targets products businesses.

Revenue reduced by 4% on a reported basis to £185.1m (H1 FY26: £192.1m), reflecting the actions in the US business last year on divesting and exiting some business lines. The US operations are tracking in line with our guidance for the full year with the second half driven by growth in the space development agency work and strong half year orders. Our targets business had a good half on orders and revenue reflecting the high demand for warfighting readiness amongst our customer base.

As at 30 September 2026, we have 90% of Global Solutions' FY27 revenue under contract, compared to 88% (of the FY26 revenue) at the same point last year.

Underlying operating profit increased to £17.5m (H1 FY26: £14.3m), with an increased underlying operating profit margin of 9.5% (H1 FY26: 7.4%) driven by improved performance in the US following the restructuring and strategic focus actions taken last year.

Sector Reviews

UK Defence

Overview

UK Defence delivered a strong first-half performance, achieving good revenue growth and further strengthening its position as a trusted partner to the UK Ministry of Defence. Demand remained healthy across Test & Training, Engineering Services, Mission Support & Operations and Research & Development, reflecting sustained customer focus on readiness, modernisation and operational advantage.

The period was characterised by strong execution across major long-term programmes and progress in transforming how defence systems are developed, tested and assured. Through our unique facilities, technical expertise and deep customer relationships, we remain well placed to address the UK's defence priorities and leverage sovereign capabilities with allies and international partners.

Operational highlights

• **Modernising UK Test & Training:** During the period, we launched Project SAFARI, a major programme to transform the delivery of Test & Evaluation through the Long-Term Partnering Agreement. Working with the MOD, regulators and industry, SAFARI will increase the pace and productivity of testing through more accessible ways of working and greater use of digital technologies, modelling and simulation, and AI-enabled analysis. It will also make it easier for SMEs and new entrants to access the UK's specialist facilities and expertise, enabling innovative technologies to be developed and fielded more quickly.

• **Accelerating counter-drone integration:** We supported the MOD and BAE Systems in integrating and assuring the Advanced Precision Kill Weapon System (APKWS) for RAF Typhoon aircraft. Tested at our MOD Aberporth range and now operational in the Middle East, the programme demonstrates QinetiQ's role in accelerating the deployment of new capability to front-line forces.

• **Delivering advanced operational training:** Our MCAST programme achieved initial operating capability on schedule and entered service delivery, with the successful completion of Exercise Virtual Warrior 26 marking an important milestone.

• **Advancing underwater test and evaluation:** At BUTEC, we achieved a UK first by collecting in-water data using a new submerged electromagnetic signature measurement system, which will help assess and reduce the detectability of advanced naval platforms. We also enabled the first launch of a US Mk48 heavyweight torpedo from the Royal Navy's Excalibur extra-large autonomous underwater vehicle. Together, these milestones demonstrate the strategic value of BUTEC and QinetiQ's role in assuring increasingly complex and autonomous maritime systems.

• **Enabling future radar capability:** We signed a statement of intent with the UK Ministry of Defence, the Australian Department of Defence and Australia's CEA Technologies to support the potential adoption of advanced radar technology by the UK Armed Forces. The programme builds on QinetiQ's role in integrating, testing and assuring complex defence systems and further strengthens our position within UK sovereign air defence and sensing programmes.

• **Scaling our directed-energy capability:** In July, we approved a £20m investment in a new low-rate initial production facility at Farnborough to accelerate the development and manufacture of high-energy laser technology. The investment will support HELENA™, QinetiQ's newly launched family of coherent beam-combination laser sources for use in systems designed to counter drones and other advanced threats. It will expand our proprietary product portfolio and production capacity, positioning us to address future laser-directed energy programmes in the UK and allied markets.

Outlook

UK Defence remains well positioned for growth, underpinned by increasing defence spending, a sustained focus on readiness and accelerating demand for the testing, integration and assurance of new technologies. While the timing of customer orders affected first-half order intake, strong revenue visibility from the existing backlog and robust programme execution give us confidence in the full-year outlook. We see good opportunities across all four core capabilities, with initiatives such as SAFARI expected to strengthen the long-term competitiveness and relevance of our offerings.

UK Intelligence

Overview

UK Intelligence supports UK Government customers across intelligence, cyber, mission systems and operational capability development. Its specialist expertise in information advantage, data exploitation and advanced digital technologies positions it to address increasingly complex defence and national security requirements.

UK Intelligence performance was solid in the half with good programme execution driving strong profitability contributing to the good EMEA Services profit Outturn. Revenue was lower principally reflecting the non-repeat of revenue from the ACE contract, reduced pass-through work and the timing of customer spending. While customer funding and procurement delays continue to affect the near-term top line growth, the focus in the second half is on converting the opportunity pipeline and mobilising new programmes to support our expectations for the full year.

Operational highlights

• **Shaping future defence engineering:** We continued to deliver mission-critical engineering services through the Engineering Delivery Partner contract, while working with the customer on the future delivery of engineering services. This includes exploring how digital engineering and AI can accelerate delivery, simplify SME participation and improve access to finance across the defence supply chain.

• **Delivering frontline operational capability:** We successfully transitioned a major operational-support programme secured in FY26 to full operating capability, providing frontline digital-forensics and triage services for critical customer missions.

• **Expanding our role in critical national infrastructure:** We increased the scope of our work on the Emergency Services Mobile Communications Programme, providing specialist certification and security assurance for the UK's next-generation Emergency Services Network.

• **Enabling operations without satellite navigation:** We achieved further milestones in resilient Positioning, Navigation and Timing, developing technologies that enable forces to operate when satellite navigation is jammed, spoofed or unavailable. During the period, new soldier-worn and high-sensitivity technologies entered operational evaluation.

• **Positioning for the future of battlefield intelligence:** We were down-selected to bid for the British Army's Land Intelligence and Targeting Programme, Project ZODIAC, leading a consortium including Accenture, Northrop Grumman UK and specialist SMEs. The programme would transform how battlefield intelligence is collected, processed and exploited, enabling faster and better-informed operational decisions.

Outlook

Although customer funding and procurement delays are likely to continue affecting near-term performance, we enter the second half with a good opportunity pipeline and a clear focus on conversion and programme mobilisation.

Longer term, the sector is well positioned to benefit from increasing customer focus on information advantage, artificial intelligence, resilient navigation and mission-critical digital services.

Australia

Overview

Our Australia sector comprises our specialist advisory, engineering and our threat representation businesses operating in the Australian market. Trading conditions remained challenging during the first half, reflecting continued changes in government defence investment priorities, procurement processes and programme timing. We remain focused on aligning the business to priority defence requirements while improving operational efficiency and positioning for future long-term growth.

Operational highlights

• **New MASS contract signed:** New Maritime Aviation Support Services contract extends and expands the scope of services previously provided.

• **Advancing directed-energy capability:** We signed an MoU with Rheinmetall Defence Australia to progress our Laser Directed Energy Weapon capability towards a concept demonstrator. The programme builds on our established partnership with Australia's Defence Science and Technology Group and draws on technology developed through the UK's DragonFire programme.

• **Supporting priority defence programmes:** We continued to deliver engineering support under the Major Support Provider Agreement, while engaging with the customer on the design of its next phase.

Outlook

Australia's defence sector is expected to remain in a period of adjustment as government investment priorities, processes and delivery timelines continue to evolve. While the long-term market outlook remains positive, we expect trading conditions to remain challenging through the second half and into next year as customer procurement activity and programme awards continue to be delayed and we position the business towards the longer term, higher scale opportunities.

United States

Overview

Our US sector provides specialist engineering, systems integration and mission operations support to defence and homeland security customers across the United States, operating across priority mission areas including space and missile defence, maritime systems, persistent surveillance, sensing and autonomy.

Following the actions taken in FY26, the US business is a more focused and disciplined mid-tier provider of differentiated, mission-critical capability, aligned with enduring US national security priorities. It delivered a good operational half with improved profitability and strong order intake on our established frameworks with $263m of increases booked on total contract values within an overall order intake in the half of $294m.

Operational highlights

• **Expanding our role in space and missile defence:** We secured further in-contract growth with the Space Development Agency, increasing our support for the US Space Force's Proliferated Warfighter Space Architecture

• **Mission Support and operations:** Further awards and increased scope which increased the total contract value were received under our Special Capabilities Operations and Persistent Surveillance framework contracts

- **Next Generation Bomb Suits:** Progress was made in the half on the initial production programme and reflecting this a follow-on award of $20m was received for the next phase

Outlook

Demand across the US defence and homeland security market remains supported by enduring national security priorities, reflected in good order intake in the first half, including further growth on the Space Development Agency programme. The US business remains focused on disciplined delivery and selectively pursuing opportunities aligned with our core capabilities.

Principal risks

There are a number of risks which management continue to identify, assess and mitigate to minimise their potential impact on performance. An explanation of risks and their mitigations, together with details of our risk management framework can be found in the 2026 Annual Report and Accounts (on pages 65 to 68) is available for download at: https://www.qinetiq.com/investors.

Having considered recent geopolitical and macroeconomic events, the Group believes the principal risks for the remainder of FY27 are included in, and are therefore unchanged from, those reported in the 2026 Annual Report and Accounts. The Group's principal risks at 31 March 2026 related to the following areas: Markets, competition, business winning, capability, business platform, environment, delivery, safety and security, culture, and acquisition and business integration.

Condensed consolidated income statement

All figures in £ million unless stated otherwise	Note	H1 FY27 (unaudited) Underlying*	Specific adjusting items*	Total	H1 FY26 (unaudited) Underlying*	Specific adjusting items*	Total
Revenue	1,2	**923.2**	-	**923.2**	**900.4**	-	**900.4**
Operating costs excluding depreciation, impairment and amortisation		(761.3)	(10.2)	(771.5)	(765.8)	(34.7)	(800.5)
Other income	1	15.2	-	15.2	15.4	-	15.4
EBITDA* (earnings before interest, tax, depreciation and amortisation)		**177.1**	**(10.2)**	**166.9**	**150.0**	**(34.7)**	**115.3**
Depreciation and impairment of property, plant and equipment		(37.9)	(6.6)	(44.5)	(33.4)	(0.2)	(33.6)
Impairment of goodwill		-	(166.4)	(166.4)	-	-	-
Amortisation/impairment of intangible assets		(15.5)	(19.6)	(35.1)	(5.8)	(11.6)	(17.4)
Operating profit/(loss)	2	**123.7**	**(202.8)**	**(79.1)**	**110.8**	**(46.5)**	**64.3**
Gain on business divestment	4	-	-	-	-	0.5	0.5
Finance income	5	2.6	1.6	4.2	2.9	1.1	4.0
Finance expense	5	(11.9)	-	(11.9)	(11.5)	-	(11.5)
Profit/(loss) before tax		**114.4**	**(201.2)**	**(86.8)**	**102.2**	**(44.9)**	**57.3**
Taxation (expense)/income	6	(27.7)	3.3	(24.4)	(25.4)	6.4	(19.0)
Profit/(loss) for the period, attributable to the owners of the parent company		**86.7**	**(197.9)**	**(111.2)**	**76.8**	**(38.5)**	**38.3**
Earnings per share for profit attributable to the owners of the Company							
Basic (pence)	7	16.8		(21.6)	14.2		7.1
Diluted (pence)	7	16.6		(21.6)	14.0		7.0

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

Condensed consolidated statement of comprehensive income

All figures in £ million	**H1 FY27 (unaudited)**	H1 FY26 (unaudited)
(Loss) / Profit for the period	**(111.2)**	**38.3**
Items that will not be reclassified to the income statement:		
Actuarial gain recognised in defined benefit pension schemes	36.7	7.7
Tax on items that will not be reclassified to the income statement	(9.1)	(2.0)
Total items that will not be reclassified to the income statement	**27.6**	**5.7**
Items that may be reclassified to the income statement:		
Foreign currency translation loss for foreign operations	(2.3)	(12.3)
Movement in deferred tax on foreign currency translation	0.1	0.4
Decrease in fair value of hedging derivatives	(1.6)	(1.6)
Movement in deferred tax on hedging derivatives	0.4	0.4
Total items that may be reclassified to the income statement	**(3.4)**	**(13.1)**
Other comprehensive income / (expense) for the period, net of tax	**24.2**	**(7.4)**
Total comprehensive (expense) / income for the period, net of tax	**(87.0)**	**30.9**

Condensed consolidated statement of changes in equity

All figures in £ million	Issued share capital	Capital redemption reserve	Share premium	Hedging reserve	Translation reserve	Retained earnings	Total equity
At 1 April 2026	**5.2**	**41.3**	**147.6**	**3.7**	**(32.8)**	**388.0**	**553.0**
Loss for the period	-	-	-	-	-	(111.2)	(111.2)
Other comprehensive (expense)/income, net of tax	-	-	-	(1.2)	(2.2)	27.6	24.2
Purchase of own shares	(0.1)	0.1	-	-	-	(65.4)	(65.4)
Share-based payments charge	-	-	-	-	-	5.4	5.4
Tax on share-based payments	-	-	-	-	-	(0.1)	(0.1)
Dividends	-	-	-	-	-	(41.1)	(41.1)
At 30 September 2026 (unaudited)	**5.1**	**41.4**	**147.6**	**2.5**	**(35.0)**	**203.2**	**364.8**

At 1 April 2025	**5.5**	**41.0**	**147.6**	**3.2**	**(27.6)**	**456.8**	**626.5**
Profit for the period	-	-	-	-	-	38.3	38.3
Other comprehensive (expense)/income, net of tax	-	-	-	(1.2)	(11.9)	5.7	(7.4)
Purchase of own shares	(0.1)	0.1	-	-	-	(73.2)	(73.2)
Share-based payments charge	-	-	-	-	-	6.2	6.2
Tax on share-based payments	-	-	-	-	-	1.2	1.2
Dividends	-	-	-	-	-	(32.8)	(32.8)
At 30 September 2025 (unaudited)	**5.4**	**41.1**	**147.6**	**2.0**	**(39.5)**	**402.2**	**558.8**

Condensed consolidated balance sheet

All figures in £ million	Note	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Non-current assets				
Goodwill	12	69.4	233.3	236.9
Intangible assets		224.4	265.6	249.4
Property, plant and equipment		425.8	454.9	444.6
Other financial assets		0.3	2.0	2.3
Equity accounted investments		1.0	1.7	1.1
Net pension asset	13	91.8	47.7	54.4
Deferred tax asset		23.1	12.8	18.2
		835.8	**1,018.0**	**1,006.9**
Current assets				
Inventories		71.7	75.1	73.7
Other financial assets		4.2	3.2	3.3
Trade and other receivables		385.3	360.7	394.9
Current tax asset		1.1	2.0	0.4
Cash and cash equivalents	8	137.4	230.3	259.2
		599.7	671.3	731.5
Total assets		**1,435.5**	**1,689.3**	**1,738.4**
Current liabilities				
Trade and other payables		(513.2)	(540.0)	(585.6)
Current tax payable		(1.0)	(0.1)	(13.4)
Provisions		(21.2)	(51.7)	(34.1)
Other financial liabilities		(11.8)	(14.9)	(13.5)
		(547.2)	**(606.7)**	**(646.6)**
Non-current liabilities				
Deferred tax liability		(114.0)	(104.8)	(102.2)
Provisions		(3.4)	(3.5)	(16.6)
Borrowings and other financial liabilities		(403.7)	(401.5)	(410.4)
Other payables		(2.4)	(14.0)	(9.6)
		(523.5)	(523.8)	(538.8)
Total liabilities		**(1,070.7)**	**(1,130.5)**	**(1,185.4)**
Net assets		**364.8**	**558.8**	**553.0**
Equity				
Issued share capital		5.1	5.4	5.2
Capital redemption reserve		41.4	41.1	41.3
Share premium		147.6	147.6	147.6
Hedging reserve		2.5	2.0	3.7
Translation reserve		(35.0)	(39.5)	(32.8)
Retained earnings		203.2	402.2	388.0
Total equity		**364.8**	**558.8**	**553.0**

Condensed consolidated cash flow statement

All figures in £ million	Note	H1 FY27 (unaudited)	H1 FY26 (unaudited)	FY26 (audited)
Underlying net cash inflow from operations	9	**112.9**	**127.9**	**343.2**
Less: specific adjusting items	9	(26.4)	(27.5)	(51.6)
Net cash inflow from operations	9	**86.5**	**100.4**	**291.6**
Tax paid		(39.4)	(21.1)	(44.4)
Interest received		2.6	3.9	6.2
Interest paid		(11.4)	(10.9)	(21.6)
Net cash inflow from operating activities		**38.3**	**72.3**	**231.8**
Purchases of intangible assets		(5.0)	(2.8)	(12.9)
Purchases of property, plant and equipment		(36.7)	(33.6)	(59.6)
Disposal of business		-	17.9	17.9
Net cash outflow from investing activities		**(41.7)**	**(18.5)**	**(54.6)**
Purchase of own shares		(65.4)	(73.2)	(146.9)
Dividends paid to shareholders		(41.1)	(32.8)	(48.7)
Capital element of finance lease payments		(6.7)	(7.6)	(12.6)
Cash flow relating to intercompany loan hedges		-	1.4	-
Net cash outflow from financing activities		**(113.2)**	**(112.2)**	**(208.2)**
Decrease in cash and cash equivalents		**(116.6)**	**(58.4)**	**(31.0)**
Effect of foreign exchange changes on cash and cash equivalents		(5.2)	(1.9)	(0.4)
Cash and cash equivalents at beginning of period		259.2	290.6	290.6
Cash and cash equivalents at end of period		**137.4**	**230.3**	**259.2**

Reconciliation of movement in net debt

All figures in £ million	Note	H1 FY27 (unaudited)	H1 FY26 (unaudited)	FY26 (audited)
Decrease in cash and cash equivalents in the year		**(116.6)**	**(58.4)**	**(31.0)**
Add back net cash flows not impacting net debt		7.0	7.9	12.9
Movement in net debt resulting from cash flows		(109.6)	(50.5)	(18.1)
Net increase/(decrease) in lease obligations		1.6	3.7	(7.3)
Net movement in derivative financial instruments		(0.6)	(1.4)	0.1
Other movements including foreign exchange		(5.9)	0.5	(0.6)
Movement in net debt as defined by the Group		(114.5)	(47.7)	(25.9)
Net debt as defined by the Group at beginning of the year		(159.1)	(133.2)	(133.2)
Net debt as defined by the Group at end of the year	8	**(273.6)**	**(180.9)**	**(159.1)**
Less: borrowings	8	333.3	332.5	333.6
Less: total net derivative financial instruments, capitalised borrowing costs and lease liabilities		77.7	78.7	84.7
Total cash and cash equivalents	8	**137.4**	**230.3**	**259.2**

Notes to the condensed consolidated interim financial statements

1. Revenue from contracts with customers and other income

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

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Service contracts with customers	890.7	864.5
Sale of goods contracts with customers	30.2	35.0
Royalties and licences	2.3	0.9
Total revenue	**923.2**	**900.4**
Adjust to constant prior year exchange rates	(5.0)	-
Adjust to remove impact of disposed business	-	(9.7)
Total revenue on an organic, constant currency basis	**918.2**	**890.7**
Organic revenue growth/(decline) at constant currency	*3%*	*(3)%*

Other income

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Share of joint ventures' and associates' (loss)/profit after tax	(0.2)	(0.4)
Research and development expenditure credits (RDEC)	14.0	14.8
Other income: property related	1.4	1.0
Total other income	**15.2**	**15.4**

Revenue by customer geographical location

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
United Kingdom (UK)	662.9	641.2
United States of America (US)	132.9	146.7
Australia	62.1	53.5
Europe	33.5	31.6
Rest of World	31.8	27.4
Total revenue	**923.2**	**900.4**

Revenue by major customer type

For the six months ended 30 September

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
UK Government	583.9	566.1
US Government	118.6	127.6
Other	220.7	206.7
Total revenue	**923.2**	**900.4**

2. Segmental analysis

Operating segments

All figures in £ million	H1 FY27 (unaudited)		H1 FY26 (unaudited)	
	Revenue from external customers	Underlying* operating profit*	Revenue from external customers	Underlying* operating profit
EMEA Services	738.1	92.2	708.3	81.7
Global Solutions	185.1	17.5	192.1	14.3
Total operating segments	**923.2**	**109.7**	**900.4**	**96.0**
*Operating profit margin from segments**		*11.9%*		*10.7%*
Total operating segments	923.2	109.7	900.4	96.0
Research and development expenditure credits (RDEC)		14.0		14.8
Underlying operating profit		123.7		110.8

Reconciliation of segmental results to total profit

All figures in £ million	Note	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Operating profit from segments*		109.7	96.0
Research and development expenditure credits (RDEC)		14.0	14.8
Underlying operating profit*		**123.7**	**110.8**
Specific adjusting items operating loss	3	(202.8)	(46.5)
Operating (loss)/profit		**(79.1)**	**64.3**
Gain on business divestment	4	-	0.5
Net finance expense	5	(7.7)	(7.5)
(Loss)/profit before tax		**(86.8)**	**57.3**
Taxation expense	6	(24.4)	(19.0)
(Loss)/profit for the period attributable to equity shareholders		**(111.2)**	**38.3**

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

3. Specific adjusting items

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

All figures in £ million	Note	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Acquisition and disposal related costs		(1.8)	-
Digital investment		(12.5)	(12.1)
Restructuring costs and associated impacts		4.1	(22.6)
Specific adjusting items before depreciation, amortisation and impairment		**(10.2)**	**(34.7)**
Impairment of property		(6.6)	(0.2)
Impairment of goodwill		(166.4)	-
Amortisation and impairment of intangible assets arising from acquisition		(19.6)	(11.6)
Specific adjusting items operating loss		**(202.8)**	**(46.5)**
Gain on business divestment	4	-	0.5
Defined benefit pension scheme net finance income	13	1.6	1.1
Specific adjusting items loss before tax		**(201.2)**	**(44.9)**
Specific adjusting items – tax credit	6	3.3	6.4
Total specific adjusting items loss after tax		**(197.9)**	**(38.5)**

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

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Underlying profit after tax	86.7	76.8
Total specific adjusting items loss after tax (see above)	(197.9)	(38.5)
Total (loss)/profit for the period attributable to equity shareholders	**(111.2)**	**38.3**

The total impact of specific adjusting items on operating profit (which are excluded from underlying performance) was an expense of £202.8m (H1 FY26: £46.5m).

The half has seen a significant roll out of work under our discrete investment project to build our digital platform to enable our global growth strategy. The majority of the costs in the half are reported as specific adjusting items in the P&L given their one-off nature, with ongoing recurring operating costs (such as licence costs and overheads) remaining within underlying operating costs. In H1 FY27 the exceptional cost element of the digital investment programme within specific adjusting items totals £12.5m (H1 FY26: £12.1m). The half year results also included an impairment charge of £174.6m in respect of the US CGU, comprising £166.4m against goodwill and £8.2m against acquired intangible assets, following management's decision to pursue a disposal and reflecting a recoverable amount based on fair value less costs of disposal, determined by reference to bids received less estimated disposal costs.

Amortisation and impairment of acquisition intangibles was £19.6m, comprising amortisation of £11.4m and impairment charge of £8.2m (H1 FY26 amortisation: £11.6m), with the movement in amortisation due to foreign exchange.

The first half has seen a reversal of restructuring costs and associated impacts of £4.1m (H1 FY26 incurred costs: £22.6m). This includes the costs of on-going efficiency activity in UK and Australia operations as well as some further non-cash charges in the US as a consequence of continued refinement of the market-facing strategy and ongoing restructuring of our US Sector against challenging market conditions during H1 FY26.

Also included with specific adjusting items are net finance income from pensions of £1.6m (H1 FY26 £1.1m).

4. Gain on business divestment

There were no business divestments during the period (H1 FY26: gain of £0.5m relating to the disposal of the non-core Federal IT Services business, as part of the US restructuring programme).

5. Finance income and expense

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)
Receivable on bank deposits	2.6	2.9
Underlying finance income	**2.6**	**2.9**
Amortisation of recapitalisation fee	(0.5)	(0.6)
Interest on bank loans and overdrafts	(8.8)	(8.2)
Lease expense	(2.6)	(2.7)
Underlying finance expense	**(11.9)**	**(11.5)**
Underlying net finance expense	**(9.3)**	**(8.6)**
Specific adjusting items:		
Defined benefit pension scheme net finance income	1.6	1.1
Net finance expense	**(7.7)**	**(7.5)**

6. Taxation

All figures in £ million unless stated otherwise	H1 FY27 (unaudited) Underlying	Specific adjusting items	Total	H1 FY26 (unaudited) Underlying	Specific adjusting items	Total
Profit/(loss) before tax	**114.4**	**(201.2)**	**(86.8)**	**102.2**	**(44.9)**	**57.3**
Taxation (expense)/income	(27.7)	3.3	(24.4)	(25.4)	6.4	(19.0)
Profit/(loss) for the period attributable to equity shareholders	**86.7**	**(197.9)**	**(111.2)**	**76.8**	**(38.5)**	**38.3**
Effective tax rate	**24.2%**		**(28.1)%**	**24.9%**		**33.2%**

The total tax charge is £24.4m (H1 FY26: £19.0m). The underlying tax charge of £27.7m (H1 FY26: £25.4m) is calculated by applying the expected underlying effective tax rate at a jurisdictional level for the year ending 31 March 2027 to the underlying profit before tax for the six months to 30 September 2026.

The Group's full year expected underlying effective tax rate is 24.3% which is in line with the half year underlying effective tax rate of 24.2% (H1 FY26: 24.9%). The decrease on last year is due to the jurisdictional mix of profits.

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

Tax losses and specific adjusting items

At 30 September 2026 the Group had unused tax losses and surplus interest costs of £406.6m (31 March 2026: £383.1m) which are available for offset against future profits. Within deferred tax on the balance sheet is £63.7m of recognised tax losses and surplus interest and the remaining £342.9m is unrecognised. Deferred tax has been calculated using the enacted future statutory tax rates.

Tax on specific adjusting items includes credits of £3.1m for the digital investment programme, £5.5m for the amortisation of acquisition intangibles and charges of £5.0m in respect of recognition of the US deferred tax asset for net operating losses and interest and £0.3m for the release of restructuring provisions. The goodwill impairment is non-deductible for tax purposes. The total specific adjusting items tax credit was £3.3m (H1 FY26: £6.4m).

7. Earnings per share

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

		H1 FY27 (unaudited)	H1 FY26 (unaudited)
Weighted average number of shares	**Million**	**515.1**	**541.9**
Effect of dilutive securities	Million	-	7.0
Basic diluted number of shares	**Million**	**515.1**	**548.9**
Effect of dilutive securities	Million	6.7	7.0
Underlying diluted number of shares	**Million**	**521.8**	**548.9**

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

Potential ordinary shares are included in diluted earnings per share only when dilutive. The shares were dilutive for underlying earnings per share in H1 FY27 and H1 FY26. For statutory earnings per share, the shares were anti-dilutive in H1 FY27 and therefore excluded but were dilutive in H1 FY26.

Underlying basic and diluted EPS		H1 FY27 (unaudited)	H1 FY26 (unaudited)
(Loss)/profit attributable to the owners of the Company	£ million	(111.2)	38.3
Remove loss after tax in respect of specific adjusting items	£ million	197.9	38.5
Underlying profit after taxation	**£ million**	**86.7**	**76.8**
Weighted average number of shares	Million	515.1	541.9
Underlying basic EPS	**Pence**	**16.8**	**14.2**
Diluted number of shares	Million	521.8	548.9
Underlying diluted EPS	**Pence**	**16.6**	**14.0**

Basic and diluted EPS		H1 FY27 (unaudited)	H1 FY26 (unaudited)
Profit attributable to the owners of the Company	£ million	(111.2)	38.3
Weighted average number of shares	Million	515.1	541.9
Basic EPS – total Group	**Pence**	**(21.6)**	**7.1**
Diluted number of shares	Million	515.1	548.9
Diluted EPS – total Group	**Pence**	**(21.6)**	**7.0**

8. Net debt

All figures in £ million	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Current financial assets/(liabilities)			
Deferred financing costs	1.0	1.2	1.2
Derivative financial assets	3.2	2.0	2.1
Lease liabilities	(11.4)	(13.7)	(12.4)
Derivative financial liabilities	(0.4)	(1.2)	(1.1)
Total current net financial liabilities	**(7.6)**	**(11.7)**	**(10.2)**
Non-current financial assets/(liabilities)			
Deferred financing costs	0.2	0.9	0.3
Derivative financial assets	0.1	1.1	2.0
Lease liabilities	(69.8)	(68.4)	(76.7)
Borrowings – Term loan	(333.3)	(332.5)	(333.6)
Derivative financial liabilities	(0.6)	(0.6)	(0.1)
Total non-current net financial liabilities	**(403.4)**	**(399.5)**	**(408.1)**
Total net financial liabilities	**(411.0)**	**(411.2)**	**(418.3)**
Cash and cash equivalents	137.4	230.3	259.2
Total net debt as defined by the Group	**(273.6)**	**(180.9)**	**(159.1)**

9. Cash flows from operations

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)	FY26 (audited)
(Loss)/gain after tax for the period	(111.2)	38.3	107.5
Adjustments for:			
Taxation expense	24.4	19.0	47.6
Net finance expense	7.7	7.5	15.2
Impairment of goodwill	166.4	-	-
Gain on business divestment	-	(0.5)	(0.5)
Impairment of and loss on sale of property	6.6	0.2	0.5
(Gain)/loss on disposal of intangible assets, plant and equipment	(0.7)	5.6	16.1
Amortisation of purchased or internally developed intangible assets	15.5	5.8	19.9
Amortisation and impairment of intangible assets arising from acquisitions	19.6	11.6	23.1
Depreciation of property, plant and equipment	37.9	33.4	76.6
Share of post-tax gain of equity accounted entities	0.2	0.4	1.0
Share-based payments charge	5.9	6.6	11.5
Retirement benefit contributions lower/(higher) than income statement expense	0.9	0.5	(2.4)
Net movement in provisions	(26.1)	(4.2)	(9.0)
	147.1	124.2	307.1
(Increase)/decrease in inventories	1.8	(5.5)	(3.2)
(Increase)/decrease in receivables	8.7	26.9	(4.9)
Decrease in payables	(71.1)	(45.2)	(7.4)
Changes in working capital	(60.6)	(23.8)	(15.5)
Net cash inflow from operations	**86.5**	**100.4**	**291.6**

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

All figures in £ million	H1 FY27 (unaudited)	H1 FY26 (unaudited)	FY26 (audited)
Net cash inflow from operations	86.5	100.4	291.6
Add back specific adjusting item: digital investment	12.5	12.1	23.6
Add back specific adjusting item: restructuring costs	2.3	14.1	24.8
Add back specific adjusting item: acquisition and disposal related costs	1.8	1.3	2.2
Add back specific adjusting item: sale and leaseback obligations	9.8	-	1.0
Underlying net cash inflow from operations	**112.9**	**127.9**	**343.2**

Reconciliation of net cash flow from operations to free cash flow

	H1 FY27 (unaudited)	H1 FY26 (unaudited)^	FY26 (audited)
Net cash flow from operations	86.5	100.4	291.6
Less: tax and net interest payments	(48.2)	(28.1)	(59.8)
Less: net purchases of intangible assets and property, plant and equipment	(41.7)	(36.4)	(72.5)
Free cash flow	**(3.4)**	**35.9**	**159.3**

Underlying cash conversion ratio

	H1 FY27 (unaudited)	H1 FY26 (unaudited)	FY26 (audited)
Underlying EBITDA - £ million	177.1	150.0	343.7
Underlying net cash flow from operations - £ million	112.9	127.9	343.2
Underlying cash conversion ratio - %	**64%**	**85%**	**100%**

^ The free cash flow definition has been revised to include the cash flow impact of specific adjusting items within operating profit as this is considered to be a more appropriate reflection of the Group's cash generation prior to shareholder return. The prior year comparative has been restated accordingly.

10. Financial risk management

The interim financial statements do not include all financial risk management information and disclosures required in annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 March 2026. There have been no changes in any risk management policies since the year end. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The Group's assets and liabilities that are measured at fair value, as at 30 September 2026, are as follows:

All figures in £ million	Level 1	Level 2	Level 3	Total
Assets:				
Current derivative financial instruments	-	3.2	-	3.2
Cash equivalents	-	47.7	-	47.7
Non-current derivative financial instruments	-	0.1	-	0.1
Liabilities:				
Current derivative financial instruments	-	(0.4)	-	(0.4)
Non-current derivative financial instruments	-	(0.6)	-	(0.6)
Total	**-**	**50.0**	**-**	**50.0**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 March 2026:

All figures in £ million	Level 1	Level 2	Level 3	Total
Assets:				
Current derivative financial instruments	-	2.1	-	2.1
Cash equivalents	-	167.4	-	167.4
Non-current derivative financial instruments	-	2.0	-	2.0
Liabilities:				
Current derivative financial instruments	-	(1.1)	-	(1.1)
Non-current derivative financial instruments	-	(0.1)	-	(0.1)
Total	**-**	**170.3**	**-**	**170.3**

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

11. Dividends

An analysis of the dividends paid and proposed in respect of the period ended 30 September 2026 and comparative periods is provided below:

	Pence per ordinary share	£m	Date paid/payable
Interim FY27 (proposed)	**4.00**	**20.3**	**Feb 2027**
Interim FY26	3.00	15.9	Feb 2026
Final FY26	8.00	41.1	Aug 2026
Total for the year ended 31 March 2026	11.00	57.0	

The interim dividend is 4.0p (Interim FY26: 3.0p). The dividend will be paid on 5 February 2027. The ex-dividend date is 7 January 2027 and the record date is 8 January 2027.

12. Goodwill

All figures in £ million	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Cost			
At 1 April	511.3	541.0	541.0
Disposals	-	(21.9)	(22.3)
Foreign exchange	(3.1)	(15.9)	(7.4)
Closing balance	**508.2**	**503.2**	**511.3**
Accumulated impairment			
At 1 April	(274.4)	(291.2)	(291.2)
Disposals	-	12.6	12.9
Impairment charge	(166.4)	-	-
Foreign exchange	2.0	8.7	3.9
Closing balance	**(438.8)**	**(269.9)**	**(274.4)**
Net book value	**69.4**	**233.3**	**236.9**

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

All figures in £ million	Primary reporting segment	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
US Sector	Global Solutions	-	164.4	167.5
Target Systems	Global Solutions	23.8	23.9	24.0
Germany	EMEA Services	2.7	2.7	2.7
Inzpire	EMEA Services	11.7	11.7	11.7
QinetiQ Training and Simulation	EMEA Services	7.8	7.8	7.8
Naimuri	EMEA Services	14.8	14.8	14.8
Australia Sector (previously QinetiQ Australia PTY and Air Affairs)	EMEA Services	8.6	8.0	8.4
Net book value		**69.4**	**233.3**	**236.9**

Goodwill is attributable to the excess of consideration over the fair value of net assets acquired and includes expected synergies, future growth prospects and employee knowledge, expertise and security clearances. The Group tests each CGU for impairment annually, or more frequently if there are indications that goodwill might be impaired.

The impairment charge of £174.6m in respect of the US CGU comprised of £166.4m against goodwill and £8.2m against acquired intangible assets. The impairment arose following a change in management's business strategy and capital allocation priorities, which resulted in a reassessment of the CGU's future cash flows. The recoverable amount was determined on a fair value less costs of disposal, with reference to third-party bids received for the business. The resulting recoverable amount was below the carrying amount of the CGU, resulting in the recognition of an impairment charge.

13. Post-retirement benefits

In the UK the Group operates the QinetiQ Pension Scheme (the Scheme) for approximately 10% of its UK employees. The Scheme closed to future accrual on 31 October 2013 and there is no on-going service cost. The Scheme is in a net asset position with the market value of assets in excess of the present value of Scheme liabilities. These have the values set out below as at each period end.

All figures in £ million	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Fair value of plan assets	**1,136.9**	**1,181.1**	**1,208.0**
Present value of Scheme liabilities	(1,045.1)	(1,133.4)	(1,153.6)
Net pension asset before deferred tax	**91.8**	**47.7**	**54.4**
Deferred tax liability	(26.9)	(16.9)	(17.9)
Net pension asset after deferred tax	**64.9**	**30.8**	**36.5**

The balance sheet net pension asset is a snapshot view which can be significantly influenced by short-term market factors. The calculation of the net asset depends on factors which are beyond the control of the Group – principally the value at the balance sheet date of the various categories of assets in which the Scheme has invested and long-term interest rates and inflation rates

used to value the Scheme's liabilities. This is particularly pertinent in the current economic climate whilst markets are volatile. Sensitivities and risks are described below.

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

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

All figures in £ million	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Equities	5.6	10.1	7.5
Liability driven investment	210.1	401.2	223.3
Asset backed security investments	139.1	77.1	118.4
Alternative bonds[1]	166.7	199.1	185.4
Corporate bonds[2]	191.0	86.2	208.8
Cash and cash equivalents	6.4	22.1	9.8
Corporate credit derivative financial instruments	(0.1)	2.2	(1.0)
Other derivatives (forward FX contracts)	4.6	(1.0)	(1.4)
Insurance buy-in policies	413.5	454.1	457.2
Borrowings	-	(70.0)	-
Total market value of Scheme assets	**1,136.9**	**1,181.1**	**1,208.0**

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

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

All figures in £ million	30 September 2026 (unaudited)	30 September 2025 (unaudited)	31 March 2026 (audited)
Opening net pension asset before deferred tax	54.4	39.4	39.4
Net finance income	1.6	1.1	2.4
Net actuarial gain	36.7	7.7	10.2
Administration expenses	(0.9)	(0.5)	(1.2)
Contributions by the employer	-	-	3.6
Closing net pension asset before deferred tax	**91.8**	**47.7**	**54.4**

Assumptions

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

	30 September 2026 (unaudited)		30 September 2025 (unaudited)		31 March 2026 (audited)	
	Un-insured members	Insured members	Un-insured members	Insured members	Un-insured members	Insured members
Discount rate applied to Scheme liabilities	6.75%	6.45%	5.95%	5.65%	6.15%	5.85%
CPI inflation assumption	2.90%	2.80%	2.50%	2.40%	2.80%	2.80%
Net rate (discount rate less inflation)	3.85%	3.65%	3.45%	3.25%	3.35%	3.05%
Assumed life expectancies (at age 60) in years:						
For males currently aged 40	27.1	n/a	27.9	n/a	28.2	n/a
For females currently aged 40	29.5	n/a	30.3	n/a	30.5	n/a
For males currently aged 60^	25.9	21.4	26.7	22.3	26.9	22.6
For females currently aged 60^	28.3	23.5	28.9	24.7	29.2	24.9

^For pensioners (insured members) at age 65

Risks

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

Volatility in market conditions

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

Choice of accounting assumptions

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

Key assumptions	Indicative impact on Scheme assets	Indicative impact on Scheme liabilities	Indicative impact on net pension asset
Decrease discount rate by 0.25%	Increase by £8.4m	Increase by £27.9m	Decrease by £19.5m
Increase rate of inflation by 0.25%	Increase by £7.2m	Increase by £25.4m	Decrease by £18.2m
Increase life expectancy by one year	Increase by £14.1m	Increase by £28.4m	Decrease by £14.3m

The impact of movements in Scheme liabilities will, to an extent, be offset by movements in the value of Scheme assets as the Scheme has assets invested in a Liability Driven Investment Portfolio. As at 30 September 2026, this hedges against approximately 100% of the interest rate risk and approximately 100% of the inflation rate risk, as measured on the actuarial funding valuation basis.

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

In addition to the sensitivity of the liability side of the net pension asset (which will impact the value of the net pension asset) the net pension asset is also exposed to significant variation due to changes in the fair value of Scheme assets. A specific sensitivity on assets has not been included in the above table but any change in valuation of assets flows straight through to the value of the net pension asset e.g. if corporate bonds fall in value by £10m then the net pension asset falls by £10m. The values of unquoted assets assume that an available buyer is willing to purchase those assets at that value. For the Group's portfolio of assets, the unquoted alternative bonds, unquoted corporate bonds and unquoted equities of £166.7m, £58.0m and £5.6m respectively are the assets with most uncertainty as to valuation as at 30 September 2026.

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

The most recent completed full actuarial valuation of the Scheme was undertaken as at 30 June 2023 and resulted in an actuarially assessed surplus of £11.4m (relative to the technical provisions i.e. the level of assets agreed by the Trustee and the Company as being appropriate to meet member benefits, assuming the Scheme continues as a going concern). The triennial valuation as at 30 June 2026 is currently in progress and the Company anticipates concluding that valuation with a surplus in excess of that reported as at 30 June 2023. Hence, under a new schedule of contributions to be agreed at the conclusion of the triennial valuation, it is anticipated that there will be no employer contributions required. Separately to the schedule of contributions the Company does have a cash commitment to the Scheme in respect of an asset-backed funding arrangement established in 2012. The annual distribution in the year to 31 March 2027 will be £3.7m, which will increase thereafter, indexed by reference to CPI, until the later of March 2032 or the year in which the Scheme reaches a surplus on a solvency basis valuation.

14. Own shares and share-based awards

Own shares represent shares in the Company that are held by independent trusts and include treasury shares and shares held by the employee share ownership plan. Included in retained earnings at 30 September 2026 are 2,666,055 shares (31 March 2026: 4,315,670).

In H1 FY27 the Group granted 5.3 million new share-based awards to employees (H1 FY26: 5.5 million).

15. Related party transactions with equity accounted investments

During H1 FY27 there were sales to associates and joint ventures of £nil (H1 FY26: £nil). At the period end there were outstanding receivables from associates and joint ventures of £nil (31 March 2026: £nil).

16. Capital commitments

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

All figures in £ million	30 September 2026 (unaudited)	31 March 2026 (audited)
Contracted	23.8	30.2

Capital commitments at 30 September 2026 include £18.7m (31 March 2026: £26.7m) in relation to property, plant and equipment that will be wholly funded by a third party customer under a long-term contract arrangement. These primarily relate to investments under the LTPA contract.

17. Contingent liabilities

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

18. Post balance sheet events

The Group entered into a new £250 million amortising term loan facility in October 2026, comprising a £200 million UK Export Finance ("UKEF") Export Development Guarantee-backed tranche and a £50 million commercial tranche, with a final maturity of October 2032. The facility refinances the Group's existing term loan arrangements and further strengthens liquidity while extending the debt maturity profile.

On 11 November 2026, the Group agreed to sell its US business to Serco plc for consideration of $292m. The carrying value of the US CGU at 30 September 2026 reflects the agreed transaction value, less estimated costs of disposal.

Subsequent to the year end up to 6 November 2026, the Group has bought back own shares with the value of £9.8m.

19. Material accounting policies

Basis of preparation

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

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2026 comprise statements for the Company and its subsidiaries (together referred to as the 'Group') and were approved by the Board of Directors on 12 November 2026.

The financial statements have been reviewed, not audited.

This condensed consolidated interim financial report for the half-year reporting period ended 30 September 2026 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 31 March 2026 (and half year ended 30 September 2025) do not contain all of the information required for full annual financial statements. The Group's full annual financial statements for the year ended 31 March 2026 were approved by the Board of Directors on 21 May 2026 and have been delivered to the registrar of companies. The report of the auditors (i) was unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The Group's financial statements for the year ended 31 March 2026 are available upon request from the Company's registered office at Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX, or at the Company's website (www.QinetiQ.com).

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

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

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

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the year ended 31 March 2026.

Going-concern basis

The Group meets its day-to-day working capital requirements through its available cash funds and its bank facilities. The Group is exposed to various risks and uncertainties, the principal ones being summarised in the 'Principal risks and uncertainties' section. In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the long-term viability of the Company and the Group. This included assessing forecasts of severe but plausible downside scenarios and further downside stress testing related to the Company's principal risks. Crystallisation of such risks, to the extent not fully mitigated, would lead to a negative impact on the Group's financial results but none are deemed sufficiently material to prevent the Group from continuing as a going concern for the period to 31 March 2028. This period is considered an appropriate timeframe to assess going concern as it considers the group's short and medium-term cash flow forecasts and available liquidity.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going-concern basis in preparing its interim financial statements.

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

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

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

The Directors of QinetiQ Group plc are listed in the QinetiQ Group plc Annual Report for 31 March 2026. A list of current directors is maintained on the QinetiQ Group plc website: www.qinetiq.com.

By order of the Board

Steve Wadey
Chief Executive Officer
12 November 2026

Martin Cooper
Chief Financial Officer
12 November 2026

Independent review report to QinetiQ Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed QinetiQ Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the FY27 Half Year Results of QinetiQ Group plc for the 6 month period ended 30 September 2026 (the "period").

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

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 September 2026;
- the Condensed consolidated income statement and the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the FY27 Half Year Results of QinetiQ Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

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

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

We have read the other information contained in the FY27 Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The FY27 Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the FY27 Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the FY27 Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the FY27 Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of this report

This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Southampton
12 November 2026

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

Alternative performance measures ('APMs')

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

Measure	Explanation	Note reference to calculation or reconciliation to statutory measure
Organic growth	The level of year-on-year growth, expressed as a percentage, calculated at constant prior year foreign exchange rates, adjusting for business acquisitions and disposals to reflect equivalent composition of the Group	Note 1
Operating profit from segments	Total operating profit from segments which excludes 'specific adjusting items' and research and development expenditure credits ('RDEC')	Note 2
Operating profit margin from segments	Operating profit from segments expressed as a percentage of revenue	Note 2
Underlying operating profit	Operating profit as adjusted to exclude 'specific adjusting items'	Note 2
Underlying operating margin	Underlying operating profit expressed as a percentage of revenue	Operating Review
Underlying net finance expense	Net finance income/(expense) as adjusted to exclude 'specific adjusting items'	Note 5
Underlying profit before/after tax	Profit before/after tax as adjusted to exclude 'specific adjusting items'	Note 6
Underlying effective tax rate	The tax charge for the year excluding the tax impact of 'specific adjusting items' expressed as a percentage of underlying profit before tax	Note 6

Underlying basic and diluted EPS	Basic and diluted earnings per share as adjusted to exclude 'specific adjusting items'	Note 7
Orders	The level of new orders (and amendments to existing orders) booked in the year	N/A
Backlog, funded backlog or order book	The expected future value of revenue from contractually committed and funded customer orders	N/A
Book to bill ratio	Ratio of funded orders received in the year to revenue for the year, adjusted to exclude orders and revenue from the 25-year LTPA contract due to significant size and timing differences of LTPA order and revenue recognition which distort the ratio calculation	N/A
Underlying net cash flow from operations	Net cash flow from operations before cash flows of specific adjusting items	Note 9
Underlying operating cash conversion or cash conversion ratio	The ratio of underlying net cash from operations to underlying EBITDA.	Note 9
Free cash flow	Net cash flow from operations, including exceptional operating cash flows, less net tax and interest payments less purchases of intangible	Note 9
Net debt	Net debt as defined by the Group combines cash and cash equivalents with borrowings and other financial assets and liabilities, primarily available for sale investments, derivative financial instruments and lease liabilities.	Note 8
Return on capital employed	Calculated as: Underlying EBITA / (average capital employed less net pension asset), where average capital employed is defined as shareholders' equity plus net debt (or minus net cash)	CFO Review
Specific adjusting items	Amortisation of intangible assets arising from acquisitions; impairment of property and goodwill; gains/losses on disposal of property, investments and businesses; net pension finance income; transaction, integration and acquisition-related remuneration costs in respect of business acquisitions and disposals; costs and associated impacts of group-wide restructuring programmes, digital investment; tax impact of the preceding items and significant non-recurring tax and RDEC movements	Note 3
FY	The financial year ended 31 March	n/a