



Capita plc Annual Report and Accounts



A BETTER CAPITA

Delivering

A BETTER CAPITA

We are a modern outsourcer. Capita supports clients across the public and private sectors run complex business processes more efficiently. We provide people-based services underpinned by market-leading technology, creating better end-user experiences.

BETTER TECHNOLOGY

We have re-energised our relationship with hyperscaler technology partners to co-create and launch bespoke AI and generative AI solutions which deliver repeatable and scalable offerings to our customers.

BETTER DELIVERY

We are becoming a more focused and data-driven organisation, looking to deploy more standardised methodologies on a consistent basis which will result in an agile, consistent and higher-quality delivery.

BETTER EFFICIENCY

We have a Capita-wide transformation programme which is building a leaner organisation and improving our cost to serve, making us more competitive and allowing investment capacity.

BETTER COMPANY

People are at the heart of our customer-centric operating model. We aim to be a company with a growing and satisfied customer base, where our people are proud to work, delivering cash-backed profits and a positive and growing return to shareholders.

Included in this report are photographs from Board and management visits to Capita operations in 2024 and employee engagement events.

Strategic report

Corporate governance

Financial statements



Improved
operating margin



Workforce
equipped for
change

Adjusted operating profit¹

£95.9m

(2023: £90.9m)



Clarity on
our value proposition

Reduction in
carbon footprint
(location-based)

35%

(2023: 37%)

Customer net
promoter score

+28pts

(2023: +16pts)



Delivering value
to customers,
employees and
shareholders

1. Capita reports results on an adjusted basis to aid understanding of business performance. Refer to alternative performance measures (APMs) on pages 234 to 237.

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+ This Annual Report, other corporate publications, our latest news and announcements, and more information about us is available on our website, www.capita.com

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CEO's review

+ Read our CEO review on pages 6 to 10

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Responsible business

+ Read more about our approach to being a responsible business on pages 34 to 67

Cautionary statement

The directors present the Annual Report for the year ended 31 December 2024, which includes the strategic report, corporate governance reports and audited accounts for the year. Pages 1 to 130 of this Annual Report comprise a report of the directors which has been drawn up and presented in accordance with English company law, and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law. Where the directors' report refers to other reports or material such as a website address, this has been done to direct the reader to other sources of Capita plc information which may be of interest. Such additional materials do not form part of this report.



Delivering solid returns

2024 was a transitional year and we have demonstrated good momentum against our strategic priorities. Our ongoing cost-reduction programme has improved the Group's margin performance and the Capita One disposal strengthened the Group's balance sheet and help fund the transformation programme.

2024 financial highlights and leading indicators

Adjusted operating margin¹

4.0%

(2023: 3.5%)



Reported operating loss margin

(0.4)%

(2023: (1.8)%)



Reported revenue

£2,421.6m

(2023: £2,814.6m)



Adjusted revenue¹

£2,369.1m

(2023: £2,575.8m)

Net cash flow from operating activities

£(25.2)m

(2023: £(40.3)m)

Adjusted basic earnings/(loss) per share²

2.11p

(2023: (0.20)p)

Free cash flow before the impact of business exits³

£(122.3)m

(2023: £(123.6)m)



Reported basic earnings/(loss) per share²

4.54p

(2023: (10.60)p)

1. Refer to APMs on pages 234 to 237.

2. Refer to note 2.7 to the consolidated financial statements.

3. Refer to note 2.9 to the consolidated financial statements.

Creating positive outcomes

We are developing a culture of empowered decision making with accountability and authority. We aim to unlock the significant social value that we create in our services to create a sustainable business that generates cash-backed profits and delivers to all stakeholders.

2024 non-financial highlights and leading indicators

[+ Read more in the responsible business section on pages 34 to 67.](#)

Employee engagement index

64%

(2023: 67%)

Customer net promoter score

+28pts

(2023: +16pts)



Diversity: gender F/M/other and did not disclose

51/48/1%

(2023: 50/49/1)



Suppliers paid within 60 days⁴

92%

(2023: 99%)

Diversity: ethnicity⁵

38/19%

(2023: 37/22%)

Total shareholder return (TSR)

(36.3)%

(2023: (9.3)%)

Employee net promoter score

-33pts

(2023: -4pts)

CO₂ emissions (location-based) Scope 1, 2 and 3 (tCO₂e)

26,315

(2023: 40,456)

Voluntary employee turnover

21.7%

(2023: 25.3%)

Reduction in carbon footprint (location-based)⁶

35%

(2023: 37%)

Reduction in carbon footprint (market-based)⁷

37%

(2023: 58%)

4. Data includes invoices paid through Capita UK companies.

5. White/ethnic minorities in the total workforce. 42% of people chose not to respond or specify.

6. Reduction in carbon footprint based on emissions per headcount from 2019 baseline. See pages 54 to 58 for more information.

7. Scope 3 for business travel only. See pages 57 and 58 for more information.

"We remain committed to delivering long-term value creation for all our stakeholders"

David Lowden, Chairman



Overview

As expected, this has been a transitional year under our new CEO, who joined the Group in January 2024. Adolfo laid out his strategic plan and priorities for the future success of the Group in June at our first Capital Markets Day for a number of years.

We acknowledge that the Group's financial performance has not been where it needs to be and, at the event, he and the wider Executive Team unveiled forward-looking strategic priorities to improve both operational delivery and financial performance, alongside introducing the strategic themes of Better Technology, Better Delivery, Better Efficiencies and Better Company.

The Group also outlined its medium-term financial targets: an adjusted operating margin¹ of 6 – 8%, up from 3.5% in 2023; positive

sustainable free cash flow¹ from 2025; and low to mid-single digit revenue growth in the medium term, alongside a number of non-financial KPIs which will be tracked over the course of this journey to monitor ongoing progress.

In May 2024, Tim Weller announced his intention to retire from Capita having joined in May 2021 and I would like to extend my heartfelt gratitude to him for his dedicated service and leadership as Chief Financial Officer during his three years of service.

In August, Pablo Andres was appointed as Chief Financial Officer of the Group and to the Board, subsequent to Pablo joining Capita as a director in July. Pablo has extensive experience including operating as a senior finance executive at Ventient Energy S.à r.l and G4S plc. Pablo is highly experienced in driving change in complex

businesses and is supporting Adolfo in the next chapter for Capita.

During 2024, we further strengthened our Executive Team with specific appointments tailored to Capita's transformational needs with Xenia Walters appointed as Chief Strategy and Transformation Officer and Sameer Vuyyuru appointed as Chief AI and Product Officer. We now have the right team in place to deliver our forward looking strategic priorities.

The Board and I appreciate the continued patience and support of our shareholders who, we are aware, have not seen positive returns through their investments. We, together with the Executive Team, are committed to delivering the Group's medium-term targets and creating long-term value for all stakeholders.

I'd like to personally thank colleagues across the organisation for their continued dedication and professionalism and I look forward to working with the team across 2025.

2024 achievements

During 2024, our Executive Team worked to deliver our strategic plan against a background of political and economic instability globally with a continuing higher inflationary environment in many of the geographies in which the Group operates.

Working with best-in-class technology leaders, we launched a number of exciting products as a result of the Group's increased focus on AI and gen AI including AgentSuite and

Total shareholder return

(36.3)%

(2023: (9.3)%)

CapitaContact, which are operational for a number of clients across the Contact Centre and Public Service businesses. We have also launched a number of internal transformation projects, which will improve the Group's process efficiency internally. These new ways of working and delivering to customers with a higher technology underpin are a critical part of its ongoing transformation and improvement journey.

We are seeing positive early signs with customer net promoter scores improving across both Public Service and Experience and the Group's KPI performance remaining robust.

In the UK, despite changes to the geopolitical backdrop, we have maintained our consistent delivery, and the Group is well aligned to the UK Government's priorities, for example delivering more efficient and effective customer service.

A key focus for the Group in 2024 was improving cost and delivery efficiency with actions taken over the course of the year which will result in £140m of annualised cost savings being delivered. These actions will be pivotal to the Group's margin improvement to its 6 – 8% medium-term adjusted operating margin¹

1. Refer to APMs on pages 234 to 237.

target and ultimately to delivering sustainable positive free cash flow’.

In December, based on the success seen in the cost reduction programme and efficiency opportunities identified from AI and gen AI products both internally and externally, the Group’s cost saving target of £160m was increased to up to £250m, to be delivered by December 2025. These additional savings provide the Board with further confidence of achieving the Group’s medium-term margin targets, and will help offset wider cost pressures, for example the increase in National Insurance in the UK which we expect to have a c.£20m gross annual cost impact to the Group when enacted from April 2025.

We recognise that 2024 was a difficult year for our colleagues, with a number of difficult decisions, such as our decision not to recommit to the UK’s real living wage in early 2024. This was reflected in the decline in the Group’s employee net promoter score, although our employee engagement was at 64%, representing only a small reduction of three points on the prior year. We have specific programmes in place across 2025, including our Group culture change programme, to seek to address the issues identified.

In September 2024, we completed the disposal of Capita One which generated c.£180m net proceeds and helped strengthen the Group’s financial position while providing funding for the ongoing transformation journey.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches maturing between 2028 and 2030 with an average interest rate across the maturities of 7.4%. The proceeds will be used to refinance the H1 2025 private placement maturities valued at £75.9m and it will also enhance the future maturity profile of the Group’s debt and will offer medium term funding to underpin the Group’s transformation strategy.

The Board and Governance

2024 was my second full year in role as Capita’s Chairman in what is an exciting time for the Group. Maintaining strong governance and overseeing the Group’s risk management is a key priority for the Board, including preparing for disclosure changes such as the Corporate Sustainability Reporting Directive in 2026 and for the disclosures of the effectiveness of the risk management and internal control framework in 2027.

In October this year we welcomed Jack Clarke to the Board as an Independent Non-Executive Director, succeeding Brian McArthur-Muscroft as Chair of the Group’s Audit and Risk Committee.

Brian McArthur-Muscroft continues in his role as Independent Non-Executive Director and member of the Group’s Audit and Risk, Remuneration and Nomination Committees, and I’d like to thank Brian for chairing the Audit and Risk Committee with such skill and diligence across his tenure.

Nneka Abulokwe continues to take a lead role in employee engagement through chairing our Board Responsible Business (RB) Committee and acting as our designated non-executive director for colleague engagement. This role is key in what we appreciate has been a difficult transitional year for our people. During 2024 the RB Committee focused on the Group’s cultural change programme, diversity and inclusion, matters related to the health, safety and wellbeing of our colleagues and achieving our net zero targets. The report of the RB Committee is provided on pages 95 to 98 of this report.

In 2025, as part of the Group’s ongoing simplification, the Board is tabling two additional resolutions to the shareholders at the April Annual General Meeting, which if approved, will cancel the entire amount standing to the credit of the Company’s share premium account and consolidate the existing ordinary shares at a ratio of 15 for 1. The first resolution is being proposed to optimise the structure of the balance sheet



and increase the Company’s distributable reserves. The Board believe that consolidation of the Company’s ordinary shares will improve marketability of its shares to investors.

Looking ahead

We continue to build upon the foundations in place to help Capita improve its operational delivery and financial performance in the medium term. In 2025, we will maintain our focus on identifying opportunities to improve efficiencies and delivery with AI and gen AI for our clients.

Our Company-wide culture change programme is a key focus for 2025 as we look to build a culture where colleagues enjoy their work, build fulfilling careers through all levels of the organisation and are proud to be part of Capita.

As a Board and wider executive and management team, we are committed to delivering to all stakeholders throughout this transformation, in particular generating returns to our shareholders who have been extremely patient over the past few years.

David Lowden, Chairman

“The Board are committed to delivering on the Group’s priorities, and ensuring our progress generates returns”

12 month voluntary employee attrition

21.7%

(2023: 25.3%)

Employee engagement index

64%

(2023: 67%)



“We have developed our strategy which will enable us to win and grow in the future”

Adolfo Hernandez, Chief Executive Officer

Overview

Since joining Capita as CEO at the start of 2024, I have spent significant time engaging with key stakeholders of the Group, including customers and colleagues across all Capita geographies. I have seen the high value that we deliver consistently to customers, the criticality of our services, and the skills and passion of our teams when it comes to delivering better outcomes on behalf of our customers. This is a great foundation to work from.

2024 has been a very busy year learning about the business, actioning many initiatives which will be key for Capita's business and financial improvement journey, and building new, strong partnerships with technology hyperscalers. This culminated in June with the launch of our new strategy, which redefines our focus to deliver

a Better Capita underpinned by our strategic themes of Better Technology, Better Delivery, Better Efficiency and Better Company.

In short, our value proposition needs to be more competitive and differentiated, through a lower cost base, automation and innovation. We are removing unnecessary costs to put us in a position to fund our profitable growth. Better Capita means becoming more efficient and spending less, digitising our offerings by having more standardised and repeatable propositions, strongly leveraging technology partnerships, being more precise in our delivery, and evolving governance and our culture.

Our first medium-term financial target is to improve the adjusted operating margin¹ of the Group to between 6% and 8%, with sustainable positive free cash flow, excluding the impact of

business exits¹, and adjusted revenue¹ growth to follow. I am therefore very pleased to report that we improved our adjusted operating margin¹ from 3.5% in 2023 to 4.0% in 2024. We expect this to increase further in 2025 as we see the positive impact from our cost reduction programme which continues to progress well.

In June we set out other medium-term financial targets to deliver: getting smaller to get stronger to then be able to deliver low to mid-single digit adjusted revenue¹ growth per annum; positive free cash flow, excluding the impact of business exits¹, from the end of 2025, with operating cash conversion of 65% to 75%; maintaining net financial debt to adjusted EBITDA (pre IFRS 16) leverage of $\leq 1x$; and, importantly, a continued reduction in lease liabilities from the Group's ongoing property rationalisation.

There is still a lot to be done in 2025, but I am pleased to say that many of the changes made during 2024 are now beginning to bear fruit. We are making good progress in taking actions which will deliver our medium-term targets, but we recognise there is more to do to improve the Group's financial performance.

One of the achievements I am most proud of in 2024 is the improvement that we saw in our customer net promoter score across all areas of the business, with the Group score improving to +28 points, up from +16 points in 2023, one of

Q&A

on Group strategy

What are your reflections on 2024?

It's been a really busy and transformative year for Capita with the launch of our new strategy in June. Colleagues across all geographies have worked effectively and swiftly to put in place the foundations to improve our financial performance. I'm personally very proud of the speed of change within the Group, particularly the re-establishing of our relationships with hyperscaler partners and solutions we've launched this year.

What are the Group's strategic priorities for 2025?

We'll be driving forward progress to deliver a Better Capita through improvements in our sales effectiveness; increasing the differentiation of our services, products and value propositions through innovation and further automation.

What are you most excited about in 2025?

I am most excited about our AI initiatives and the potential they hold for transforming both the services we deliver to our clients but also to our internal processes. The adoption of AI will enable us to deliver faster, smarter, and more efficient solutions, benefiting both our clients and our employees.

1. Refer to APMs on pages 234 to 237.

“We maintain our focus on operational delivery for clients by striving to deliver well for our clients and getting it right the first time.”

Customer net promoter score

+28pts

(2023: +16pts)

Adjusted operating margin¹

4.0%

(2023: 3.5%)

the highest scores the Group has seen in a number of years. This is a critical achievement for us given the nature of our business.

A key priority for me is to support and accelerate Capita's transformation by embedding artificial intelligence and generative (gen) AI into both our internal operations and teams and into our offerings and customer delivery processes on behalf of our customers. We are not a technology company, but we are building and leveraging our deep partnerships and solutions with technology hyperscalers such as Microsoft, AWS, ServiceNow and Salesforce to co-create solutions built around specific client needs, that we both know well and have strong leadership in, to fully leverage and complement Capita's reach, domain and sector knowledge. I'm pleased with the progress in this area to date, for example, in 2024 we developed and launched a number of products at speed that are already delivering for initial clients, and these will be rolled out to a number of clients in 2025 and will be embedded in our contract tenders moving forward.

As we look forward to 2025 and beyond, we will continue with the same areas and themes unveiled at the Capital Markets Day in 2024, such as: finding additional efficiencies; improving our sales effectiveness; increasing differentiation of our services, products and value propositions through innovation, further automation and higher quality of delivery; and continuing to build a better Capita, with and for our colleagues, after a challenging year of changes and difficult decisions.

I am increasingly confident in the progress and potential of our business improvement journey and the feedback we are receiving from our customers.

Our key strategic pillars

Better technology – partnering with hyperscalers

With gen AI driving a significant technological revolution globally, a critical part of our strategy moving forward is to enable our customers to take advantage of its possibilities, deploy it in their business processes and do it safely, ethically and supported by a national trusted partner like Capita. This will transform how we deliver complex processes at scale and will enable us to leverage our deep understanding of our customers' business processes. To accelerate this and leverage their wealth of capabilities and deep investments in AI, we are partnering with hyperscalers to extend their basic solutions with our expertise and data to deliver solutions that will improve productivity and reduce delivery costs. For example, AI is providing greater choice in servicing methods, reducing average handling times for customer calls and increasing first time resolutions in our contact centres. Partnering with hyperscalers while leveraging our process and sector knowledge is enabling us to offer best in class technology, both cost effectively and swiftly, ensuring we remain competitive in a rapidly changing market.

The adoption of AI across the Group will be the cornerstone of our operational evolution and in November we welcomed Sameer Vuyyuru to the Executive Team as Chief AI and Product Officer. Sameer's role will focus on driving product innovation and delivering scalable and repeatable products and AI solutions that deliver better outcomes for clients and Capita.

The key principle for our AI solutions is to augment and amplify humans. We are enhancing roles by removing repetitive tasks and streamlining workflows, allowing our people more time for human-centric tasks that require human empathy and judgement. We are already delivering a range of solutions across the contract portfolio, with

a number of further solutions being designed in collaboration with our hyperscaler partners. Our new technology platforms are already creating a better employment experience and greater job satisfaction as delivery teams provide a more productive and personalised experience to clients and their customers.

For example, earlier this year, following a successful design and pilot we launched the CapitaContact platform with the London Borough of Barnet in the Local Public Service part of Capita Public Service. This gen AI-powered contact centre solution leverages Amazon Connect to provide a simplified customer experience for a wide range of queries. Overall, our progress in technological and AI enablement positions Capita very well to meet our customers' evolving requirements. For example, the UK Government's priorities, as outlined in the recent budget and subsequent Blueprint for Modern Digital Government, are clearly focused on making people's lives easier, establishing firmer foundations, achieving smarter delivery and driving higher productivity and efficiency. Examples this year of our innovations in our Public Service business include the Capita Accelerate tool embedded in the Recruiting Partnering Project for the British Army, for which we have a number of potential other use cases, and our virtual wards capacity which reduces the strain on hospital beds and in-person treatment and therefore has the potential to reduce NHS waiting lists.

In the Contact Centre business, we have developed AgentSuite: a cutting-edge gen AI customer experience solution comprising two components, Agent Assist and Call Sight. These provide real-time sentiment analysis, AI generated prompts to aid call handlers and reduce post-call administration time with automatically populated call notes. In the Contact Centre business, around 50% of agents are now utilising AI and gen AI technology in their day-to-day roles.

“Delivering consistently and effectively for our customers is a key part of making a Better Capita”

Within our Pension Solutions business we are transforming user experience with the creation of our new digital pensions platform. Incorporating technology from Microsoft Dynamics and Amazon Connect it will provide an improved and fully personalised experience for the pension member. This product will become part of our core offering for all future pension administration contract tenders.

We are also standardising and centralising high-volume, low-complexity sales processing across the Group through an enabling optimised sales (EOS) project. This will result in a scalable platform, integrated with Salesforce, to drive business value and aid growth in the long term.

In addition, I am very pleased with our recent announcement in January 2025, that the Group would be one of the first companies in Europe to use Salesforce's Agentforce AI for complex business tasks. Agentforce is a sophisticated AI system that creates 'Agents' capable of performing automated tasks and engaging in user conversations. Our initial release will

introduce the Capita Career Assistant, an AI bot to aid our recruitment process, helping potential applicants find suitable jobs, and automating parts of the hiring process like matching skills, screening applications, scheduling interviews, and updating records. Through 2025, this solution will expand upstream to address additional steps in high-volume recruitment. For an organisation like Capita that hires around 10,000 colleagues each year this offers significant quality, speed, cost and candidate experience benefits. It is our intention to deliver this managed platform to customers who face similar challenges with high-volume recruitment.

We know our customers entrust us to hold, manage and process some of their most valuable and sensitive data and we are taking a responsible approach to AI to deliver leading and safe AI solutions working with trusted partners with appropriate governance as we continue to invest in our cyber security across the year. All AI adopted by Capita must adhere to our AI principles (inclusive, trustworthy, transparent, accountable, secure, governed and adaptive), which govern the secure, fair and ethical use of AI. Our principles reflect our values and incorporate worldwide recognised guidelines as well as compliance with the EU AI Act. We have further launched a gen AI oversight committee, ensuring human oversight of all critical decisions and appropriate ethics review at Executive level. We are committed to providing continuous training to colleagues across the organisation on the responsible use of AI.

Better delivery – a consistent approach

Delivering consistently and effectively for our customers is a key part of making a Better Capita. Delivering the right service the first time means a better service to the customer and reduced excess cost to us.

Across 2024, the Group maintained its KPI performance with an average performance above 90%. In areas where KPI performance was not

met during the year, we implemented specific remediation actions to ensure we meet the high standards our customers expect.

As mentioned earlier, we saw our customer net promoter score improve across all areas of the business with the Group score improving to +28 points, up from +16 points in 2023. There was a particularly strong performance in the Experience businesses which saw a 19-point improvement. Areas where clients suggested improvement included further understanding of the Group's approach to AI and digital offerings, as well as some improvements to systems and processes, which was somewhat expected and our existing plans will address. Operational highlights in 2024 included:

- In Public Service, as part of the division's contract to deliver Royal Navy training, we partnered with Metaverse VR to deliver eleven new Warship Bridge Simulators across three Royal Navy locations in the UK, more than doubling the Navy's simulator capacity;
- Also in Public Service, on the Standards and Testing Agency contract, we printed and delivered 11 million test papers to schools for SATs week, hitting every milestone on time, including the marking and delivery of 99.9% of scripts;
- In Pension Solutions, we saw the number of members engaging with pensions via digital channels increase by more than 200%, allowing more efficient communication, while reducing our costs to deliver;
- In our Contact Centre business, across our delivery centres we handled more than 32 million calls for clients in the UK, Ireland, Germany and Switzerland; and
- To support future delivery and growth in the Contact Centre business, we opened two new global delivery centres in Bulgaria and South Africa. This expansion will enable the division to meet the increasing demand for multilingual services to broaden our market opportunities.

While our contract delivery has been largely consistent across 2024, there were two specific historic contracts where we encountered delays from our original planned mobilisation dates. They both had significant impacts on 2024 revenue and profit performance but will benefit 2025.

In the Contact Centre business, certain delivery issues have led to the reduction of volumes on one particular contract. Action was taken to remediate this swiftly and we have the opportunity to regain volumes in the future.

We have made good progress with the business areas we identified within our manage for value category at our Capital Markets Day in June 2024. In September 2024 we completed the disposal of Capita One, realising net proceeds of c.£180m and in December 2024 we announced the disposal of the Group's mortgage servicing business assets, a transaction which we expect to complete in Q2 2025.

In 2024, we agreed a number of transition agreements for contracts in the closed book Life & Pensions business unit, within the Regulated Services subdivision, where we've seen continued volume reductions as expected. There is now one client remaining and we are actively engaged in discussions to resolve the challenges in this business. The subdivision continues to have a cash cost to the Group of around £20m per annum.

Better efficiencies – moving at pace

At the start of the transformation, the Group established a programme management office to deliver the company-wide transformation and associated cost efficiency savings with the transformation split into three waves: funding the journey; back to basics; and building for the future.

In March 2024 we announced targeted cost savings of £160m to be delivered by June 2025, to help deliver a medium-term adjusted operating

margin¹ of 6 – 8%. So far, we have taken actions which will deliver annualised cost savings of £140m. The majority of these savings have been achieved through efficiencies and synergies in our processes and technology, property rationalisation, and organisational changes that align with the business we need to become.

During 2024, based on the positive results from the increasing use of AI and gen AI at the heart of this transformation, we continued to identify significant cost opportunities within the Group. As announced in December 2024, this enabled us to increase our cost reduction target from £160m to up to £250m to be delivered by December 2025, with a further £55m cash cost to achieve these savings to be incurred in 2025.

A proportion of the additional targeted savings will be delivered via natural employee attrition as we further simplify the business, particularly within the Contact Centre business where, in line with peers, employee attrition has historically been higher. For example, in December 2024 attrition was 29% on a 12-month rolling basis, compared to 16% for the rest of the Group. The additional savings will be achieved through further simplification and centralisation of internal processes and are expected to help offset the gross £16m of in-year incremental employers' National Insurance Contribution (£20m on an annualised basis) in 2025.

These savings provide further confidence in the delivery of our medium-term margin target and we expect to generate positive free cash flow¹ from the end of 2025. We continue to expect a reinvestment of c.£50m of the savings across 2025, which will drive growth through technology and ensure the Group's ongoing price competitiveness moving forwards.

Better company – launching our culture change programme

This year I have spent a significant amount of time meeting colleagues across the geographies in which we operate, and I have seen first-hand the passion our colleagues have for the work they do. I am very impressed by that passion, and the skills and experience that our team bring to bear. Our colleagues, and the skills and talent they have, are a key enabler of our transformation and business improvement journey and they are highly valued by our customers.

With a major ongoing transformation programme, and many difficult decisions around pay reductions and reorganisation, this year was understandably difficult for our people. This was reflected in the Group's eNPS score which reduced by 29 points to -33 points (in particular recommending Capita as an employer to friends and family). More pleasingly we saw employee engagement, a more reflective measure during a transformation, of 64%, just a 3-point reduction on the prior year and 81% of employees feel they can be themselves at work. I am also pleased to see that the Group's rolling 12-month voluntary attrition at the end of December has reduced to 21.7% compared with 25.3% in the prior 12 months which, as previously outlined, will help deliver a proportion of our recently announced cost savings target.

Following completion of, and feedback from, our Group-wide culture survey in 2024, we have embarked on a multi-year culture improvement journey across all levels within the organisation aiming to build a culture in which everyone is united in achieving Capita's goals, while nurturing their individual career aspirations. As part of this journey, during the year we launched our leadership playbook and development programme which will help us nurture and develop talent through all levels of the organisation. This journey will be based on both local and Group

led initiatives to ensure a personalised and tailored experience for all colleagues.

In 2025, our people agenda is a key priority and we have a plan to further improve the employee value proposition.

Total contract value and growth

Across 2024, we focused on both improving the Group's cost competitiveness and on maintaining rigour around bidding processes to ensure that contracts were bid at an acceptable margin. We expected revenue reductions while we strengthened capabilities and improved margins to enable profitable growth in the future.

As a result, we saw a lower level of contract bidding activity and the Group saw its total contract value (TCV) won reduce to £1,513m from £2,952m in 2023. With the lower TCV, the Group's book to bill reduced to 0.6x from 1.1x in the prior year, with 0.7x in Public Service, 0.7x in the Contact Centre business and 0.8x in Pension Solutions.

As a first step for future growth, the Group's renewal rate across 2024 improved strongly to 92%, up from 51% in 2023, following some material losses in 2023 which were lost on price. Public Service delivered an 87% renewal rate, up from 40% in the prior year, with Experience (across its three sub-divisions) at 95%, up from 61% in 2023. The Group's high renewal rate underlines our strong client relationships and consistent delivery of high-quality solutions. Maintaining a high renewal rate, while ensuring our margin target is met, is a priority looking forward.

There is a major opportunity to increase the Group's win rate on new and expanded scopes of work, which in 2024 reduced to 18% from 69% in 2023. In addition to greater focus on rebuilding the sales pipeline and a rejuvenated suite of AI/digital solutions, as we continue to improve efficiencies as part of the Group's cost reduction programme, we will become more price competitive which together will improve the Group's win rate on new and expanded



scopes of work. Across all opportunities the win rate by value was 32% (2023: 62%), 23% in Public Service and 62% in Experience.

Significant contract wins in the year included the renewal of two European telecoms clients, one with an expanded scope, with a TCV of more than £250m TCV, a further extension on the Data Communications Company Licence with a TCV of £135m and a renewal with the Royal Mail in Pension Solutions with a TCV of more than £50m following a competitive tender. There were expansions of scope with contracts with the Royal Navy and in Local Public Service.

The total unweighted pipeline across all years, as of 31 December 2024 was £11,121m, an increase from £10,329m at 31 December 2023, despite the unsuccessful outcome on the material opportunity to deliver the Armed Forces Recruitment Programme with the Ministry of Defence in 2024, which was lost on price and a bid we priced to deliver the highest quality, without risk to our Armed Forces. We will continue to deliver the Recruiting Partnering Programme for the British Army to the contract transition date in 2027.

Within the Group, there are material opportunities across 2025 with the Department for Work and Pensions, framework opportunities with the Crown Commercial Service and a number of UK-based utility companies.

Of the total unweighted pipeline of £11,121m, more than £5bn relates to opportunities with a significantly higher technology and AI/gen AI underpin including material opportunities with the Home Office, HMRC and Transport for London.

We have seen a number of early successes so far in 2025, with the renewal of the Gas Safe Register contract with a TCV of £89m and further expansion of scope with the Royal Navy in Public Service.

The Group's order book, as measured by IFRS 15, was £4,241m at 31 December 2024, a reduction of £1,642m from £5,883m at 31 December 2023. This reduction reflected £809m order book additions, indexation and scope changes, offset by £1,838m revenue recognised and a £225m reduction from business disposals and contract terminations. In 2024, we won a number of material contracts which are framework agreements which do not meet the accounting criteria for order book recognition, and these contracts resulted in £388m being derecognised from the order book.

Financial results – revenue and operating profit

Adjusted revenue¹ declined 8.0% to £2,369.1m (2023: £2,575.8m). The decline reflected the continued impact of prior year losses including Electronic Monitoring Services and our focus on exiting lower margin services, the non-repeat of the one-off benefits from the Virgin Media O2 contract transition, and a commercial settlement within the Regulated Services subdivision in 2023. The telecommunications vertical of the Contact Centre business also saw lower volumes in 2024. This was partially offset by volume improvements in Public Service contracts including with Transport for London and the benefit from indexation.

Reported revenue declined 14.0% to £2,421.6m (2023: £2,814.6m), reflecting the above contract movements and impact of business exits including the Capita One disposal.

Adjusted operating profit¹ increased by 5.5% to £95.9m (2023: £90.9m), as the c.£90m positive impact of the cost reduction programme more than offset the revenue reduction seen across the Group, including the non-repeat of one-offs from the prior year. The Group adjusted operating margin¹ improved to 4.0% from 3.5% in 2023.

Reported operating loss was £9.9m (2023 loss: £52.0m), largely reflecting £27.9m of costs to deliver the Group's successful cost reduction programme and a £75.1m goodwill impairment recognised within the Contact Centre business.

Financial results – free cash flow¹ and net debt

Free cash flow¹ excluding business exits, was an outflow of £122.3m (2023 outflow: £123.6m), reflecting the reduction in cash generated by operations and the cash cost to deliver the ongoing cost reduction programme which was partially offset by a reduction in cash flows related to the 2023 cyber incident and pension deficit contributions.

Free cash outflow for the Group was £122.7m, (2023 outflow: £154.9m) including the inflow from businesses exited, or being exited, of £14.1m in year offset by £14.5m pension deficit contributions triggered by disposals.

Net financial debt (pre-IFRS 16) was £66.5m (2023: £182.1m) benefiting from net proceeds realised on the disposal of Capita One and Fera of £223.9m which more than offset the Group's free cash outflow across the year.

Net debt, including the impact of property leases accounted for under IFRS 16 was £415.2m (2023: £545.5m). Our IFRS 16 lease liability was £348.7m (2023: £363.4m) reducing with property rationalisation programme and monthly lease payments. The lease asset receivable related to the lease liability was £95.7m (2023: £70.3m), reflecting the successful sub-letting of property the Group is not utilising.

Outlook

As we look forward to 2025 and beyond, we will continue to focus on the same areas and themes unveiled in June's Capital Markets Day. The continued growth of AI and what it can do for organisations and the UK Government's AI plans align well with our strategy. As we continue to transform, we expect to see adjusted revenue¹ in 2025 to be broadly in line with that of 2024, with growth in Public Service and Pension Solutions, offset by revenue reductions in Contact Centre and Regulated Services, as we continue to actively exit contracts in this business.

I am increasingly confident in the progress and potential of our business improvement journey, the capabilities and engagement with our hyperscaler partners, the feedback we are receiving from our customers, all of which creates a strong foundation for 2025. Similarly, we are also focused on building a better Capita with, and for, our colleagues.

As we continue to see the benefit from our cost reduction programme we expect to see a small increase in the Group adjusted operating margin¹ overall, with good margin improvement in Public Service and Contact Centre, maintaining double digit margins in Pension Solutions, offset by a reduction in margin in Regulated Services as we exit contracts.

With the costs to achieve material cost savings heavily weighted to H1, we expect a free cash outflow before the impact of business exits¹ of between £45m – £65m, including a £55m outflow to deliver the cost reduction programme, with an improved cash conversion¹ of 55% to 65%. We expect the Group to be free cash flow positive, before the impact of business exits¹ from the end of 2025.

Reflecting the free cash outflow¹, we expect net financial debt to increase. We expect to see a reduction in the Group's IFRS 16 lease liability as we continue our property rationalisation programme and make cash lease payments.

Reasons to invest in Capita

We are at a defining moment in the evolution of technology and with our strong foundations, an impressive client list, and a talented and passionate workforce – Capita is well placed to take advantage of the opportunities that technology offers us.

Delivering on our commitments to stakeholders

A BETTER CAPITA



Strong foundations to build on – customer base, knowledge and expertise of our people



Self-sufficient strategy funded by efficiency improvements, cash generation and exiting less attractive markets



Significant **cost reduction, efficiencies and margin improvement opportunity across all businesses and especially** in contact centres



More **consistent and strategic, go-to-market** approach to double down on **'star positions'**, **improve** those with potential and **manage for value** any others



Use of **next-generation technology innovation** provides an opportunity for productivity improvements, better service and to unlock growth



We are better leveraging **partnerships with hyperscalers** to accelerate digital, data and technology transformation



Medium-term targets:

Adjusted operating margin¹
6 – 8%

Free cash flow, excluding the impact of business exits¹
to become positive from the end of 2025 onwards.
Operating cash conversion of 65% – 75%

Adjusted revenue¹
low to mid-single digit % revenue growth p.a.

Our focus is to deliver long-term value driven through the expertise of our leadership team

⁺ For more information about leading indicators on the journey to reaching our medium-term targets, please see pages 2 to 3.

1. Refer to APMs on pages 234 to 237.

Understanding a better Capita

Our vision is simple: to be the trusted partner for our customers, across both the public and private sector; and to run complex business processes more efficiently, creating better consumer experiences.

Our key inputs



Relationship with hyperscalers

We have reset our relationships with technology hyperscalers including Microsoft, AWS, Salesforce and ServiceNow to co-create AI and gen AI offerings for customers which are unlocking productivity while transforming the customer and citizen experience.



Deep sector process knowledge

We have a deep rooted understanding of our clients and government processes. This knowledge means we can drive efficiency and improve efficiency of delivery as we co-create bespoke solutions with technology hyperscalers.



Disciplined approach to corporate governance and risk management

The Group is taking a measured approach to corporate governance and risk management across its dedicated committees.

How our business works

Individual structural growth markets

Capita Public Service

Public Service provides digital transformation and business process services to the UK Government to enhance productivity and citizen experience. Our key sectors are Local Public Service, Central Government and Defence & National Preparedness.

[+ Read more on page 19](#)

Capita Experience

Experience designs, transforms, and delivers customer experiences

Contact Centre operates in the UK, Ireland, Germany and Switzerland

Pension Solutions and Regulated Services businesses operate in the UK.

[+ Read more on page 22](#)

Group governance, support services and risk management

Value created for our stakeholders

Our people

by providing an environment in which they can thrive and develop.

Investors

by delivering sustainable positive free cash flow and improving returns.

Clients and customers

by delivering efficient and effective solutions, transforming businesses and services through expertise and technology.

Suppliers and partners

by treating them fairly and working in partnership to deliver.

Society

by acting as a responsible business.

eNPS
-33pts
(2023: -4pts)

Reduction in carbon footprint (market-based)
37%
(2023: 58%)

cNPS
+28pts
(2023: +16pts)

Supplier payment compliance 2024
92%
(2023: 99%)

BETTER Technology

Our new Chief AI and Product Officer

In December 2024 we welcomed our first Chief AI and Product Officer – Sameer Vuyyuru. The creation of this new role underscores Capita's commitment to its technology and digital strategy which is a key driver of the Group's strategic transformation and vision. Sameer will focus on driving product innovation and delivering scalable and repeatable AI solutions that drive better outcomes for clients and the Group. This will include product strategies, creating comprehensive end-to-end solutions and cultivating hyperscaler and other key partner relationships.

**Contract pipeline with higher technology/gen AI underpin
£5bn**

Our relationship with hyperscalers

During 2024 we re-established our relationships with the hyperscalers, who will play a vital role in helping to leverage our AI and business improvement journey. We are now partnering with the likes of Microsoft, ServiceNow, Salesforce and AWS to co-create solutions. Around half of the £11bn opportunities we see in our sales pipeline now have a higher element of technology/gen AI underpin.

As well as understanding our own clients and their processes, a vital part of the Group's transformation will also come from embedding AI and gen AI into our own methods and processes to improve the precision of delivery and efficiency. We have also developed and launched products such as AgentSuite where we see

growing client interest and adoption, held workshops with hyperscalers which delivered partnership ideas we are now implementing and launched the AI Catalyst Lab whereby colleagues can share their knowledge and ideas where AI would best benefit the business. In addition, Salesforce are completing a comprehensive Group wide review identifying where AI can help customers.



Read more online
www.capita.com

BETTER

Delivery

Creating global delivery centres of excellence

This year the Group opened two new sites, a second office in Sofia, Bulgaria and a new delivery centre in Mutual Park, Cape Town. These expansions enable Capita to meet increased demand for multilingual customer experience services from clients across Europe and broaden its reach in the region by providing a diverse range of services and expertise. These expansions signify both our commitment to global growth and our pursuit of excellence in customer experience solutions and delivery.



Read more online
www.capita.com

Primary Care Support England

All NHS pension scheme members are required to declare their own pensionable income and ensure the correct pension contributions have been paid. Capita helps them do that by administering the forms they complete. In all, Capita receives up to 2,500 of these forms every month, so even small reductions in handling time result in savings overall.

Our new automation tool was launched in November 2024 and has resulted in a reduction of manual effort equivalent to four full time employees. In the longer term, we expect this small piece of automation to save 15 minutes handling time for each case that is matched.



Trusted public sector partner **with longstanding relationships** and satisfied clients



Deep sector and business process knowledge, built up **over 40 years**



Supporting clients to deliver **efficient, high-performing, user-friendly services**



Ability to **deliver at scale** in complex environments



BETTER

Efficiency

Capita Data & AI training academy

The Data & AI academy is part of Capita's drive to grow client satisfaction and develop a team of AI-literate specialists who can provide ethical counsel in the area. 100 colleagues from across Public Service and Experience will be able to take part in the 13-month 'AI for Business Value' apprenticeship programme delivered by Multiverse².

The partnership is the latest in a series of new initiatives by Capita to enhance its AI capability, improve its offering in the market, and upskill colleagues in the use of AI technology.

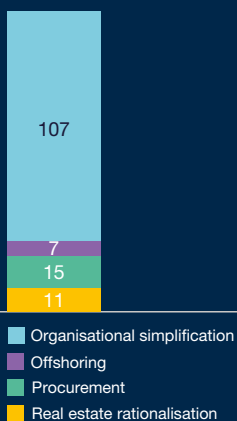
We also have a successful cost reduction programme underway which will improve the Group's operating margin in the medium term.

Adjusted operating margin performance¹

4.0%
(2023: 3.5%)

£140m

Annualised savings now actioned across a number of areas



Read more online
www.capita.com

1. Refer to APMs on pages 234-237.

2. Multiverse is a tech company that has trained more than 16,000 apprentices in data and digital skills since 2016



BETTER Company

Rallying and resetting company culture & launch of our leadership playbook

We are developing a winning culture to focus on our people and connect our strategy, purpose and vision. This year we engaged with our people, at all levels across the organisation, to design our future culture blueprint.

We also launched our leadership playbook which outlines the principles, practices, expectations, and behaviours that define effective leadership within the Company. It is designed around four cornerstones: being accountable, building trusted relationships, learning and curiosity, and driving a winning mindset. The playbook encourages leaders to engage in thought leadership conversations, reflect on their actions, and align individual efforts with

organisational goals. It serves as a roadmap to help leaders lead with heart, head, and hands, contributing to a culture of trust and continuous learning.

Internal mobility

21%
(2023: 8%)

Capita's leadership cornerstones:



Read more online
www.capita.com



Accelerated transformation The adoption of AI

The market

Across Capita Public Service and our core Contact Centre and Pension Solutions businesses within Capita Experience, we operate in substantial markets. There is more than £50bn of addressable market opportunity annually.

This market is likely going to grow as, increasingly, more of our clients will need help as they seek to solve their complex challenges through the application of technology. This ranges from more basic automation, better analytics and insights all the way to the deployment of gen AI.

According to a McKinsey survey, c.70% of companies have already launched at least one at-scale gen AI powered solution¹.

Market size

>£50bn

(2023: £40bn)

c.70%

of companies have already launched at least one at-scale gen AI powered solution¹

We believe that:

- Governments and businesses will need more support to leverage these technologies in their business processes and with expertise to run those processes. They want to take advantage of these technology advancements, but they don't have the skills, capacity or time to do that.
- We can enable faster services for our customers around information analysis, retrieval and customer service. Historically, these services were delivered on top of complex organisations, were very costly and took a lot of time. This is now semi-immediate.
- As in the McKinsey study, our customers are starting to experiment in individual processes to validate and then deploy at scale.
- There is opportunity for Capita to capture value of human expertise and deploy it everywhere to assist colleagues.
- These technologies will change the economics beyond 'just labour arbitrage' to 'people and productivity' and be more efficient.

These challenges represent a huge opportunity that technology can offer to companies like Capita.

BPS market evolution 2024-2026



- 1 Empowering clients through responsible applied AI** – leverage deep industry expertise and decades of trust to apply AI responsibly



- 3 Partnering for innovation** – leverage leading hyperscalers and technology partners, ensuring Capita remains an agile leader



- 5 Becoming the best implementor of human-in-the-loop AI** – balance AI with human expertise to maximise impact, ensuring trust and accountability



- 2 Driving operational excellence at scale** – transform traditional BPO model by integrating AI-driven automation, delivering measurable value to clients



- 4 Leading the shift to 'service-as-software'** – redefine service delivery by applying AI to streamline ops and creating scalable and intelligent solutions



- 6 Building a scalable AI-driven future** – develop a seamless AI onboarding platform and drive long-term, scalable transformation

CAPITA MOVING AT SPEED

1. McKinsey Enterprise CXO Survey: Impact of GenAI for Technology Services Providers

Creating positive outcomes

We are prioritising the business sectors in our Public Service, Contact Centre and Pension Solutions divisions where we have strong expertise and see material opportunities in the future.

A BETTER CAPITA

Our purpose to create better outcomes

Our strategic priorities



Better Technology

+ For more see page 13



Better Delivery

+ For more see page 14



Better Efficiency

+ For more see page 15



Better Company

+ For more see page 16

Built on our foundational enablers

Scale and leadership position in key markets

Strong credential dealing with complex solutions

Talented and passionate colleagues

Hyperscalers and technology partnerships

Human + AI-automation: data analytics and gen AI

Strong culture and transformation governance

Delivered through our two divisions

Capita Public Service

+ For more see page 19

Capita Experience

Contact Centre | Pension Solutions | Regulated Services

+ For more see page 22

Delivering on our medium-term ambitions

Better efficiencies

Improving adjusted operating margin¹ to **6 – 8%**

Improve free cash flow¹

65 – 70% operating cash conversion¹

Grow the business

Low to mid-single digit % sustainable adjusted revenue¹ growth

Underpinned by Group governance, support services and risk management

1. Refer to APMs on pages 234 to 237.

Capita Public Service

Public Service is the number one² strategic supplier of Software and IT Services (SITS) and business process services (BPS) to the UK Government.

Financial performance

Divisional financial summary

	2024	2023	Change %
Adjusted revenue ¹ (£m)	1,387.2	1,399.9	(0.9)
Adjusted operating profit ¹ (£m)	89.1	69.6	28.0
Adjusted operating margin ¹ (%)	6.4	5.0	
Adjusted EBITDA ¹ (£m)	125.6	111.4	12.7
Operating cash flow excluding business exits ¹ (£m)	92.1	88.5	4.1
Order book (£m)	2,923.4	3,546.0	(17.6)
Total contract value secured (£m)	928.7	1,840.1	(49.5)

1. Refer to APMs on pages 234 to 237.

2024 overview

Business units

- Local Public Service
- Central Government
- Defence & National Preparedness (including Learning)

Employees

- 10,400

Client distribution

- UK

Competitors

- Atos
- G4S
- Sopra Steria
- CGI
- Tata Consultancy Services (TCS)
- Cognizant
- Accenture
- Serco
- Maximus

Major contract wins and renewals

- A two-year extension to the Data Communications Company (DCC) Licence with a TCV value up to £135m
- Further expansion worth £80m over three years on our contract delivering Royal Navy training
- A three-year extension worth £20m to deliver council tax, revenues and benefits and business rates customer management for Westminster City Council building on a 29-year partnership

Adjusted revenue¹

£1,387.2m

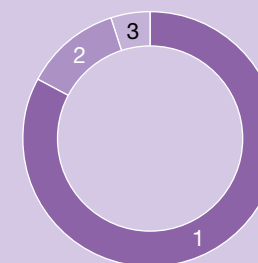
(2023: £1,399.9m)

Adjusted operating profit¹

£89.1m

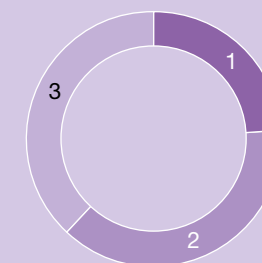
(2023: £69.6m)

Adjusted revenue by type¹



1. Long-term contractual **83%**
 2. Short-term contractual **12%**
 3. Transactional **5%**

Revenue by market



1. Local Public Service **24%**
 2. Central Government **38%**
 3. Defence & National Preparedness (including Learning) **38%**

Better delivery

Delivering four of the five UK Government missions

We believe that our unique ability to bring people, processes, and technology together will be a key enabler in helping the new administration deliver its milestones that align to the missions on the screen.

Government mission	Capita capability
 Kickstart economic growth	– Royal Navy training* – Local Public Service transformation – Work Capability assessment
 Clean energy	– Managing the delivery of the UK's smart meter communications platform* – Local Public Service decarbonisation – Delivery of London's ultra low emission zone*
 Break down barriers to opportunity	– Delivery of Entrust – Flexible learning – Disabled Students Allowance*
 Building an NHS fit for purpose	– Delivery of Primary Care Support England – Virtual care capability* – Procurement Transformation with NHS England*

* Higher technology and AI underpin

“We are focused on working with trusted technology partners”

Markets and growth drivers

Public Service is the number one strategic supplier of Software and IT Services² (SITS) and business process services² (BPS) to the UK Government.

The division is structured around three market verticals: Local Public Service; Defence & National Preparedness (including Learning); and Central Government, delivering to their respective client groups.

Following a review of the industries served by Public Service, the division's core addressable market size is c.£25bn², growing at approximately 4%² per annum. Digital BPS continues to be an area of fast growth, with traditional business process outsourcing currently shrinking. This trend is expected to continue, reflecting the UK Government's recent announcement on the use of AI in government processes to ensure delivery of high-quality, cost-effective services to its citizens.

Public Service operates in highly fragmented markets with a variety of services offered. Competitors within the market include but are not limited to: Atos, G4S, Sopra Steria, CGI, Tata Consulting Services, Serco, Accenture and Maximus.

Strategy and better technology

The division has identified four key propositions that offer substantial sales potential across the

2. TechMarketView.

public sector client groups in the UK, through enhanced repeatability and cost-efficient delivery, particularly in the areas of modern, technology-enabled business process outsourcing and National Preparedness. These are Digital Business Services; Citizen Experience; Workforce Development; and Place.

Looking ahead, there is a significant opportunity to drive productivity and efficiency in line with the UK Government's strategy of integrating AI into public services. We are working with technology hyperscalers to co-create solutions based on our public sector process knowledge, blending together offerings which are both technology and people driven.

The division is focused on building standardised repeatable propositions, leveraging the scale of our hyperscaler partners while using our sector specific domain knowledge and expertise. This will in turn reduce cost to serve and improve market impact. We have a number of AI and gen AI products embedded in clients across the division, including the use of CapitaContact and Capita Accelerate, a natural language processing tool that we are using to analyse candidates' medical records to allow a faster processing time.

Our two client advisory boards, covering all sectors in which the division operates, continue to help us enhance customer centricity, improve strategic decision making, aid innovation and strengthen client relationships. We will continue to build on their use in 2025.

Operational performance and better delivery

Across the year, the division's average KPI performance was consistent at 94%. The division's standalone cNPS (customer satisfaction) performance was +28 points with specific positive feedback around account management and sector experience. An area of improvement was digital innovation and transformation, which will be a key area of focus for 2025 as we look to embed technology more consistently across the division.

The division saw a £15m cash overspend associated with the delayed mobilisation of two contracts over the year, which also impacted revenue growth. One of these contracts went live at the end of 2024.

Operational highlights across the year included:

- On the Standards and Testing Agency contract, we printed and delivered 11 million test papers to schools for SATs week hitting every milestone on time, including the marking and delivery of 99.9% of scripts;
- On the division's contract to deliver Royal Navy training, we partnered with Metaverse VR, to deliver eleven new Warship Bridge Simulators across three Royal Navy locations in the UK, more than doubling the Navy's simulator capacity; and
- Our British Army Recruitment Site won best 'Recruiting Website' at the RAD Awards with the site generating a 100% increase in registration conversion.

Our consistent delivery has been a key factor in expanding existing scopes with clients such as Transport for London and the Royal Navy. Looking to our long-term growth ambitions, we are exploring expansion into international markets using our existing infrastructure. We believe we can increase the division's addressable market and accelerate growth, particularly in the Defence & National Preparedness (including learning) vertical.

Growth performance

In 2024, Public Service won TCV of £928.7m down 49.5% from that won in 2023. The decline was in part driven by lower levels of contract activity during a year of political transition, and the benefit in 2023 from contract award dates moving from 2022 into 2023.

We saw a further extension on the Data Communications Company Licence with a TCV of £135m and expansions with the Royal Navy and in Local Public Service. The division's book to bill ratio was 0.7x.

The total unweighted pipeline for Public Service at 31 December 2024 was £8,149m, an increase from £7,474m despite our unsuccessful armed forces recruitment bid, which we lost on price. The year end weighted pipeline stood at £1,206m, broadly similar to that in 2023 of £1,247m.

The divisional order book at 31 December 2024 was £2,923.4m, a decrease from £3,546.0m in the prior year, reflecting the revenue recognised in the period which more than offset wins in the period.

Financial performance

Adjusted revenue¹ decreased by 0.9% to £1,387.2m reflecting the cessation in previous years of contracts in Local Public Service and Central Government. Revenue growth was impacted by a more disciplined approach to bidding and the delayed mobilisation of two contracts in the division. These offset additional volumes in our Transport for London contract and the benefit from indexation.

Adjusted operating profit¹ increased 28.0% to £89.1m, delivering an adjusted operating margin¹ of 6.4%, as the division saw the positive benefit of the Group's cost-reduction programme which offset the impact of contract losses and the £15m profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract.

Operating cash flow excluding business exits¹ increased 4.1% to £92.1m with operating cash conversion of 73.3% (2023: 79.4%) impacted by the delayed contract mobilisation and more sustainable approach to working capital management.

Outlook

For 2025, we expect the division to deliver low to mid-single digit revenue growth driven by the annualised benefit of new contracts, with growth expected across all Public Service verticals in 2025.

We expect a modest improvement in adjusted operating margin¹ driven by revenue growth and continued benefit from the cost reduction programme.

Customer net promoter score

+28pts
(2023: +27pts)

Total contract value secured

£928.7m
(2023: £1,840.1m)

Order book

£2,923.4m
(2023: £3,546.0m)

“Our consistent delivery has been a key factor in expanding existing scopes with clients such as Transport for London and the Royal Navy”

Capita Experience

Following a review of the Group's offerings, Experience will now report under three segments, reflecting the different market sectors and end product offerings of its component parts: 1. Contact Centre; 2. Pension Solutions; and 3. Regulated Services, which includes closed book Life & Pensions.

Financial performance:

1. Contact Centre

Divisional financial summary	2024	2023	Change %
Adjusted revenue ¹ (£m)	650.9	797.6	(18.4)
Adjusted operating profit ¹ (£m)	(5.9)	(4.0)	(47.5)
Adjusted operating margin ¹ (%)	(0.9)	(0.5)	
Adjusted EBITDA ¹ (£m)	34.3	44.0	(22.0)
Operating cash flow excluding business exits ¹ (£m)	0.1	20.9	(99.5)

2. Pension Solutions

Divisional financial summary	2024	2023	Change %
Adjusted revenue ¹ (£m)	179.0	170.3	5.1
Adjusted operating profit ¹ (£m)	28.1	25.9	8.5
Adjusted operating margin ¹ (%)	15.7	15.2	
Adjusted EBITDA ¹ (£m)	34.1	31.2	9.3
Operating cash flow excluding business exits ¹ (£m)	33.3	21.9	52.1

3. Regulated Services

Divisional financial summary	2024	2023	Change %
Adjusted revenue ¹ (£m)	152.0	208.0	(26.9)
Adjusted operating profit ¹ (£m)	12.6	33.1	(61.9)
Adjusted operating margin ¹ (%)	8.3	15.9	
Adjusted EBITDA ¹ (£m)	18.4	39.9	(53.9)
Operating cash flow excluding business exits ¹ (£m)	(13.7)	(5.7)	(140.4)

1. Refer to APMs on pages 234 to 237.

2024 overview

Business units

- Contact Centre: Financial Services; Telecoms, Media & Technology; Energy & Utilities; and Retail (including charities)
- Pension Solutions
- Regulated Services

Employees

- 20,000

Client Distribution

- UK
- Ireland
- Germany
- Switzerland

Competitors

- Atento
- Teleperformance
- Accenture
- Concentrix & Webhelp
- Foundever
- TTEC
- Tech Mahindra
- Firstsource
- Tata Consultancy Services
- In-sourced

Major contract wins and renewals

- A deal worth up to £220m with a European telecoms provider in the Contact Centre business, with £55m of additional scope and a £165m renewal from 2027 to 2030
- Within Pension Solutions a contract worth £53m from 2026, with Royal Mail Statutory Pension Scheme, with an option to extend for a further two years
- A contract renewal with Tesco Mobile worth £30m running to 2027, building on our eight year partnership

Adjusted revenue¹

£981.9m

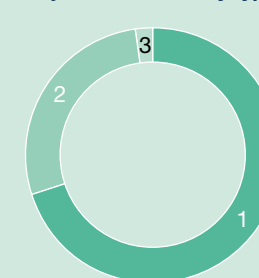
(2023: £1,175.9m)

Adjusted operating profit¹

£34.8m

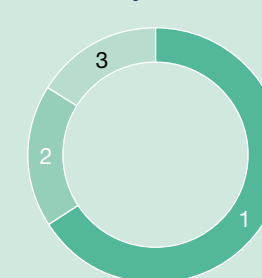
(2023: £55.0m)

Adjusted revenue by type¹



1. Long-term contractual
2. Short-term contractual
3. Transactional

Revenue by market



1. Contact Centre
2. Pension Solutions
3. Regulated Services

Following a review of the Group's offerings, Capita Experience will now report under three segments, reflecting the different market sectors and end product offerings of its component parts: 1. Contact Centre; 2. Pension Solutions; and 3. Regulated Services, which includes closed book Life & Pensions.

1. Contact Centre

Markets and growth drivers

Contact Centre is one of Europe's leading customer experience businesses with a top three market share across EMEA, managing millions of interactions, with customers in the UK, Ireland, Germany and Switzerland and services delivered across these geographies and also in India, South Africa, Poland and Bulgaria.

The division is structured around the market sectors it serves: Financial Services; Telecoms, Media & Technology; Energy & Utilities; and Retail. The European customer experience market is worth £33bn² with the market expected to grow at 4%² per annum.

Our competitors are mostly global and include entities such as Teleperformance, Concentrix & Webhelp, Tata Consulting Services and Foundever.

The customer experience landscape is evolving at pace driven by changing technology and shifting consumer expectations. Customers demand an omnichannel experience, multilingual support, and a flexible service model spanning onshore, nearshore, and offshore operations.

Strategy and better technology

Contact Centre is a customer experience business driven by data and technology powered by people, operating as a leading regional player with global quality standards.

This year, it launched nine customer service bundles including areas such as retail and collections, offering repeatable, modular and scalable solutions that can be easily tailored to markets needs and requirements, while providing quicker market entry. Since the launch, we have seen an increase in demand, particularly in the retail market, which has driven an increase in pipeline origination since the launch.

A key tool launched for the Contact Centre business in 2024 was AgentSuite, combining two elements of Agent Assist and Call Sight which provide real time sentiment analysis, AI generated prompts to aid call handlers and reduce post call administration time with call notes automatically populated. This tool will be used for the majority of our clients in the future, and we have seen significant productivity benefits from the early adopters of this technology.

We also launched Sanas, a noise cancellation and harmonisation technology which allows for clearer communication during traditional voice calls, improving agent confidence and customer satisfaction.

At the end of the year, around 50% of agents within the Contact Centre business were using our AI and gen AI solutions with significant further rollout to clients underway for 2025.

At the start of 2025, the Contact Centre business announced a partnership with GetVocal AI to drive further improvements in customer experience for clients. GetVocal AI provides virtual agents that will handle a range of customer interactions, with the oversight of experienced Capita agents who are ready to step in for complex queries, vulnerable customers or escalation.

With a 2024 operating loss of £5.9m, there is a significant opportunity for Contact Centre to improve its margins to be in line with those of its peers. The division is implementing a significant reorganisation, including layering internal management structures and a digitisation plan to reduce costs.

A key element of the division's reorganisation is increasing the use of offshore and nearshore service delivery to meet client needs. In 2024 we opened two new global delivery centres in Bulgaria and South Africa. This expansion enabled the division to meet the increasing demand for multilingual services and will broaden our market opportunities going forward. The Contact Centre business also increased its offshoring use from 45% to 60% in the operational support function, which is closely aligned to peer benchmarks.

“Contact Centre, is one of Europe's leading customer experience businesses, managing millions of interactions”

Customer net promoter score – Contact Centre

+38pts

(2023: +19pts)

Total contract value secured – Contact Centre

£432.1m

(2023: £746.5m)

Order book – Contact Centre

£644.6m

(2023: £1,399.6m)

2. NelsonHall.

“we are well positioned to drive even greater value for our clients and their customers”

Operational performance and better delivery

Across the year, the division's average in-month KPI performance was consistent with 2023 at 93%. The division's standalone cNPS performance was +38 points an improvement of 19 points from the prior year, with positive client feedback received on the division's account management and transparency of teams communication. Whilst delivery and client sentiment has remained strong across the majority of the portfolio, certain delivery issues have led to the reduction of volumes on one particular contract. Action was taken to remediate this swiftly and we have the opportunity to regain volumes in the future.

Operational highlights for the year include:

- To support future delivery, we opened two new global delivery centres in Bulgaria and South Africa;
- We were awarded Best Network Customer Service for our work with Tesco Mobile;
- We handled more than 32 million calls for clients in the UK, Ireland, Germany and Switzerland;
- During peak season in South Africa our teams managed 3.2 million customer contacts; and
- Our teams won a number of awards across 2024 including Accomplished Leader and Emerging Leader at the CGA Global Women in Leadership Awards. We have also been nominated for awards such as Employee Engagement at the UK Customer Satisfaction Awards.

These achievements underscore our focus on operational excellence, scalability, and the delivery of quality customer experiences. As we continue to expand our global footprint and enhance our capabilities, we are well positioned to drive even greater value for our clients and their customers.

Growth performance

In 2024, Contact Centre won contracts with a value of £432.1m down from £746.5m in the prior year, as we saw a reduction in bid activity across the year. Material wins included two renewals with major European telecoms clients, one with an expanded scope, with a combined TCV of more than £250m and with Tesco Mobile in the UK. The division's book to bill was 0.7x. There has been a strong start to 2025 with renewals across all geographies we operate in.

At 31 December 2024, the division's unweighted pipeline was £2,243m, a decrease from £2,538m at the same point in 2023. The weighted pipeline was £295m, down from £429m in 2023. Increasing the divisional pipeline is a key area of focus in the medium term.

The order book at 31 December 2024 was £644.6m, a decrease from £1,399.6m from 31 December 2023 reflecting the revenue recognised in 2024 and the fact that the material contracts secured in 2024 are framework agreements that do not meet the IFRS 15 accounting criteria for order book recognition.

Financial performance

Adjusted revenue¹ decreased 18.4% to £650.9m reflecting a number of prior year losses and the non-repeat of the one-off benefit from the Virgin Media O2 contract transition in 2023. The division also saw lower volumes in the Telecommunications vertical which are expected to remain subdued in 2025.

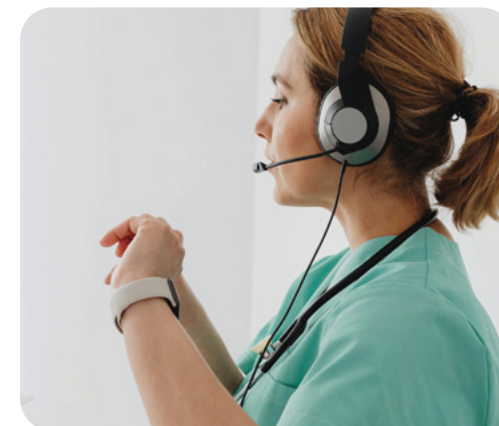
Adjusted operating loss¹ increased 47.5% to £5.9m as the successful cost savings and reduced overheads did not offset the prior year impact of the one-off benefit from the Virgin Media O2 contract transition and lower volumes in the Telecommunications vertical.

Operating cash flow excluding business exits¹ decreased 99.5% to £0.1m reflecting the decline in EBITDA and the benefit from payment phasing on the Virgin Media O2 contract in 2023.

Outlook

We expect a high single-digit revenue reduction in the Contact Centre business in 2025, reflecting previously announced contract losses and subdued volumes within the telecommunications vertical.

We expect a full year margin improvement as the division benefits from continued cost savings.



2. Pension Solutions

Markets and growth drivers

Pension Solutions is our pension administration and consulting business, with a focus on defined benefit schemes. It administers over 400 public and private pension schemes based in the UK in a market worth £3.6bn² and with a projected £1bn of total contract value expected to come to market in the next three years.

A key pensions industry trend is the increased member demand for a seamless user experience with tailored offerings from increased automation and self-service options around customer needs for a 24/7 service offering and Pension Solutions is well positioned to benefit from this.

Pension Solutions also provides consulting, actuarial and data services to its clients via its 500 expert pension consultants, which accounts for around a third of its revenue.

Strategy and better technology

Pension Solutions has a roadmap to further improve and digitise operations with the launch of Capita Digital Pension Solutions which we expect to go live later in 2025. This tool, which utilises Capita Pension's existing infrastructure and Microsoft Dynamics, uses data to provide a hyper-personalised member experience. We are also piloting a number of AI based solutions to provide efficiencies and speed up member experience.

This is a step change in our service offering and will help the division to expand into adjacent segments. Changes in legislation will provide future opportunities to expand our share in the UK market.

Operational performance and better delivery

The KPI performance for Pension Solutions was 94% (2023: 86%). We saw further improvements in the division's cNPS with a 25 point improvement to -3 points.

2. External market research including ONS, House of Commons Library and Pensions Policy Institute.

This year Pension Solutions continued to increase its reach, completing 4.5 million transactions for members and 39 successful scheme implementations onto the Pension Solutions Hartlink digital platform and infrastructure.

Our digital pensions tool is already modernising how pensions are managed. In 2024 we saw the number of members engaging with pensions via digital channels increase by more than 200%, and in 2025 we will be transitioning all clients to paperless communications which we expect to allow for more efficient communication, while reducing our costs to deliver.

Growth performance

In 2024, Pension Solutions secured contracts with a TCV of £144.9m, down 55.8% from 2023, reflecting the material Civil Service Pension Scheme win in 2023. The book to bill for the division was 0.8x. In 2024, we saw contract success with the renewal of the Royal Mail Pension Scheme with a TCV of £53m.

The total unweighted pipeline for the Pension Solutions business at 31 December 2024 was £689m an increase from £231m in 2023, reflecting our focus on pipeline replenishment and increased tender opportunities.

The order book at 31 December 2024 was £441.3m, a small decrease from £461.8m at 31 December 2023, reflecting the revenue recognised in 2024 which was not offset by wins in 2024.

Financial performance

Adjusted revenue¹ increased 5.1% to £179.0m reflecting volume increases across a number of clients including the Pension Insurance Corporation (PIC) contract and the benefit from indexation.

Adjusted operating profit¹ increased by 8.5% to £28.1m reflecting revenue growth and benefit from the cost reduction programme. The division delivered an adjusted operating margin¹ of 15.7% (2023: 15.2%).

Operating cash flow excluding business exits¹ increased 52.1% to £33.3m, driven by improved billing cycles.

Outlook

In 2025, we expect to see mid-single digit revenue growth across Pension Solutions driven by growth with existing clients, and the margin for the division stable.

3. Regulated Services

Regulated Services includes a number of 'manage for value' businesses where we are exploring exits. The largest of these, is the closed book Life & Pensions business, for which we are making good progress exiting this business, with one client remaining and transition agreements for all other clients.

As expected, we have seen continued volume attrition within the closed book Life & Pensions business, although our delivery remains strong with KPI performance across 2024 of 98%. This year we agreed the hand back conditions for a number of clients, which will be transitioned over the coming years, and we expect to see a reduction in revenue as these are transitioned. We now have one remaining client and are actively engaged in discussion to resolve the challenges in this area. The division is forecast to have a cash cost to the Group of around £20m per annum in future years.

Financial performance

Adjusted revenue¹ decreased 26.9% to £152.0m reflecting the non-repeat of the commercial settlement in the prior year, the impact of contract exits, and volume reductions as expected.

“Our digital pensions tool is already modernising how pensions are managed”



Adjusted operating profit¹ decreased 61.9% to £12.6m reflecting the non-repeat of the £24m commercial settlement in the prior year.

Operating cash outflow excluding business exits¹ increased 140.4% to an outflow of £13.7m driven by the non-repeat of one-offs in the prior year, including a receipt on a contract termination.

Outlook

As noted, this is an area where we are actively exploring exits, therefore we expect to see a continued revenue and profit decline as we hand back and transition contracts in this area.

Delivery achievements in 2024

Capita supports customers across the public and private sector to run a wide variety of complex business processes more efficiently.

Helped facilitate

£1.2bn

London underground journeys



11 new warship bridge simulations delivered, providing

highly realistic training

to the Royal Navy

Created a transformation plan, team and appointed advisor

Recorded, indexed and stored

450k

medical records

Answered more than

325k

calls for the RSPCA helping to protect animals in need

Handled more than

32 million

calls for customers in Capita Experience

Collected

£5bn

revenue for local councils and processed £1bn housing benefit and council tax relief

Collected more than

£3.8bn

in licence fees

Printed and delivered

11 million

test papers and associated material to schools for SATs week

Expanded operations

in Bulgaria and Poland improving our multilingual capabilities

Capita Experience recognised as a

thought leader

with Everest

Accelerated development

of automation and gen AI solutions

Met investors and advisors to

understand market sentiment and expectations

Gathered and operationalised

customer feedback

Driving efficiency and innovation



“In December, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and the opportunity to use AI and gen AI, we increased the cost reduction target further to £250m.”

Pablo Andres, Chief Financial Officer

Adjusted operating margin

4.0%

(2023: 3.5%)

Overview

Adjusted revenue¹ decline of 8.0% reflects the impact of contract losses in prior years, the cessation of lower margin service lines, and the reduction in volumes in the Contact Centre telecommunications vertical.

Public Service revenue reduction reflects the continued impact of previously announced contract losses, delayed mobilisations of two contracts won in 2023, the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control

Financial highlights

	Reported results			Adjusted ¹ results		
	31 December 2024	31 December 2023	Reported YoY change	31 December 2024	31 December 2023	Adjusted ¹ YoY change
Revenue	£2,421.6m	£2,814.6m	(14.0)%	£2,369.1m	£2,575.8m	(8.0)%
Operating (loss)/profit	£(9.9)m	£(52.0)m	81.0%	£95.9m	£90.9m	5.5%
Operating margin	(0.4)%	(1.8)%	140bps	4.0%	3.5%	50bps
EBITDA	£166.2m	£144.5m	15.0%	£186.1m	£196.5m	(5.3)%
Profit/(loss) before tax	£116.6m	£(106.6)m	n/a	£50.0m	£40.9m	22.2%
Basic earnings/(loss) per share	4.54p	(10.60)p	n/a	2.11p	(0.20)p	n/a
Operating cash flow*	£86.3m	£81.2m	6.3%	£72.0m	£82.7m	(12.9)%
Free cash flow*	£(122.7)m	£(154.9)m	20.8%	£(122.3)m	£(123.6)m	1.1%
Net debt	£(415.2)m	£(545.5)m	£130.3m	£(415.2)m	£(545.5)m	£130.3m
Net financial debt (pre-IFRS 16)	£(66.5)m	£(182.1)m	£115.6m	£(66.5)m	£(182.1)m	£115.6m

* Adjusted operating cash flow and free cash flow exclude the impact of business exits (refer to note 2.9).

determination on the Smart DCC contract, and a more focused approach to bidding which impacted current year revenue and profit. These factors offset additional volumes in our contract with Transport for London, and the benefit from indexation.

In Experience, the revenue reduction in the Contact Centre business reflects the one-off benefit from the Virgin Media O2 contract transition in 2023, the impact of prior year contract losses, and lower volumes in the telecommunications vertical. The revenue growth in the Pension Solutions business reflects volume increases across a number of clients, including the Pension Insurance Corporation contract, and the benefit from indexation. The revenue reduction in the Regulated Services business reflects the one-off benefit from the prior year

commercial settlement, and progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pensions business.

The 5.5% step-up in adjusted operating profit¹ reflected the benefit from the ongoing cost reduction programme, more than offsetting the impact of the revenue trends noted above and the non repeat of one-offs from the prior year.

Adjusted basic earnings per share¹ increased to 2.11p (2023: loss per share 0.20p) reflecting the increase in adjusted operating profit¹, reduction in the net finance costs excluded from adjusted profit, and the adjusted current tax charge of £10.3m compared to the adjusted tax charge of £47.4m in the prior year. The adjusted tax charge in 2024 reflects the changes in the accounting estimate of recognised deferred tax assets, and

1. Refer to APMs on pages 234 to 237.

a lower current income tax charge reflecting fewer current year losses carried forward.

The decline in reported revenue of 14.0% reflects the reduction in adjusted revenue¹ noted above, and the impact of businesses exited during 2024 and 2023.

The reported operating loss of £9.9m (2023: loss £52.0m), reflects the improvement in adjusted operating profit¹ detailed above, and lower costs incurred in resolving the March 2023 cyber incident (2024: £1.0m; 2023: £25.3m) and to deliver the significant cost reduction programme that commenced in the second half of 2023 (2024: £27.9m; 2023: £54.4m), offset by the increased goodwill impairment charge (2024: £75.1m; 2023: £42.2m).

The reported profit before tax of £116.6m (2023: loss £106.6m), reflects the improvement in reported operating profit detailed above, the gain from business exits in the year of £170.9m (2023: loss £23.2m) and reduced net finance costs of £46.3m (2023: £52.2m).

The increase from a reported basic loss per share to a reported basic earnings per share reflects the swing to a reported profit before tax noted above, compounded by the reduction in the reported income tax charge. The reduction in the reported income tax charge reflects the reduction in the adjusted tax charge noted above, and a smaller change in the accounting estimate of recognised deferred tax assets.

Cash generated from operations excluding business exits¹ decreased, as expected, from £26.5m to £16.2m, driven by the impact of mobilisation delays, a more sustainable approach to working capital, and an increase in cash costs to deliver the cost reduction programme, partly offset by a reduction in the direct cash cost of the 2023 cyber incident and pension deficit contributions.

Free cash flow excluding business exits¹ in the year ended 31 December 2024 was an outflow of £122.3m (2023: outflow £123.6m). This reflects the reduction in cash generated from operations, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

The improvement in free cash flow¹ reflects the above reduction in free cash outflow excluding business exits, and a reduction in pension deficit contributions triggered by disposals, partly offset by the inflow from those businesses being exited.

In January 2024, we completed the disposal of the of the Group's 75% shareholding in Fera Science Limited (Fera), realising gross proceeds of £62m. The Group received net cash proceeds of c.£50m reflecting the total proceeds less cash held in the entity when the disposal completed on 17 January 2024, and disposal costs. This was the final disposal of the c.£500m Board-approved Portfolio programme which was launched in 2021.

In June 2024, we held a Capital Markets Day outlining the Group's strategic themes and prioritised business sectors going forward. During the event, some areas of the Group were identified as being "managed for value", and we outlined the options being pursued, including exploring potential exits. Standalone software activities were identified as part of the Group's activities that are being "managed for value", and on 9 July 2024, we announced we had agreed the sale of Capita One, a standalone software business. The Group received net cash proceeds of c.£180m reflecting total proceeds less cash held in the entity when the disposal completed on 4 September 2024. The net cash proceeds provide the Group with additional resources to strengthen its financial position and further reduce indebtedness, as well as funding for its transformation journey.

In November 2023, we announced the implementation of a cost reduction programme expected to deliver annualised efficiencies of £60m from Q1 2024. In March 2024, we announced that we had identified additional cost saving opportunities expected to deliver an additional £100m of annualised cost savings by mid-2025. In December 2024, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and increased confidence in the level of efficiencies that can be delivered, the cost reduction target increased from £160m to up to £250m by the end of 2025. We anticipate reinvesting around £50m of the total savings back into the business to enhance the Group's technology, service delivery and pricing proposition.

Liquidity as at 31 December 2024 was £397.2m, made up of £250.0m of undrawn revolving credit facility (RCF) and £147.2m of unrestricted cash and cash equivalents net of overdrafts. In June 2023, we extended the maturity of the RCF to 31 December 2026 and the RCF of £250.0m was not drawn upon at 31 December 2024 (2023: undrawn).

Net financial debt (pre-IFRS 16) decreased by £115.6m to £66.5m at 31 December 2024, resulting in a net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) ratio of 0.5x, as a result of the benefit from the disposal proceeds from Capita One and Fera. This is in line with the Group's medium term target ratio of ≤1.0x.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches maturing between 2028 and 2030 with an average interest rate across the maturities of 7.4%. The proceeds will be used to refinance the H1 2025 private placement maturities valued at £75.9m and it will also enhance the future maturity profile of the Group's debt and will offer medium term funding to underpin the Group's transformation strategy.



1. Refer to APMs on pages 234 to 237.

Summary of financial performance

Adjusted results

Capita reports results on an adjusted basis to aid understanding of business performance. The Board has adopted a policy of disclosing separately those items that it considers are outside the underlying operating results for the particular period under review and against which the Group's performance is assessed internally. In the directors' judgement, these items need to be disclosed separately by virtue of their nature, size and/or incidence for users of the financial statements to obtain an understanding of the financial information and the underlying in-period performance of the business. In general, the Board believes that alternative performance measures (APMs) are useful for investors because they provide further clarity and transparency of the Group's financial performance and are closely monitored by management to evaluate the Group's operating performance to facilitate financial, strategic and operating decisions.

In accordance with the above policy, the trading results of business exits, along with the non-trading expenses (including the income statement charges in respect of major cost reduction programmes) and gain or loss on disposals, have been excluded from adjusted results. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude 2024 business exits. As at 31 December 2024, the following businesses met this threshold and were classified as business exits and therefore excluded from adjusted results in both 2024 and 2023: Fera, Capita One, Mortgage Services, Capita Scaling Partner, and a further business from Capita Public Service.

Reconciliations between adjusted and reported operating profit, profit before tax and free cash flow excluding business exits are provided on the following pages and in the notes to the financial statements.

1. Refer to APMs on pages 234 to 237.

Adjusted revenue

Adjusted revenue¹ reduced 8.0% year-on-year. The adjusted revenue¹ was impacted by the following:

- **Public Service (0.9% reduction):** the continued impact of previously announced contract losses, such as Scottish Wide Area Network and Electronic Monitoring, the delayed mobilisations of two contracts won in 2023, the double digit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract, and a more focused approach to bidding impacted the current year. These factors are partly offset by additional volumes in the division's contract with Transport for London, and the benefit from indexation;
- **Experience:**
 - **Contact Centre (18.4% reduction):** reflecting the one-off benefit from the Virgin Media O2 contract transition in the prior year, the impact of prior year contract losses, and lower volumes in the telecommunications vertical which we expect to remain subdued in 2025;
 - **Pension Solutions (5.1% growth):** reflecting volume increases across a number of clients, including the Pension Insurance Corporation contract, and the benefit from indexation; and
 - **Regulated Services (26.9% reduction):** reflecting the one-off benefit from the prior year commercial settlement, and the progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pension business.

Order book

The Group's consolidated order book was £4,240.7m at 31 December 2024 (2023: £5,882.6m). During 2024 two European telecommunications contracts were extended

Adjusted revenue¹ bridge by division

	Experience				
	Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	Total £m
Year ended 31 December 2023	1,399.9	797.6	170.3	208.0	2,575.8
Net (reduction)/growth	(12.7)	(146.7)	8.7	(56.0)	(206.7)
Year ended 31 December 2024	1,387.2	650.9	179.0	152.0	2,369.1

Adjusted operating profit¹ bridge by division

	Experience					
	Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	Capita plc £m	Total £m
Year ended 31 December 2023	69.6	(4.0)	25.9	33.1	(33.7)	90.9
Net growth/(reduction)	19.5	(1.9)	2.2	(20.5)	5.7	5.0
Year ended 31 December 2024	89.1	(5.9)	28.1	12.6	(28.0)	95.9

in the year with the contracts being recognised as framework contracts, which resulted in £388.1m being derecognised from the order book. Additions from contract wins, scope changes and indexation in 2024 totalled £808.8m, including expanded scope on the Royal Navy Training contract within Public Service and extension of the Royal Mail Statutory Pension Scheme contract in Pension Solutions, were offset by the reduction from revenue recognised in the year (£1,837.8m), contract terminations (£74.6m) and business disposals (£150.2m). Terminations primarily represent a contract exit within our closed book Life & Pensions business in Regulated Services.

Adjusted operating profit¹

Adjusted operating profit¹ increased in 2024 driven by the following:

- **Public Service:** strong improvement reflects the successful implementation of the cost reduction programme, offset by the flow through of previously announced contract losses, and the double digit profit impact

from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract;

• Experience:

- **Contact Centre:** non-repeat of the 2023 one-off noted above (£10m), the flow through of revenue decline, lower volumes in the telecommunications vertical and continued investment in technology; partially offset by an underlying margin improvement from lower overheads, including reduced property footprint, from delivery of the cost reduction programme;
- **Pension Solutions:** improved profit driven by savings from the cost reduction programme and volume growth;
- **Regulated Services:** the one-off benefit from the prior year (£24m), the agreed exit of three clients resulting in reduced profit in 2024, and the 2023 and 2024 benefit from accelerated deferred income recognition; and
- **Capita plc:** reflects benefits from the cost reduction programme.

Adjusted profit before tax¹

Adjusted profit before tax¹ increased year-on-year to £50.0m (2023: £40.9m) reflecting the above improvements in adjusted operating profit¹ and reduced net finance costs excluded from adjusted profit of £45.9m (2023: £50.0m). Lower net finance costs reflect reduced debt levels following proceeds received for business exits in the year and as a result of cost reduction initiatives.

Adjusted tax charge

The adjusted income tax charge for the year was £10.3m (2023: charge £47.4m). The reduction is mainly as a result of the changes in the accounting estimate of recognised deferred tax assets which had less of an impact in 2024 compared to 2023, and a lower current income tax charge as a result of fewer current year losses to be carried forward.

Operating cash flow excluding business exits¹

Operating cash flow excluding business exits¹ and operating cash conversion¹ reduced in 2024 driven by the following:

- **Public Service:** operating cash conversion¹ was impacted by delayed contract mobilisation and a more sustainable approach to working capital management;
- **Experience:**
 - **Contact Centre:** operating cash flow excluding business exits¹ reduced reflecting the decline in EBITDA. 2023 also included a benefit of payment phasing on the new Virgin Media O2 contract which did not recur in 2024;
 - **Pension Solutions:** improvement in operating cash conversion¹ driven by improved billing cycles;
 - **Regulated Services:** decline in operating cash conversion¹ reflects the decline in operating cash flow excluding business exits¹ due to the one-offs in the prior year,

including receipt on a contract termination; and

- **Capita plc:** the movement in the usage of the Group's non-recourse trade receivables financing facility.

Cash generated from operations and free cash flow

Operating cash flow excluding business exits¹ reflect the impact of mobilisation delays and a more sustainable approach to working capital.

Cash generated from operations excluding business exits¹ reflects the above operating cash flow excluding business exits¹, the direct cash flow impact of the cyber incident (£5.0m), the cash cost of delivering the cost reduction programme (£44.5m) and final pension deficit contributions in respect of the Group's main defined benefit pension scheme (HPS) (£6.3m).

The pension deficit contributions are in line with the deficit funding contribution schedule previously agreed with the HPS Trustees as part of the 2020 triennial valuation. In aggregate, including accelerated pension deficit contributions resulting from business disposals, the Group has made pension deficit contributions of £20.8m in the year. Given the healthy funding position of HPS in its latest funding valuation (as at 31 March 2023), and the Group having paid all outstanding deficit contributions in 2024, there are no further agreed deficit contributions to be paid at this time.

Free cash flow excluding business exits¹ for the year ended 31 December 2024 was an outflow of £122.3m (2023: outflow £123.6m) reflecting the reduction in cash generated from operations, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

Operating cash flow excluding business exits¹ by division

	Capita Experience					
	Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	Capita plc £m	Total £m
Year ended 31 December 2023	88.5	20.9	21.9	(5.7)	(42.9)	82.7
Net growth/(reduction)	3.6	(20.8)	11.4	(8.0)	3.1	(10.7)
Year ended 31 December 2024	92.1	0.1	33.3	(13.7)	(39.8)	72.0
<i>Operating cash conversion¹ year ended 31 December 2023</i>	79.4%	47.5%	70.2%	(14.3)%	(143.0)%	42.1%
Operating cash conversion¹ year ended 31 December 2024	73.3%	0.3%	97.7%	(74.5)%	(151.3)%	38.7%

Adjusted operating profit¹ to free cash flow excluding business exits¹

	2024 £m	2023 £m
Adjusted operating profit¹	95.9	90.9
Add: depreciation/amortisation and impairment of property, plant and equipment, right-of-use assets and intangible assets	90.2	105.6
Adjusted EBITDA¹	186.1	196.5
Working capital	(105.6)	(107.7)
Non-cash and other adjustments	(8.5)	(6.1)
Operating cash flow excluding business exits¹	72.0	82.7
Operating cash conversion¹	39%	42%
Pension deficit contributions	(6.3)	(30.0)
Cyber incident	(5.0)	(20.1)
Cost reduction programme	(44.5)	(6.1)
Cash generated from operations excluding business exits¹	16.2	26.5
Net capital expenditure	(49.5)	(52.6)
Interest/tax paid	(41.3)	(45.1)
Net capital lease payments	(47.7)	(52.4)
Free cash flow excluding business exits¹	(122.3)	(123.6)

1. Refer to APMs on pages 234 to 237.

Reported results

Adjusted to reported profit

As noted above, to aid understanding of our underlying performance, adjusted operating profit¹ and adjusted profit before tax¹ exclude a number of specific items, including the amortisation and impairment of acquired intangibles and goodwill, the impact of business exits, and the impact of the cyber incident and cost reduction programme.

Impairment of goodwill

In preparing the consolidated financial statements at 31 December 2024, the Group undertook a detailed impairment review, following which a goodwill impairment of £75.1m was recognised in respect of the Contact Centre cash generating unit (CGU). As noted above the Contact Centre business has seen a reduction in adjusted revenue¹, increase in adjusted operating loss¹, and reduction in operating cash flow excluding business exits¹. These trends reflect the one-off benefit from the Virgin Media O2 contract transition in the prior year and the impact of prior year contract losses, both of which were reflected in the financial projections used for impairment testing purposes previously, and lower than expected volumes in the telecommunications vertical in the second half of the year, which are expected to remain subdued during 2025. The profit and cash flow impact of these items was partially offset by an underlying margin improvement from lower overheads from delivery of the cost reduction programme.

The Contact Centre business also saw a reduction in bid activity across 2024, and although there has been a strong start to 2025, the business is expecting high single-digit revenue reduction in 2025. In addition, the material contracts secured in 2024 are framework agreements, which enable the customer to both ramp up and ramp down

volume, providing both an opportunity but also a risk to the business's forecast.

Whilst delivery and client sentiment has remained strong across the majority of the portfolio, certain delivery issues have led to the reduction of volumes on one particular contract.

As detailed earlier in the strategic review, there is a significant opportunity for the Contact Centre business to improve its margins, to be in line with those of its peers. It is implementing a significant reorganisation, including layering internal management structures and a digitisation plan to reduce costs. A key element of its reorganisation is increasing the use of offshore and nearshore service delivery to meet client needs. In terms of its digitisation plan, the forecast for the business assumes an increase in the use of its new AI and gen AI solutions, such as AgentSuite, with significant rollout to clients underway in 2025. There is a risk with the assumed rollout of these new technology solutions, such as the pace of technological change which brings increased uncertainty in delivery, and therefore a risk to the business's forecast.

To reflect these risks, for the purposes of the impairment test, the business plan cash flow projections have been risk adjusted in the Contact Centre CGU from 2025 onwards. This has resulted in the impairment noted above.

Business exits

Business exits include the effects of businesses that have been disposed of or exited during the period and the results of businesses held-for-sale at the balance sheet date.

In accordance with our policy, the trading results of these businesses, along with the non-trading expenses and gains/(losses) recognised on business disposals, were classified as business exits and therefore excluded from adjusted results. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude the 2024 business exits.

Adjusted¹ to reported results bridge

	Operating profit/(loss)		Profit/Loss before tax	
	2024 £m	2023 £m	2024 £m	2023 £m
Adjusted¹	95.9	90.0	50.0	40.9
Amortisation of acquired intangibles	(0.2)	(0.2)	(0.2)	(0.2)
Impairment of goodwill	(75.1)	(42.2)	(75.1)	(42.2)
Net finance costs	–	–	(0.1)	(2.2)
Business exits	(1.6)	(20.8)	170.9	(23.2)
Cyber incident	(1.0)	(25.3)	(1.0)	(25.3)
Cost reduction programme	(27.9)	(54.4)	(27.9)	(54.4)
Reported	(9.9)	(52.0)	116.6	(106.6)

At 31 December 2024 business exits primarily comprised of the disposal of:

- the Group's 75% shareholding in Fera Science Limited which completed on 17 January 2024, and which completed the Board-approved Portfolio business disposal programme; and
- the Capita One standalone business which was identified as a "managed for value" activity and which completed on 5 September 2024.

In addition to the above disposals, the Group intends to exit its corporate venture business, Capita Scaling Partner, in Capita Experience, and the trading results and non-trading expenses of this business has been excluded from adjusted results. The Capita Scaling Partner business manages the Group's investments in start-up and scale-up companies. Four of these investments were sold during the year, realising a net loss of £7.1m. Following the decision to exit this business and the losses realised on disposals during 2024, the Group has evolved its approach to valuing the remaining investments to take into account recent experiences, and to better reflect expected disposal proceeds. This has crystallised a net impairment loss of £4.6m. The Group will seek to maximise value from the remaining Capita Scaling Partner investments, which at 31 December 2024 had an aggregate

carrying value of £4.8m, including loans receivable by Capita of £0.7m.

Cyber incident

The Group incurred residual exceptional costs associated with the March 2023 cyber incident. These costs comprise specialist professional fees, recovery and remediation costs, and investment to reinforce Capita's cyber security environment. A charge of £1.0m has been recognised in the year ended 31 December 2024, which is net of insurance receipts. The cumulative total net costs incurred in respect of the cyber incident are £26.3m. Further insurance receipts are anticipated but did not meet the criteria for recognition at 31 December 2024. No provision has been made for any costs in respect of potential claims or regulatory penalties in respect of the incident as it is not possible, at this stage, to reliably estimate their value.

Cost reduction programme

The Group implemented a multi-year cost reduction programme in November 2023 to deliver savings of £60m by Q1 2024. The programme was extended in March 2024, to deliver further savings of £100m by mid-2025. In December 2024, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and increased

1. Refer to APMs on pages 234 to 237.

confidence in the level of efficiencies that can be delivered, the cost reduction target increased from £160m to up to £250m by the end of 2025.

A charge of £27.9m has been recognised in the year ended 31 December 2024 for the costs to deliver the cost reduction programme. This includes redundancy and other costs of £30.5m (2023: £23.3m) to deliver a significant reduction in headcount, partly offset by a credit of £2.6m reflecting the successful exit of a number of properties which had been provided for in the prior year (2023: charge of £31.1m arising from the rationalisation of the Group's property estate with impairment of right-of-use assets and property, plant & equipment, and provisions in respect of onerous property costs). The cumulative cost recognised since the commencement of the cost reduction programme is £82.3m (2023: £54.4m), which is included within administrative expenses.

The cash outflow in 2024 in respect of the cost reduction programme was £44.5m (2023: £6.1m), which is included within free cash flow and cash generated from operations excluding business exits¹. The cumulative cash outflow since the commencement of the cost reduction programme in the second half of 2023 is £50.6m. The additional cost reduction initiatives announced in December 2024, along with those already announced, are expected to result in cash costs during 2025 totalling an estimated £55m.

Further detail of the specific items charged in arriving at reported operating profit and profit before tax for 2024 is provided in note 2.4 to the consolidated financial statements.

Net finance costs

Net finance costs decreased by £5.9m to £46.3m (2023: £52.2m), primarily attributable to reduced debt levels following proceeds received for business exits in the year and as a result of cost reduction initiatives.

Reported tax charge

The reported income tax charge for the year of £36.2m comprises a current tax charge of £17.8m, reflecting non-deductible goodwill impairments and non-taxable gains on business exits, plus a deferred tax charge of £18.4m arising from changes in the accounting estimate of recognised deferred tax assets and business exits. The prior period charge of £74.0m comprised a current tax charge of £30.2m, reflecting non-deductible goodwill impairments and unrecognised current year tax losses, plus a deferred tax charge of £43.8m, reflecting the changes in the accounting estimate of recognised deferred tax assets. The reduction in the reported income tax charge reflects the reduction in the adjusted tax charge noted above, and a smaller change in the accounting estimate of recognised deferred tax assets.

Free cash flow¹ to free cash flow excluding business exits¹

Free cash flow¹ was slightly higher than free cash flow excluding business exits¹ reflecting free cash flows generated by business exits, offset by pension deficit contributions triggered by the disposal of certain businesses.

Movements in net debt

Net debt at 31 December 2024 was £415.2m (2023: £545.5m). The decrease in net debt over the year ended 31 December 2024 reflects the free cash outflow noted above offset by the net cash proceeds from the disposal of Fera and Capita One in the year, and the continued reduction in the Group's leased property estate.

Net debt does not include finance lease receivables, which at 31 December 2024 were £95.7m (2023: £70.3m) reflecting the successful sub-letting of property the Group is not utilising.

Net financial debt (pre-IFRS 16) decreased by £115.6m to £66.5m at 31 December 2024, resulting in a net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) ratio of 0.5x as

Free cash flow¹ to free cash flow excluding business exits¹

	2024 £m	2023 £m
Free cash flow¹	(122.7)	(154.9)
Business exits	(14.1)	15.0
Pension deficit contributions triggered by disposals	14.5	16.3
Free cash flow excluding business exits¹	(122.3)	(123.6)

Net debt

	2024 £m	2023 £m
Opening net debt	(545.5)	(482.4)
Cash movement in net debt	197.4	(9.0)
Non-cash movements	(67.1)	(54.1)
Closing net debt	(415.2)	(545.5)
Remove closing IFRS 16 impact	348.7	363.4
Net financial debt (pre-IFRS 16)	(66.5)	(182.1)
Cash and cash equivalents net of overdrafts	191.4	67.6
Financial debt net of swaps	(257.9)	(249.7)
Net financial debt/adjusted EBITDA¹ (both pre-IFRS 16)	0.5x	1.2x
Net debt (post-IFRS 16)/adjusted EBITDA¹	2.3x	2.4x

a result of the benefit from the disposal proceeds from Capita One and Fera. Over the medium term, the Group is targeting a net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) ratio of ≤1.0x.

The Group was compliant with all debt covenants at 31 December 2024.

Capital and financial risk management

Liquidity remains an area of focus for the Group. Financial instruments used to fund operations and to manage liquidity comprise US private placement loan notes, revolving credit facility (RCF) and overdrafts.

In June 2023, the Group extended its RCF to 31 December 2026. The RCF is for £250.0m and was undrawn at 31 December 2024 (2023: undrawn).

In addition, the Group has in place non-recourse trade receivable financing, utilisation of which has become economically more favourable than drawing under the RCF as prevailing interest rates have increased. The value of invoices sold under this arrangement at 31 December 2024 was £23.4m (2023: £35.2m). Also in 2024, the Group implemented a new credit card facility, the outstanding balance of which was £5.2m at 31 December 2024 (2023 £nil).

At 31 December 2024, the Group had £191.4m (2023: £67.6m) of cash and cash equivalents net of overdrafts, and £269.3m (2023: £262.5m) of private placement loan notes.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches: £50m maturing 24 April 2028, USD13m maturing 24 April 2028 and

1. Refer to APMs on pages 234 to 237.

USD43m maturing 24 April 2030, with an average interest rate of 7.4%. The notes rank pari passu with the existing indebtedness of the Group and include financial covenants at the same level as those under the revolving credit facility and existing US private placement loan notes. Additionally, the placement requires the Group to refinance or extend the Group's revolving credit facility, which matures on 31 December 2026, by 31 December 2025.

Going concern

The Board closely monitors the Group's funding position throughout the year, including compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. In addition, to support the going concern assumption, the Board conducts a robust assessment of the projections, considering also the committed facilities available to the Group.

The Group and Parent Company continue to adopt the going concern basis in preparing these consolidated financial statements as set out in Section 1 to the consolidated financial statements.

Viability assessment

The Board's assessment of viability over the Group's three-year business planning time horizon is summarised in the viability statement on pages 75 and 76.

Pensions

The latest formal valuation for the Group's main defined benefit pension scheme (HPS), was carried out as at 31 March 2023. This identified a statutory funding surplus of £51.4m. Given the funding position, the Group and the HPS Trustees agreed that no further deficit contributions from the Group would be required other than those already committed as part of the 31 March 2020 actuarial valuation. In accordance with the schedule of contributions put in place following the 31 March 2020

actuarial valuation, the Group has paid £6.3m of regular deficit funding contributions in 2024 and £14.5m of accelerated deficit reduction contributions triggered by the disposal of Trustmarque in 2022.

The valuation of the HPS liabilities (and assumptions used) for funding purposes (the actuarial valuation) is specific to the circumstances of the HPS. It differs from the valuation and assumptions used for accounting purposes, which are set out in IAS 19 and shown in these consolidated financial statements. The main difference is in assumption principles being used which are a result of the different regulatory requirements of the valuations. Management estimates that at 31 December 2024 the net asset of the HPS on a funding basis (ie the funding assumption principles adopted for the full actuarial valuation at 31 March 2023 updated for market conditions at 31 December 2024) was approximately £80.0m (2023: net asset £81.0m) on a technical provisions basis. The HPS Trustees have also agreed a secondary more prudent funding target to enable it to reduce the reliance the HPS has on the covenant of the Group. On this basis, at 31 December 2024, the funding level was around 100%.

The net defined benefit pension position of all reported defined benefit schemes for accounting purposes increased from a surplus of £26.8m at 31 December 2023 to a surplus of £37.9m at 31 December 2024. The main reason for this movement is the payment of the above deficit funding contributions.

Consolidated balance sheet

At 31 December 2024 the Group's consolidated net assets were £195.7m (2023: net assets £114.9m).

The movement is predominantly driven by the reported profit before tax for the year as explained above, partially offset by the actuarial loss on the Group's defined benefit pension schemes.

Available liquidity¹

	2024 £m	2023 £m
Revolving credit facility (RCF)	250.0	260.7
Less: drawing on committed facilities	–	–
Undrawn committed facilities	250.0	260.7
Cash and cash equivalents net of overdrafts	191.4	67.6
Less: restricted cash	(44.2)	(46.0)
Available liquidity¹	397.2	282.3

Parent company balance sheet

The company's market capitalisation continues to be significantly less than the net assets of the parent company at 31 December 2024 and the directors gave consideration as to why this might be the case and whether assets on the parent company balance sheet might be impaired. The factors considered included: the differing basis of valuations (including that third parties value the services sector on income statement multiples versus long-term view using a discounted cash flow for the basis of impairment testing under accounting standards), sum-of-the parts view and the multiples achieved on recent disposals, general market assumptions of the sector which can ignore the liquidity profile and specific risks of an entity, and other specific items impacting the market's view of the Group at the moment.

Management's estimate of the fair value less costs to sell of the Group used in the testing of goodwill for impairment at 31 December 2024 gave a value for the Group that exceeded the market capitalisation at that date, and supported the parent company net assets.

An impairment test was performed at 31 December 2024 in respect of the parent company's investments in subsidiaries and amounts owed by subsidiary undertakings. A total impairment charge of £27.8m was recognised in respect of the parent company's investments in subsidiaries, of which £19.8m was due to the return of capital from a subsidiary in advance of its liquidation, with impairment recognised being offset by dividend income received from the subsidiary, and £8.0m was as a result of the impairment test performed at 31 December 2024. A net impairment charge of £26.0m was identified in respect of amounts owed by subsidiaries.

The Board is tabling two additional resolutions to the shareholders at the April 2025 Annual General Meeting, which if approved, will cancel the entire amount standing to the credit of the Company's share premium account and consolidate the existing ordinary shares at a ratio of 15 for 1, which would involve every 15 ordinary shares of 2 1/15 pence held by a shareholder being consolidated into one ordinary share of 31 pence. The first resolution is being proposed to optimise the structure of the balance sheet and increase the Company's distributable reserves. The Board believe that consolidation of the Company's ordinary shares will improve marketability of its shares to investors.

1. Refer to APMs on pages 234 to 237.

Being a better Company



Being a responsible organisation remains a priority for Capita

The commitment to being a responsible organisation is an ongoing priority for Capita; it means a constant Group-wide focus on how we operate for all of our stakeholders.

In October 2024, the ESG Committee changed its name to the Responsible Business (RB) Committee to align with Capita's refreshed responsible business strategy. During the year they continued their work to provide strategic oversight, accountability and guidance around our responsible business challenges.

We remain focused on supporting the United Nations Sustainable Development Goals (UNSDGs) as described in our 2023 Annual Report.

As part of our transformation, we are on a journey to rally and reset our culture. Our goal is that Capita's workplace culture will create an environment where trust, collaboration, growth, and respect are at the forefront. Our colleagues will feel valued, heard and know that their contributions make a difference to our customers and society. Leadership is transparent, accountable, and approachable and we will create a cycle of continuous improvement and job satisfaction. We encourage open and honest conversations to understand where our culture needs to evolve to support Capita's goals.

Ultimately, Capita's culture will be one where everyone is united in achieving the organisation's goals of being a better company, while also nurturing their individual aspirations. We have

begun a multi-year programme with a set of detailed guiding principles and an action plan to ensure we can create and embed a culture that will enable the achievement of this goal and have set out details of this later in the section.

The new values we will launch in 2025 will represent how we behave, the common bond that links us and makes a shared culture. Together, we can create a better and more inclusive culture at Capita.

I am particularly proud of the development of our first leadership playbook. The playbook guides our managers and leaders by outlining the principles, practices, expectations, and behaviours we expect them to demonstrate and to hold others to account for.

In September 2024 we made the difficult decision not to implement any increases from our global annual salary review (ASR) in 2024. This decision did not impact any of our colleagues on the UK Capita minimum wage who received an increase in April 2024 or any other colleagues working in other countries who are subject to local legislative increases. The 2025 ASR was brought forward with increases effective from 1 January 2025.

This year we saw employee engagement of 64%, a three-point reduction on the prior year, however more promisingly 81% of our employees feel they can be themselves at work. Our eNPS score reduced by 29 points to -33, with a marked decline in the number who would recommend Capita as an employer to friends and family. This was expected, given our major ongoing transformation programme, difficult decisions around pay, and our reorganisation.

Our rolling 12-month voluntary attrition at the end of December 2024 had reduced to 21.7%, in line with our target, compared with 25.3% in the prior 12 months.

We successfully completed and rolled out our career path framework, which is designed to empower everyone at Capita to grow their careers and take advantage of the scale and breadth of opportunities that exist within the Group. The framework gives visibility around career levels, pay principles and pay ranges as well as competency frameworks and has provided transparency and consistency across the Group.

As outlined in our 2023 Annual Report, this year we have refreshed our responsible business principles to ensure they prioritise the areas of greatest concern for our organisation. Our responsible business strategy was developed in collaboration with our leaders, colleagues, clients, investors and community groups and we have set ambitious targets for 2026 for each of the four pillars: people; communities; planet; and business.

The Corporate Sustainability Reporting Directive (CSRD) is applicable to our Capita EU Entities in Ireland, Germany, and Poland from 1 January 2025, with first local reporting in 2026. We are taking action to prepare for this new legislation.

CSRD aims to provide investors and other stakeholders with access to more decision-useful information about companies' sustainability risks, opportunities, and impacts. This has also been considered by our RB and Audit and Risk Committees, who have approved our approach.

Scott Hill, Chief People Officer

2024 performance in key areas

Colleagues who feel they can be themselves at work

81%

(2023: 84%)

% of all managers who are women

48

(2023: 51)

Payroll giving almost

£161,000

(2023: £141,000)

Cabinet office compliance in the modern slavery assessment tool

96%

(2023: 96%)

EcoVadis bronze award

Colleagues feel work gives them a sense of personal accomplishment*

64%

* new measure for 2024

Women on the Board

3

(2023: 5)

Community investment with apprenticeship levy donation

c.£1.9m

(2023: c.£1.4m)

Disability Confident Leader (Level 3) achieved

Payroll Giving Gold Quality Mark award

Colleagues supported through SafetyNet processes

166

(2023: 246)

Ethnic minority % of all managers

12

(2023: 14)

Customer net promoter score

+28pts

(2023: (+16pts))

Silver Talent Inclusion and Diversity Evaluation (TIDE) Award

CDP ranking of

A-

Ranked 36 out of 400 on the Forbes Best Place for Women to Work list

Ethnic minority % representation on the Board

25

(2023: 22)

Voluntary attrition

21.7%

(2023: 25.3%)

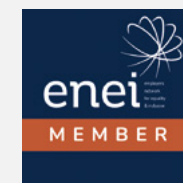
Reduction in carbon intensity ratio

59%

(2023: 37%)

Listed on FTSE4Good Index

ESG ranking and external recognition



Materiality matrix

Capita's materiality assessment followed a double materiality process aligned with the Global Reporting Initiative (GRI), an independent international organisation that provides the most widely used framework for sustainability reporting. The purpose of this assessment was to identify Capita's material sustainability risks and opportunities, over the next three years.

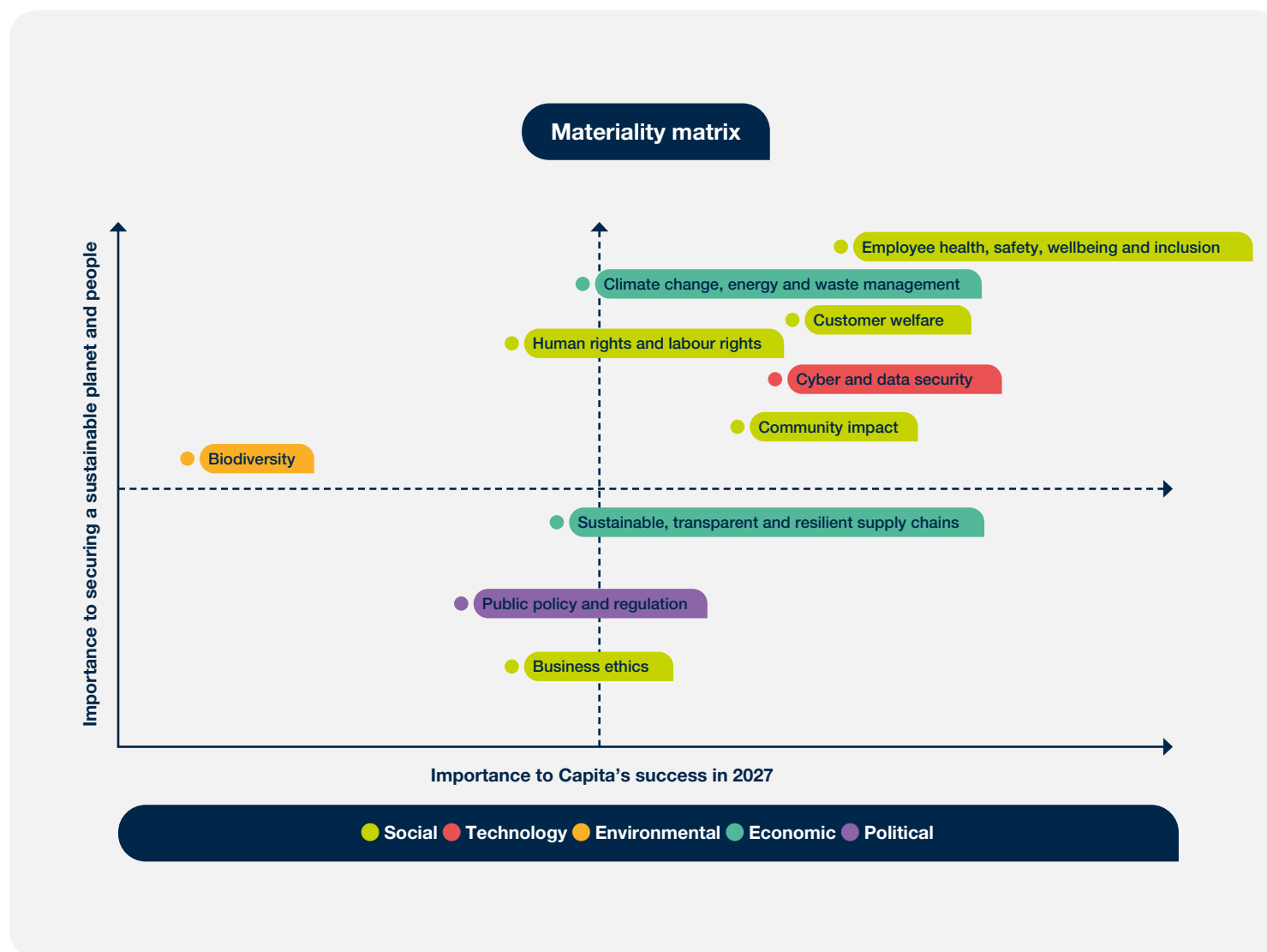
Our strategy focuses on these challenges, prioritising them in the order in which we can have the greatest impact:

Our people: prioritising the wellbeing, safety, and health of our workforce; striving to create a positive in-work experience for all our people; and committing to represent at all levels of the business the diversity of the communities in which we live and work.

Our communities: creating positive social impact through our supply chains; helping our employees to be active members of their communities; delivering programmes that grow skills and reduce economic inequality in the communities in which we work; and supporting and protecting vulnerable customers through our contract delivery.

Our planet: reducing our environmental impact; being a net zero organisation by 2045; and using natural resources responsibly.

Our business: operating as a consistently purpose-led, responsible and ethical business, being honest and fair with customers and suppliers; taking continuous action to protect individual data privacy and guard against data and cyber breaches; and innovating with integrity, particularly as we explore the opportunities of artificial intelligence.



Our responsible business strategy

Our responsible business strategy was developed in collaboration with our leaders, colleagues, clients, investors and community groups to identify the most important issues that Capita should address as a modern outsourcer.



* Our alignment to United Nations sustainability goals.

Our people

Workforce

c34,500

people employed in

11 countries

Capita's ambition is to support a healthy, safe, diverse and inclusive workforce. To uphold these principles, we have set the following ambitious 2026 targets:

- Increase gender and ethnic representation at management level
- Achieve Gold TIDE Award
- Maintain Disability Confident Scheme Level 3 accreditation

HR operations

During 2024 our Shared Services team continued to simplify how we provide services to the business and make information easily accessible to colleagues while maintaining our response rates to queries from across the business.

We have renewed our partnership with the HR management system Workday and are excited to be working more closely with them on opportunities to enhance our use of Workday and increase automation to improve user experience.

We have simplified how colleagues access information using technology to make it easier and more intuitive to understand people data based on their roles.

We continued to focus on the quality of the data we hold in our systems to enable higher quality reporting and better insight. Workday remains our one true source of people data and in 2024 we aligned other systems with this approach.

Our Data Insights team has been instrumental in identifying trends and opportunities leading to more informed decision making. With this information we are also able to effectively monitor key performance indicators for the function.

Our PeopleHub team, which provides direct support to all employees, continued to deliver excellent results, with 99% of calls being answered within 8 seconds. Our internal chatbot, Herbot, can now manage high-volume, multifunctional transactional queries from employees, on demand and across time zones.

We have strengthened the partnership between our Employee Relations (ER) team, Human Resources Business Partners (HRBPs) and Divisional People Directors (DPDs) to help drive quality of service through the ERhub. The team have provided a consistent level of service across the business with c.7,800 cases received and c.8,000 cases closed.

At the beginning of 2024, we moved our support roles to our shared service facility in India. As the team became more established, we transferred further transactional activities. In total this has generated cost savings of almost £550,000.

Our continuous focus on efficiency and enhancing customer experience has included the launch of an employee absence guide, a self-help automated resource that provides advice to people managers on absence issues. In addition, we started to develop automated responses to common questions and queries through the use of technology.

Representing the diversity of the communities in which we live and work

At Capita, we believe that fostering an inclusive environment where everyone feels valued and respected is not just the right thing to do, but it also drives innovation and success.

Diversity, Equity and Inclusion (DEI) are integral to our culture and operations. We strive to create a workplace where every individual, regardless of their background, can thrive and contribute their unique perspectives. This commitment extends beyond our internal practices to our interactions with clients, partners, and the communities we serve. Our journey towards greater DEI is ongoing, and we are continually looking for ways to improve.

Among the significant range of activities delivered in 2024, we are most proud of:

- Capita being ranked for the second consecutive year on the Forbes Global list of top employers for women, an assessment that cannot be nominated for but is determined following anonymous interviews with thousands of employees across the globe.
- being recognised as a Disability Confident Employer (level 3) across the Group. While we had already achieved this status locally in some parts of the business, this Group level accreditation demonstrates our unwavering commitment to DEI and ensuring that any colleague with a disability has the opportunity to succeed.

- undertaking the Employers Network for Equality and Inclusion's industry-recognised TIDE benchmarking and being granted a Silver Tidemark for the second consecutive year. This is a testament to our ongoing diversity and inclusion commitments and practices.
- showing a 10.39% reduction in our gender pay gap and 30% gap decrease between men's and women's bonus payments since we began reporting.
- our virtual-first, hybrid working model that remains an important pillar in providing flexible working solutions for our colleagues and continues to receive a positive response.
- winning the Vercida People's Choice Race Equality Advocate Award. Vercida Group is an independent job board that focuses on championing employers who care about ensuring inclusion and diversity in their business. They promote these employers' opportunities to their wide audience, which cover every strand of diversity. The award was won due to the hard work of our employee network group EmbRACE, which champions all races and ethnicities and helps them to thrive at Capita.

Our global employee network groups, which had nearly 9,000 members at the end of 2024, are very important to us. The networks cover faith, ability, gender, sexual orientation, family, and ethnicity. Each group is sponsored by a member of our Executive Team and has the opportunity to influence key organisational policies and practices. Throughout the year, we ran regular virtual 'get involved' sessions to build awareness and understanding of our similarities and differences. We celebrate events such as Pride, International Women's Day, International Men's Day and Black History Month on an annual basis.

Capita was recognised as a Proven Provider in the latest Everest Group Service Provider Compass™ report for our credible delivery presence in Poland. The report highlights not only our excellence in customer experience management, IT and finance services, but also exceptional employer brand, high employee satisfaction and impressive diversity ratings. This recognition reflects our commitment to fostering inclusion, celebrating diversity, and making a positive community impact through initiatives led by our team in Dobro.

As part of our ongoing commitment to building and supporting a gender-balanced workforce across the Capita defence sector, we have signed the Women in Defence Charter. The Charter brings together organisations from across the UK's defence sector that are committed to being the very best at driving inclusion and diversity while providing fair opportunities for women to succeed at all levels.

We continued our partnership with The Employers Network for Equality & Inclusion (ENEI) and Purple Future.

At the 2024 Customer Contact Association Global Leadership Awards, we were delighted that Suzanne Edmondson won the Accomplished Leader Award for her exceptional leadership and unwavering commitment to delivering

outstanding customer service and Priya Mendonsa received the Emerging Leader Award, recognising her innovative thinking, strategic vision, and dedication to shaping the future of our industry.

In 2024 we continued with our three diversity focus areas: women in senior management; ethnic diversity in middle and senior management; and supporting colleagues with a disability. At 31 December 2024 our overall workforce was 51% female, 35% of our senior management roles were female and in our leadership roles 31% were female. In addition, our Board was 38% female and our Executive Team was 40% female. At 31 December 2024, our workforce was 19% ethnically diverse, including 6% Black, and our senior management was 10% ethnically diverse (in the UK) and 2% Black. Our middle management was 12% ethnically diverse, including 3% Black. In addition, our Board and our Executive Team were 25% and 20% ethnically diverse respectively. Details of our reporting criteria are listed on our website www.capita.com.

In 2024, we were delighted to be recognised as a Disability Confident Leader (level 3), two years ahead of target. This Group level accreditation demonstrates our commitment to DEI and ensuring that any colleague with a disability has the opportunity to succeed. Our responsible business strategy set out our commitment to becoming a Disability Confident Leader and we worked hard to achieve this. We continue to work with the Capita ability network to strengthen understanding as well as support our colleagues with a disability. We also increased our disability declaration level by 2%.

The Disability Confident scheme has provided us with a valuable framework to identify what we were already doing well, take a more joined up approach and find ways to improve how we recruit, retain and develop colleagues with disabilities.



Reporting tables on gender and ethnicity representation at Board, Executive Team and management levels at 31 December 2024

Gender balance tables

Gender	Number of Board members	% of Board	Number of senior board positions*	Number in executive management	% of executive management
Male	5	62	3	6	60
Female	3	38	1	4	40
Other categories	0	0	0	0	0
Not specified/prefer not to disclose	0	0	0	0	0

Reporting table on ethnicity representation

Ethnicity Group	Number of Board members	% of Board	Number of senior positions on the Board	Number in executive management	% of executive management
White British or other White (including minority white groups)	6	75	4	8	80
Mixed/multiple ethnic groups	0	0	0	0	0
Asian/Asian British	1	12.5	0	1	10
Black/African/Caribbean/Black British	1	12.5	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/prefer not to disclose	0	0	0	0	0
Not asked in country				1	10

Gender balance of senior management (leadership)

Gender		%
Male	71	70
Female	31	30

Gender balance of junior management

Gender		%
Male	2,990	47
Female	3,397	53
Not specified/prefer not to disclose	2	0

Gender balance of all management

Gender		%
Male	4,523	52
Female	4,226	48
Not specified/prefer not to disclose	3	0

Gender balance of total workforce

Gender		%
Male	16,734	48
Female	17,809	51
Other categories	5	0.01
Not specified/prefer not to disclose	36	0.1

As at 31 December 2024 (being the reference date selected by the Board for the purposes of this disclosure) the Company's compliance statement with the Financial Conduct Authority's regulatory targets relating to diversity, set out in UK Listing Rule 6.6.6(R) is detailed below:

- The Board was 38% female;
- The Senior Independent Director (Georgina Harvey) is female; and
- The Board had two Directors from a ethnic minority background.

The Board's target remains to have at least 40% female representation on the Board and the Board will seek to return to greater than 40% representation on the Board when the opportunity arises.

Capita collects the data used for the purpose of making the gender and ethnicity representations from Board members, senior management (leadership) and the Executive Team on a voluntary basis. The data for senior management (leadership) and the Executive Team is extracted from the HR management system, Workday.

The data for Board members is obtained via email from each member in which they are asked to declare which of the gender and ethnicity categories they are. Capita defines senior Board positions as: Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Senior Independent Director (SID); and senior management (leadership), as those in career level F within the Group in line with our career path framework, plus subsidiary legal entity directors within the Group, as per the requirements of the Companies Act section 414C(8)(c)(ii) and 414c(10)(b).

The Executive Team is considered to be the Company's executive management as defined by the Listing Rules.

¥ KPMG, our independent assurance provider, has provided limited assurance over the selected information in this table denoted by the symbol (¥) using the assurance standard ISAE (UK) 3000. The assurance report as well as the reporting criteria and full methodology can be found in full on our website: <https://www.capita.com/about-capita/resources-and-reports>.

Culture

As part of our transformation, we are on a journey to rally and reset our culture. Our goal is that Capita's workplace culture will create an environment where trust, collaboration, growth, and respect are at the forefront. Our colleagues will feel valued, heard and know that their contributions make a difference to our customers and society.

In June 2024, more than 10,000 global colleagues participated in a culture capture survey. Additionally, 136 colleagues from across the Group joined eight culture focus groups which have informed our next phase of the programme. Our focus will be on mandating of management & leadership development, refreshing our values, and the creation of an employee playbook, in addition to rolling out a global approach to recognition. Colleague engagement is key to the success of this programme, and we are proud of our 250 Culture Accelerators globally driving the change.

Performance and development

It has been a very successful year for performance and development activities. We continue with our annual appraisal process which includes a discussion based on the colleague's achievement against their objectives, values, strengths, areas for development, feedback, future targets as well as learning needs, and plan for career progression. Reviews are multidimensional with a focus on both the 'what' in terms of performance against objectives and the 'how' performance against our Capita values. Employees are encouraged to seek 360-degree feedback and focus on their development areas. We achieved a 97% completion score for our end of year

review for 2024 (2023: 97%), followed by 82% completion of mid-year reviews. In 2024, we focused on leveraging management information dashboards to drive targeted efforts and ensure a strong emphasis on diversity, equity and inclusion. These dashboards have been instrumental in achieving high completion scores and promoting fairness and consistency across the organisation.

Supporting future leaders

In 2024, we reinforced our commitment to internal mobility through our strategic approach to talent and succession planning. This integral process helps us identify and nurture potential, ensuring we develop future talent to drive organisational effectiveness and success. We conducted comprehensive activities to assess potential and held succession discussions with senior leadership team (SLT) members and the Executive Team. These efforts have been instrumental in recognising and fostering the growth of our future leaders, demonstrating our dedication to building a robust and dynamic workforce. We continue to focus on diversity in our succession plans and female representation in our succession plans for SLT roles has risen to 52%.

Talent acquisition and turnover

Capita continues to attract large volumes of applicants, with nearly 9,600 new starters in the year. Our voluntary turnover in the year was 21.7% down from 24.9% in 2023.

We also believe that our virtual-first working approach, where flexible and remote work are offered wherever client and business needs allow, is helping us to retain high-quality and increasingly diverse talent.

Despite, some improvement in the external economic backdrop, our focus in 2024 has remained on employee retention initiatives with 21% of roles filled internally as part of our Capita-first policy.

Moving Ahead mentoring programme

Our Moving Ahead 2023-24 mentoring programme concluded successfully in July 2024, with 80 participants (40 mentors and 40 mentees) from around the globe. We received two prestigious awards: the Most Dynamic Mentoring Organisation of the Year 2023-2024, recognising our DEI efforts, and Rajiv Patel was honoured as the Most Inspiring Mentor of the Year 2023-2024. The programme has supported colleagues with their career progression, internal mobility through promotion and ongoing professional development.

The 2024-2025 programme started in November 2024 with 20 mentors and 20 mentees. This continues to be a key part of our strategy and ongoing focus on increasing diverse representation at senior levels across the organisation globally.

Leadership and management development programme

591 learners

have completed leadership and management programmes at levels 3, 5 and 7 since October 2019

100%

of line managers observed improvements in their team members' work performance as a result of them completing this programme

83%

distinction rate (43% national average)

8.9 out of 10

learners' satisfaction rating of their experience and quality of teaching

“As a mentee, the launch of the self-service Group mentoring functionality in Workday has been a game-changer for me, empowering me to take control of my professional development by enabling me to select and connect with a mentor who understood my career aspiration and challenges”

Zia Aftab, Head of Performance and Development, People Function

Average learning hours completed per employee excluding local technical training

c.16

(2023: c.11)

Group mentoring

In June 2024, we launched our new self-service Group mentoring functionality in Workday, the HR and Finance platform. This innovative tool is available to all colleagues globally, offering access to a broad and diverse mentoring database. It helps to build mentoring relationships across locations, business areas, and career levels, providing complete autonomy to mentors and mentees in their search and decisions. Localised mentoring programmes can now register via the Group mentoring tool too, enhancing tracking and providing meaningful data. Currently, we have 153 mentors registered and 115 active mentoring relationships.

Career path framework (CPF)

We successfully completed and rolled out our CPF, which comprises 23 frameworks launched to 36,000 colleagues across eight geographies. CPF has been designed to empower everyone at Capita to grow their careers and take advantage of the scale and breadth of opportunities that exist within the Group. The framework has introduced career levels, pay principles and pay ranges as well as competency frameworks so that colleagues have visibility of where they sit within the organisation as well as a view of vertical and lateral job role opportunities. The framework has provided transparency and consistency across the Group.

In 2025, we will concentrate on the next phase of the CPF, which involves reviewing our people practices, policies, and systems to fully integrate CPF into our daily operations.

Career tool

In 2024, we also launched career tool, an exciting addition to CPF. It empowers colleagues to complete their behavioural, leadership, or career development needs analysis, enabling them to plan and advance their careers effectively. This skills assessment helps identify competency

gaps against Capita's benchmarks. Since launch, a total of 499 profiles have been created where colleagues have completed assessments against behavioural and leadership competencies.

In November 2024, we launched phase 2, introducing the career development needs analysis. This enables colleagues to explore various career paths at Capita, including development in their current roles, upward moves, and transitions into new areas using bespoke technical competencies. This has been received very well by the business, helping colleagues build focused plans to achieve their individual goals and career aspirations.

Capita Academy

Management and leadership

Our management and leadership academies thrived in 2024, becoming the go-to resource for the development of our aspiring and experienced managers and leaders. New managers are fully supported from induction through to their first 12 months, supporting their ongoing development and enabling skills/opportunities to become a strong leader.

As part of our culture programme, we focused initially on the development of our senior leadership team (SLT), launching a leadership enablement programme, which includes our first leadership playbook. The playbook guides our managers and leaders by outlining the principles, practices, expectations, and behaviours we expect them to demonstrate and to hold others to account for. We have identified four cornerstones of leadership as key drivers in shaping our organisational culture: being accountable; building trusted relationships; learning and curiosity; and driving a winning mindset. To bring these to life, we facilitated webinars and group coaching sessions, helping SLT to understand and embody these cornerstones.

Additionally, we held briefing sessions for the wider leadership population to support the embedding of our playbook. We are committed to continually reviewing the playbook to ensure it meets the needs of our managers, leaders, and the wider organisation.

Data & AI academy

Launched in July 2024, our data & AI academy has made significant strides in enhancing data and digital literacy across our global organisation, with 1,580 employees undertaking elearning. With a keen focus on AI and the ethical and responsible use of data and artificial intelligence, the academy has played a positive role in reducing administrative tasks, empowering colleagues to be more strategic and creative, and helped improve use of our internal technology to support our clients and customers more effectively.

Additionally, the development of individual data and digital literacy has also encouraged further personal development, supporting colleagues with workload and work-life integration, as well as supporting marginalised groups, particularly neurodiverse colleagues, through technology and improved accessibility to data for all. This has also complemented our new neurodiversity learning resource.

The trial of an AI coaching platform with 90 colleagues has supported positive outcomes, with participants reporting marked benefits in career development, resilience and overall well-being. These advancements highlight our commitment to leveraging technology for professional growth and personal support.

“Although we are only a couple of months into the apprenticeship, I feel much more equipped to take on and lead projects utilising the benefits of AI”

Adam Hayden, Digital Delivery Manager

Apprenticeships

We continued to evolve our apprenticeship offering in 2024 with the introduction of a new business analyst apprenticeship programme focusing on building knowledge and expertise in AI to increase business value for both Capita and our clients. A total of 95 colleagues started in June 2024 and a further 35 have applied for the next intake.

Our data academy apprenticeships continued to grow with a total of 91 starts across two intakes in 2024. Our third intake started in January 2025, with a further 86 colleagues applying for a place on one of the four apprenticeships Discover (Level 3 Data Literacy) Empower (Level 4 Data Analyst) Enable (Level 6 Digital and Tech Data pathway) Innovate (Level 7 AI Data Scientist).

2024 saw a slight evolution of our existing management & leadership apprenticeship suite with the addition of AI modules in our Accelerate (Level 3 Team Leader), Advance (Level 5 Operations Manager) and Ascent (Level 7 Senior Leader) programmes and the new addition of the Chartered Manager Degree apprenticeship. These apprenticeships continue to engage the varying levels of manager across our population with a total of 164 starts in 2024.

Sales and growth

We started collaboration with our hyperscaler partners to develop foundational learning programmes to support our growth teams. This initiative aims to improve the knowledge and confidence of our colleagues, helping them to source optimal outcomes and product solutions for our customers. The CPF family has been launched and is working with the growth teams to continue building learning frameworks across soft skills to support growth plans, foster a collaborative mindset, and build a strong reputation with our customers.

RISE programmes

The RISE (reduce inequality strive for equality) for Women and Ethnicity programmes continued to be embedded in 2024. The RISE for Women programme began with 16 participants and concluded in December 2024. The RISE Ethnicity programme started in January 2024 with 21 participants, finishing successfully by April 2024. From 2025, both programmes will be part of our management and leadership academy.

Learning operations

Our focus for all learning solutions remains global and multi-channel to ensure consistency and accessibility. In 2024, our virtual global induction programme welcomed more than 2,700 new colleagues, fostering a culture of One Capita and making new starters feel valued from the beginning of their journey with us.

To equip our colleagues with the necessary skills for today's world, we introduced new technology for bite-size learning opportunities, piloting gamification in our management academy and harnessing AI and video creation tools to develop modern, self-directed learning resources. Upskilling our Performance and Development team with the latest tools and skills has been crucial in ensuring we continue to respond to business needs and provide effective learning solutions.

New mandatory framework

In 2024, we analysed current processes and industry best practices to improve our operations and learning impact. Adopting the new framework will provide several benefits:

- Reduced employee training time with engaging, video-based material. Reducing learning time per colleague by 50%
- A new calendar system to streamline and standardise training across the company

- Efficient scheduling and updates of training resources
- Annual content refreshes and campaigns to enhance engagement and compliance

This project has revamped our mandatory training approach from January 2025.

Focus for 2025

- In 2025, we will integrate multimedia resources to reduce learning time and improve access. The new calendar system for mandatory modules will standardise compliance globally, ensuring timely updates and efficient scheduling. Annual content refreshes and targeted campaigns will boost engagement and compliance, reflecting our commitment to continuous improvement and operational excellence.
- We must continue to explore the integration of artificial intelligence and advanced technology to sustain and enhance our journey toward operational excellence. By leveraging AI, we can streamline processes, personalise learning experiences, and provide real-time feedback and analytics to foster continuous improvement.
- We need to continue being curious reviewing how technology will not only optimise training efficiency but also ensure that all our colleagues are equipped with the most relevant and up-to-date skills. Embracing these innovations will enable us to remain agile, responsive, and ahead of industry trends, reinforcing our commitment to growth and excellence in every aspect of our operations. As we transform our business we enter a new era of human-machine collaboration, where AI and automation amplify human capabilities, foster creativity and tackle complex challenges, our focus will be on equipping our colleagues with the skills to excel in this new environment.

Reward

Since 2021, our reward strategy has been dedicated to establishing, developing, communicating, and embedding a global reward framework for Capita. This framework is underpinned by the CPF with market-informed job pay ranges by country, pay principles, pay guidelines, and education on their usage. This approach helps our employees understand how pay decisions are made and ensures fairness and consistency, while also considering careful cost management.

In 2024, we completed our CPF, which encompasses all our colleagues globally. We assist our managers in reviewing salaries worldwide each year, following these consistent principles and guidelines, and have enhanced all our training materials.

We implemented tools to govern pay decisions and check for unconscious bias, ensuring that we recognise the contributions of all our colleagues and support fair compensation for their work.

Additionally, our colleagues can choose from a variety of benefits, such as workplace savings products, a salary sacrifice car lease scheme for electric and ultra-low emission vehicles, private medical insurance, cycle-to-work schemes, will writing services, and access to discounts from major brands through our Extras platform.

Since 2021, the Group has increased the salaries of our lowest earners by 38.4%.

We publish our gender and ethnicity pay gap report annually on our website.

Health, wellbeing and safety

Focusing on the health, wellbeing and safety of all Capita colleagues is a priority for Capita. We continued with our mandatory safeguarding training with 97% completion for level 1 and 98% for level 2. Our safeguarding framework is embedded within our divisions and Group functions. In 2024, 307 safeguarding reports were made with 154 needing further external referral support from local authorities or the emergency services.

Our SafetyNet initiative, which provides expert guidance to HR representatives and line managers supporting colleagues with complex issues related to wellbeing, safeguarding or vulnerability, supported 166 colleagues.

We also have employee assistance programmes, or similar support services, available to all colleagues globally. They provide access to counselling and online resources.

% of employees represented by an independent trade union or covered by collective bargaining agreements

17%
(2023: 15%)

Disability reverse mentorship

In November 2024, we launched a pilot Disability Reverse Mentorship Programme sponsored by our Chief People Officer. Underpinned by best practice, the programme has been co-created by colleagues on our Health Assessment Advisory Service and Disabled Students Allowance contracts, in collaboration with the Capita ability network and our diversity partner, ENEI. It is an innovative programme, in which colleagues with disabilities, long-term health conditions and neurodivergence mentor more senior colleagues.



Inclusive recruitment initiative

Our Capita Intelligent Communications Team in Mansfield, won the 'Inclusive Recruitment Initiative' award at the ENEI Inclusivity Excellence Awards 2024.

Our partnership with Vision West Nottinghamshire College has helped to provide internships for local, neurodiverse young people, and we are incredibly proud of our passionate team members who are dedicated to creating an accessible workplace where everyone can thrive.

Our communities

Capita's ambition is to have a positive impact on our customers and communities. To uphold these principles, we have set the following ambitious 2026 targets:

- Increase the total volunteering hours collectively to 44,000 annually
- Maintain 96% compliance in Modern Slavery Government Assessment Tool

Progress against our targets

In 2024, our partnership with Business in the Community (BiTC) continued to focus on supporting our communities to flourish. Scott Hill, Capita's Chief People Officer, worked with other senior leaders as part of BiTC's Education, Employment, and Skills Leadership Team, shaping solutions for social mobility. BiTC's flagship inclusive recruitment campaign, Opening Doors, aims to make more than two million jobs accessible to diverse talent. In 2024, it produced a What Works report, which unpacks employer actions that are making the most impact on improving social mobility by supporting young people and job seekers into good work.

Capita also committed to working with BiTC to reduce the number of 16-24-year-old ethnically diverse NEETs across the UK as part of BiTC's partnership with the Youth Futures Foundation.

In 2024, we gifted more than £780,000 of our apprenticeship levy to charities and SMEs to support their investment in skills development.

In partnership with Hands On Payroll Giving, we were able to significantly increase our charitable impact. Our collaboration enables Capita employees to support their chosen charities and communities. In 2024, we raised almost £161,000 through payroll giving activities. As a result of our continued commitment, Capita received the Payroll Giving Gold Quality Mark Award issued by Charities Trust. The Gold Award is a symbol of excellence and is awarded to employers that have succeeded in generating sustainable income sources for UK charities through Payroll Giving.

Since we partnered with Hands On Payroll Giving UK in 2019, Capita colleagues have donated more than £3 million to their favourite charities through payroll giving.

The majority of our employees globally are granted one day per year for volunteering activities and more than 16,000 hours of volunteering were recorded in 2024.

For the second year Capita supported the Social Shifters Global Innovation project, over 500 volunteers acting as judges took part in the 2023 and 2024 programmes. Social Shifters is a social innovation challenge designed to accelerate young (18 – 30 years) social innovators, to explore, start and grow their ideas to tackle the social or environmental issues that matter to them most. To enter the Social Shifters Global Innovation Challenge, young people must present an idea that is unique and contributes towards at least one of the United Nation's 17 Sustainable Development Goals.

In 2024 we continued with our commitment to upholding the Armed Forces Covenant and creating a culture that honours and empowers those in the armed forces community.

Our business

Capita's ambition is to operate ethically, responsibly and securely. To uphold these principles, we have set the following ambitious 2026 targets:

- EcoVadis Silver Medal
- Mandatory data security & cyber protection training – 96% plus annual compliance.

Progress against our targets

In 2024, Capita was included in the FTSE4Good Index Series. The Series, by global index and data provider FTSE Russell, is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.

We achieved a score of 64 in our EcoVadis assessment, earning a good status, which is equivalent to a Bronze Medal. Additionally, our scores in the Sustainalytics assessment improved, with our risk rating score decreasing from 18.9 last year to 15.5 this year.

We have been recredited with the Fair Tax Mark by the Fair Tax Foundation, reaffirming our commitment to transparency and ethical tax practices.

Client relations

We actively seek the views of our clients through an annual customer net promoter score (cNPS) survey. We ask for feedback on our current performance, key drivers and encourage comments on areas that they would like us to focus on in future. We feed this information back to our teams who then take the time to understand any root causes of issues raised and set actions, which are monitored via our customer relationship management platform, Salesforce. We are proud of the improvement achieved across all areas of the business, but particularly in Experience; the Group cNPS score improved to +28 points (favourable) (2023: +16 points), our highest score since we began to record results in 2018.

Working with the Engineering Development Trust (EDT)

Capita has worked with EDT for more than 10 years, helping to raise enthusiasm for STEM (science, technology, engineering and maths) subjects in young people. In 2024, we donated mentoring hours, real life project examples and financial sponsorship for a number of programmes that were run in partnership with schools in North Tyneside.

Challenge Day – designed to inspire and engage 9 to 15-year olds and encourage a positive attitude towards STEM subjects. Workshops bring STEM subjects to life with hands-on activities focusing on themes like the environment, sustainability, aerospace, digital innovation, and the built environment.

Gold Project – this allows students the opportunity to collaborate on a real-world STEM project helping them to develop essential work-ready and technical skills. Upon completing the programme and 50 hours of work, students graduate as Gold-level Industrial Cadets, a nationally recognised award. The team sponsored by Capita won the Business Pitch Award which is a similar format to Dragon's Den.

Supplier engagement

Our aim is to encourage and work with suppliers in order to achieve the highest standards within our supply chain. Our supplier charter, which is available on our website, remains at the core of strengthening our commitments to support more SMEs, increasing the diversity of our supply chain, promoting supply chain resilience and encouraging ambitious carbon reduction targets. 99% of new and renewing suppliers adhere to our Supplier Charter. We want to work with suppliers and supply chain partners that share our values and help us deliver our purpose, to create better outcomes. This includes the provision of safe working conditions, treating workers with dignity and respect, acting ethically and being environmentally responsible.

We value the business relationships we have with our suppliers and seek to build lasting relationships, treating our suppliers and partners fairly and paying promptly. We want to work with suppliers who share our values and support us in delivering our purpose. Across the Capita Group we spent more than £1.64 billion in 2024 with 13,651 direct suppliers in 42 countries.

Around 91% of our total supply chain are small and medium-sized enterprises (SMEs), including sole traders and micro-businesses. We continue to recognise the impact that the current economic situation is having on many of these suppliers, with varying demand for products and services often severely affecting their cash flow. Consequently, we strive as a business to prioritise and ensure payment to terms with our suppliers at all times where possible. In 2024, 92% of our suppliers were paid within 60 days or less and 76% of SMEs were paid within 30 days or less.

As part of Capita's commitment to reach net zero by 2045, we recognise that our suppliers and subsequent supply chain Scope 3 emissions are significant contributors. As such, we capture emissions metrics from our suppliers including Science Based Targets (SBTs) covering their scope 1, 2 and 3 emissions. In line with our responsible business Board commitments, our goals are that by 2030 55% of our suppliers by spend will have committed to having SBTs in place and, by 2035, 85% of our suppliers by spend will have committed to having SBTs in place. In 2024, 58% of our spend was with suppliers that have SBTs.

In addition, we ask our suppliers to share their EcoVadis sustainability assessment scorecards, where available, and we are working to continuously increase the volume of suppliers that use the EcoVadis portal. EcoVadis scorecards provide suppliers with valuable insights into their own company's strengths and areas of improvement across environmental and social factors. In 2024, we monitored 359 EcoVadis scorecards. As a result, 43% of our spend was with suppliers that have scorecards in place.

Targeting bribery and corruption

We do not tolerate bribery or corruption in any form. Our anti-bribery and corruption standards apply to all Capita businesses, employees and suppliers. The Financial Crime Prevention team monitors compliance, with a view to ensuring all parts of the business are aware of their responsibilities in terms of charitable donations, sponsorships, and gifts and hospitality. All employees must complete financial crime training annually.

Upholding human rights

We are committed to playing our role in society by ensuring that we have the systems, policies and processes in place to identify any potential instances of exploitation and, if found, eradicate modern slavery in all its forms from our business and supply chain.

Our updated human rights policy details our commitments to upholding the principles of human rights, as set out in the UN Declaration of Human Rights and the International Labour Organization core labour principles. We comply with all relevant legislation, including the UK Modern Slavery Act and our compliance statement can be found on our website: <https://www.capita.com/modern-slavery-statement>. We outline expectations and compliance to the standards we set out for suppliers, working with them to ensure they operate in accordance with this policy, and upholding the principles of human rights in their operations and supply chains.

We take appropriate steps to ensure everyone who works for Capita has their fundamental human rights respected and anyone we do business with upholds these principles. Our modern slavery statement details policies, processes and actions we have taken to ensure that modern slavery and human trafficking do not take place in our supply chains or our business. We actively monitor our supply chains against the Walk Free foundation Global Slavery Index (GSI) who provide national prevalence and vulnerability estimates of modern slavery for 160 countries worldwide. In 2024, we worked with four suppliers based within three countries classified at high risk.

There were no material breaches of modern slavery in 2024.

We achieved 96% compliance in the Modern Slavery assessment Tool.

Protecting privacy

Capita handles significant quantities of information about our operations, clients, colleagues, and service users. Much of this information comprises personal data. We take data privacy very seriously and are committed to ensuring that personal data is kept secure, handled with care, and processed in compliance with applicable data protection laws. Our approach is guided by our comprehensive policies, procedures, and guidance that outline our data protection standards and practices. We continuously review and enhance our data privacy practices to adapt to evolving regulatory requirements and emerging threats.

Colleague mandatory data privacy training is a key mitigant to data privacy risk and comprises mandatory modules that cover a range of areas, including identifying personal data, responsibilities when dealing with personal data, and how to identify and respond to data privacy issues. All Capita colleagues, including contractors, must complete mandatory data privacy training. We actively monitor completion rates of our training to ensure that they achieve a minimum completion threshold of 95%.

This year, our data privacy programme focused on data retention and minimisation, handling data subject requests, undertaking data privacy awareness, implementing privacy by design, strengthening transparency, and improving our understanding of how personal data will be processed in the context of new technologies (including AI) we are adopting as part of our organisational strategy. Our policies, procedures, and guidance provide a framework to support these initiatives and ensure that we maintain the highest standards of data protection.

Engaging with our stakeholders



Section 172 statement

Capita's directors are fully aware of and understand their statutory duties under Section 172 of the Companies Act 2006 (the Act), which requires the Board to consider the views of all its stakeholders when making decisions. The Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1)(a) to (f) as detailed below.

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster business relationships with suppliers, clients and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly towards all members of the Company.

This section 172 statement forms the directors' statement required under section 414CZA of the Act and describes how the directors have taken into account wider stakeholders in their decision making and also the principal decisions taken during the year.

Our people

Why they are important

They deliver our business strategy; they support the organisation to build a values-based culture; and they deliver our products and services ensuring client satisfaction.

What matters to them

Flexible working; learning and development opportunities leading to career progression; fair pay and benefits as a reward for performance; and two-way communication and feedback.

How we engaged

- People surveys
- Regular all-employee communication
- Via Nneka Abulokwe, our designated non-executive director for colleague engagement who has visited businesses in the UK and South Africa
- Employee focus groups and network groups
- Workforce engagement on pay at Capita

Topics of engagement

- Creating an inclusive workplace
- Health and wellbeing
- Speak Up policy
- Directors' remuneration and pay at Capita
- Acting on survey feedback
- The career path framework
- Our culture programme
- Annual salary review

Outcomes and actions

The 2024 employee survey showed a decrease in the eNPS compared with 2023. Although disappointing, we recognise that this reflected the difficult decisions that the Company had to make during the year to ensure the long-terms sustainability and success of the Company, including the decision not to remain as a real living wage employer. Survey feedback was positive in relation to manager support and belonging with 80% of respondents stating that their manager helps them to succeed while 60% of respondents feel a sense of belonging at Capita.

We are developing and delivering a range of action plans, including ensuring our leaders feel confidence in, and ownership of Capita's strategy, plans and successes, developing inclusive opportunities for internal career mobility.

We have mobilised a multi-year programme to rally, reset and embed our culture engaging over 250 Culture Accelerators globally to drive the change. Focused on bringing together our senior leadership team through the launch of our Leadership Playbook, mandating Management & Leadership development, refreshing our values to launch in Q2 2025 and creation of an employee playbook.

In October 2024, Capita was recognised by Forbes, as being one of the top companies for women for the second consecutive year, ranking at number 36 out of 400 global companies on the prestigious list.

Our 2024 gender pay gap figures showed improvement compared to 2023, resulting in a median of 14.91% (0.49% down from 15.40%) and a mean of 18.40% (0.39% down from 18.79%). Since we started reporting in 2017, we have reduced our gender pay gap by 10.39%, from 25.30% to 14.91%.

Moving Ahead, Capita's mentoring programme, offers cross-company mentoring which aims to build a pipeline for talented individuals from under-represented backgrounds within the workplace. Capita was awarded 'Most Dynamic Mentoring Organisation' in 2023 and 2024 at the Inspired by Mentoring Awards in recognition of our commitment to mentoring.

We continued to promote our Speak Up policy throughout the organisation.

Risks to stakeholder relationship

- Our ability to retain and develop people, impacting our quality of service and our financial performance
- Our ability to evolve our culture and practices in line with our responsible business agenda

Key metrics

Voluntary attrition, eNPS, employee engagement index and people survey completion level.

Further details

Responsible business section on pages 34 to 67. Directors' remuneration report on pages 108 to 126.

Clients and customers

Why they are important

They are recipients of Capita's services; and Capita's reputation depends on consistent and timely delivery of the services they need from us.

What matters to them

High-quality service delivery; delivery of transformation projects within agreed timeframes; and responsible and sustainable business credentials.

How we engaged

- Regular client meetings, monthly or quarterly business reviews and surveys
- Regular meetings with government stakeholders and annual review with the Cabinet Office
- Through our customer advisory boards
- Through our senior client partner programme which provides an experienced single point of contact for key clients and customers
- Introductory meetings and correspondence with the new CEO, and ongoing meetings with Divisional CEOs, Public Service and Experience

Topics of engagement

- Current service delivery, continuous improvement initiatives and operational excellence
- Transition and mobilisation of services
- Capita's digital and gen AI transformation capabilities, such as AgentSuite and CapitaContact
- Possible future services, market and client needs

- Co-creation of client value propositions in collaboration with our hyperscaler partners, AWS, Salesforce, Microsoft and ServiceNow
- Ongoing benefits of hybrid working, near and off-shore capabilities on client services

Outcomes and actions

Feedback provided to business units to address any issues raised; client value proposition teams supporting divisions with co-creation ideas; direct customer and sector feedback; and senior client partner programme undertaking client-focused growth sprints and account plans to build understanding of client issues and ideas to help address them.

Risks to stakeholder relationship

- Loss of business by not providing the services that our clients and customers want
- Damage to reputation by not delivering to the requirements of our clients and customers
- Loss of customers for our clients

Key metrics

Customer NPS; specific feedback on client engagements.

Further details

- Chief Executive Officer's review on pages 6-10. Responsible business section on pages 34 to 67.

Suppliers and partners

Why they are important

At Capita, our suppliers and partners including leading hyperscalers, play a pivotal role in delivering our purpose. By collaborating with organisations that share our values, we maintain high standards, ensure operational excellence, and achieve outcomes aligned with our social, economic, and environmental commitments. Our partnerships, particularly with hyperscalers including AWS, Microsoft, Salesforce and ServiceNow, enhance our ability to innovate and deliver cutting-edge digital solutions.

We will continually review our supply base to ensure it delivers better outcomes for customers while addressing the need to reduce supply chain complexity and improve service quality.

What matters to them

- Transparent and fair procurement processes
- Collaboration on joint initiatives that drive innovation and foster long-term partnerships
- Reliable and timely payment terms
- Shared commitment to sustainability, resilience, and compliance with Science-Based Targets (SBTs) backed approach to net zero
- Provision of a safe working environment for anyone affected by Capita businesses while upholding the highest standards of ethical conduct in all endeavours
- Partnering with diverse suppliers that bring innovation, disruptive technologies and positively impact local communities

- Maintaining availability, integrity and confidentiality of our business relationships and the systems that support them, remaining resilient through periods of disruption

How we engaged in 2024

- Strategic collaboration with hyperscalers: including regular engagement with AWS, Microsoft, Salesforce and ServiceNow focused on co-creating solutions for Capita's clients, integrating advanced AI and cloud capabilities into our offerings
- Innovation forums: by conducting joint workshops with hyperscalers to align on product roadmaps and explore new technologies that enhance the customer experience
- Performance reviews: by ongoing performance assessments to ensure value delivery and alignment with Capita's strategic goals
- Sustainability partnerships: collaborating with hyperscalers to assess and mitigate the environmental impact of cloud-based operations, contributing to the reduction of Capita's Scope 3 carbon footprint
- Engagement reviews: regular supplier meetings, ensuring openness throughout the source to procure process complete with in-life feedback questionnaires and risk assessments

Suppliers and partners *continued*

Topics of engagement

- New technology and gen AI offerings suitable for both Capita and Capita-customer use
- Supplier payments
- Sourcing requirements and bid opportunities
- Supplier performance monitoring
- Supplier charter commitments
- Partnering opportunities
- Joint development of AI powered customer service tools
- Deployment of cloud-native platforms to modernise public and private sector operations
- Commitment to sustainability, including carbon footprint transparency and initiatives to meet net zero goals
- Enhancing cyber security standards across partner ecosystems to safeguard stakeholders

Outcomes and actions

Our supplier charter, which is available on our website, remains at the core of strengthening our commitments and sets out how we conduct business in an open, honest and transparent manner, and what we expect of our suppliers. We want to work with suppliers and supply chain partners that share our values and help us deliver our purpose, to create better outcomes. This includes the provision of safe working conditions, treating workers with dignity and respect, acting ethically and being environmentally responsible.

As part of our commitments as a responsible business, Capita manages and monitors a variety of supply chain related metrics including sustainability, spend with SMEs, VCSE's and diverse-owned businesses and modern slavery risk.

To understand Capita's Scope 3 carbon footprint, a supplier engagement programme was also undertaken with suppliers accounting for £1bn annual spend (over 50% of the supply chain by spend) to ask them to disclose their carbon emissions to CDP.

During 2024, 92% of our suppliers were paid within 60 days.

Risks to stakeholder relationship

- Evolving regulatory and environmental requirements
- Maintaining shared commitments to transparency and sustainability
- Maintaining resilience in the supply chain and partner ecosystems

Key metrics

90% of supplier payments within agreed terms; SME spend allocation; and supplier diversity profile.

Further details

Supplier engagement section on page 47.



Investors

Why they are important

They own the business and provide essential capital; and their input and feedback is considered when making tactical and strategic decisions.

What matters to them

Reporting on strategic, operational and responsible business factors; financial performance; directors' remuneration, access to the Board and senior management; and regular communication.

How we engaged

- Financial and other reports and trading updates
- Capital Markets Day held in June 2024
- Investor meetings with CEO, CFO and Investor Relations
- Dedicated webinars for retail shareholders
- Regular investor programme with the Board, including meetings with the Chairman and Remuneration Committee and Audit and Risk Committee chairs and feedback throughout the year
- At the Company's AGM
- Discussions around AGM on resolutions and governance topics
- Dedicated Investor Relations contacts and email inbox

Topics of engagement

- Medium-term targets and strategic priorities
- Financial performance and outlook
- Digital transformation, gen AI and relationship with hyper-scalers
- Cultural transformation and attrition
- Balance sheet, liquidity and the ongoing cost-savings programme
- Disposal of Capita One
- Appointment of the new CFO
- Governance: remuneration and remuneration policy approved by shareholders at the 2024 AGM
- Environmental: net zero target

Outcomes and actions

Frequent market communication and active engagement with largest shareholders including with the Chairman and Remuneration Committee and Audit and Risk Committee chairs, including shareholder consultation on the remuneration policy proposed to shareholders at the 2024 AGM which received more than 99% of votes cast in favour.

Risks to stakeholder relationship

- Delivery of strategic and financial objectives
- Key aspects of governance eg remuneration

Key metrics

Revenue; profit; free cash flow; net debt and gearing; valuation; and AGM voting.

Further details

Principal decisions table on page 52.



Society

Why it is important

Capita is a provider of key services to government impacting a large proportion of the population.

What matters to it

Social mobility; youth skills and jobs; community engagement; diversity and inclusion; climate change; business ethics; accreditations and benchmarking; and cost of living crisis.

How we engaged

- Membership of non-governmental organisations
- Charitable and community partnerships
- External accreditations and benchmarking
- Working with clients, suppliers, and the Cabinet Office

Topics of engagement

- Youth employment
- Workplace inequalities
- Diversity & inclusion
- Climate change
- Community engagement

Outcomes and actions

Youth and employability programme such as Social Shifters; ranked 36 on the Forbes Global list of top employers for women; our pay gap has improved by 10.39% since we began reporting, awarded Employer's Network for Equality and Inclusion, achieved a silver Tidemark, Armed Forces Covenant Gold Employer Recognition Award and an A CDP (Carbon Disclosure Project) score as a bronze medal by EcoVadis for Capita plc.

Risks to stakeholder relationship

- Lack of understanding of the issues important to them
- Insufficient communication or involvement in shaping and influencing strategies and plans

Key metrics

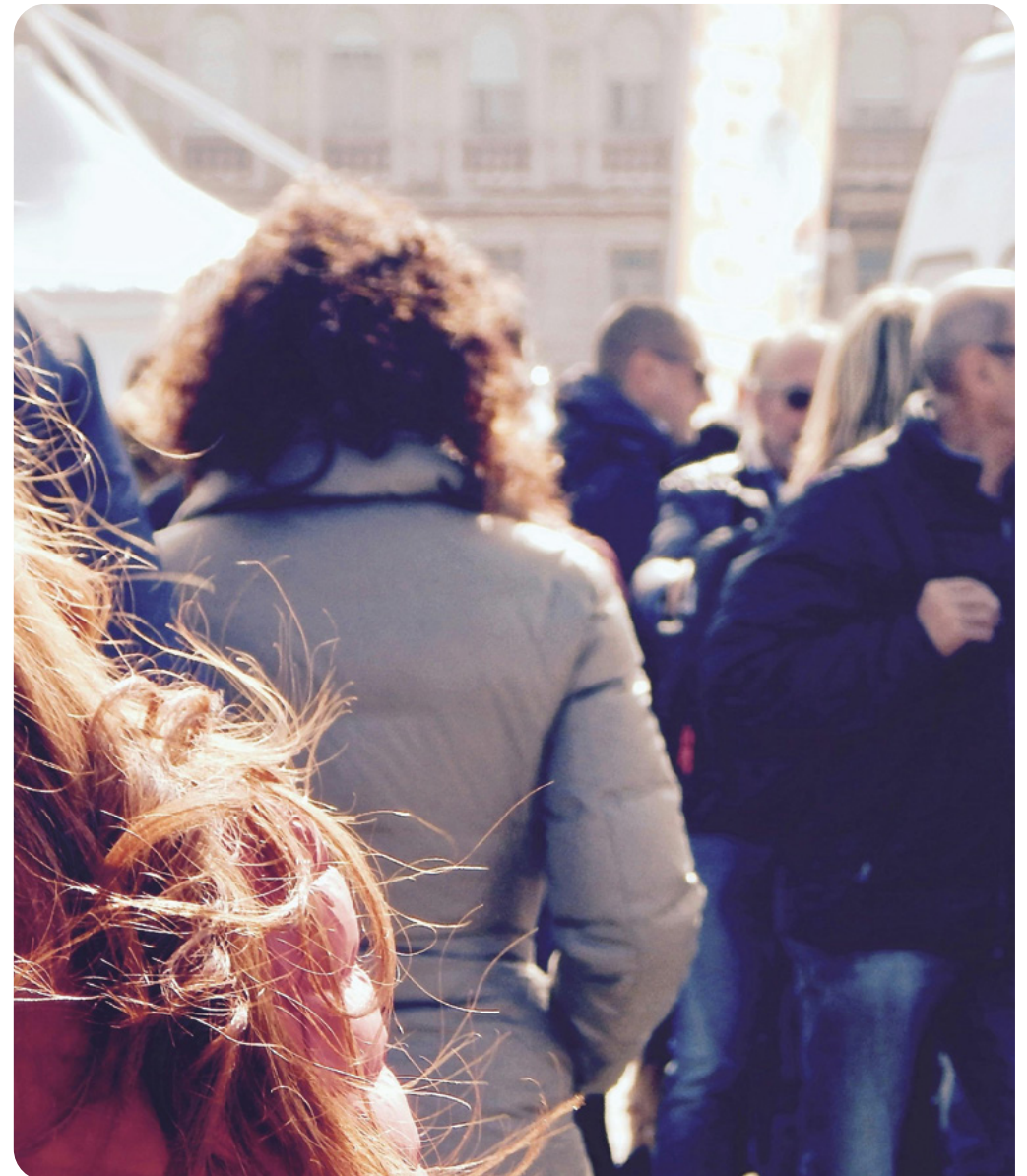
Community investment, workforce diversity and ethnicity data, including pay gaps, external indices performance such as EcoVadis.

Further details

Responsible business: Our people section on pages 39 to 45.

Responsible business: Our communities section on page 46.

Responsible business: Our planet section on pages 54 to 58.



Principal decisions: consideration of stakeholders and outcomes

Examples of some of the principal decisions that the Board has taken during 2024 and how s172 considerations have been factored into the Board's decision making are set out below:

Principal decisions considered by the Board	Impact on long-term sustainable success	Stakeholder considerations	Further details
Finance: In December 2024, the Board approved an increase in the Group's cost reduction target from £160m to up to £250m.	Further cost reductions together with the increasing use of AI and gen AI form the basis of the Group's transformation and will improve the Group's operating model and its operating profit margins and will enable the delivery of positive sustainable cash flows, improving the financial position of the Company.	Colleagues: the Board recognises the impact on colleagues whose roles were at risk of redundancy. However, the Board recognises that annual voluntary employee attrition of around 22% will contribute to these savings, reducing the need for redundancies and the Group can ensure that it can rebalance new hires, provide incremental training of our colleagues and invest in key growth areas. All our stakeholders: The improved financial position of the Group, and the delivery of positive sustainable cash flow following these savings and efficiencies is of benefit to all stakeholders. The use of gen AI will provide better opportunities for our colleagues.	Strategic report on pages 2 to 76. Chief Financial Officer's report on pages 27 to 33.
Disposals: In July 2024, the Board approved the disposal of the Group's standalone software business Capita One. The sale to MRI Software completed on 5 September 2024, raising net cash proceeds of approximately £180m.	The sale of Capita One has strengthened the Group's financial position while providing funding and optionality for the transformation journey.	All our stakeholders: the strengthening of the Group's financial position has made Capita a more sustainable business which is in the interests of all stakeholders.	Chief Executive Officer's review on pages 6 to 10. Chief Financial Officer's report on pages 27 to 33.
AI and gen AI As announced at the Capital Markets Day the Board approved a revised strategy which includes: - Partnerships with technology hyperscalers to address industry trends and client demands - Introduction of targeted, standardised, repeatable product propositions to capitalise on shifting demand	The joint go-to-market solutions with technology partners such as Microsoft, AWS, Salesforce and ServiceNow are driving market differentiation, ensuring a larger proportion of higher-margin repeatable deals with improved cost predictability, as demonstrated by Capita's collaboration with AWS on CapitaContact. These actions are creating a better Company that supports improved profitability and sustainable cash generation.	Our clients and customers: Our new AI solutions – CapitaContact, AgentSuite and Capita Accelerate are helping to streamline processes and create efficiencies for clients, as well as improving the experience of customers and end users of services. Our people: we are deploying AI to empower employees by supplementing and enhancing their human abilities and skills and enabling them to take on more creative, human-centred responsibilities, creating a better employment experience and greater job satisfaction. Our shareholders: a better company, improved profitability and sustainable cash generation will provide better returns to our shareholders.	A Better Capita: Better Technology on page 13.
Governance – Board changes: In May 2024, the Board approved the appointment of Pablo Andres as Chief Financial Officer. Pablo joined the Board on 15 July 2024 and was appointed as CFO on 9 August 2024.	The chief financial officer is a critical role in driving the change required in Capita's complex businesses, delivering the required cost savings and enhancing the Group's processes and systems and supporting the CEO to deliver the Group's strategy.	All our stakeholders: all our stakeholders have an interest in the successful delivery of our strategy and the way it is delivered. Pablo Andres, CFO has a critical role in supporting the CEO to deliver the Group's strategy, including delivery of the required cost savings.	Nomination Committee report on pages 90 to 94.

NFSIS

This section of the report constitutes Capita's non-financial and sustainability information statement (NFSIS), produced to comply with sections 414CA and 414CB of the Companies Act 2006.

The table below, and information it refers to, is intended to help stakeholders understand our position on key non-financial and sustainability matters. This builds on reporting that we do under the following frameworks: CDP, Dow Jones Sustainability Index and the EcoVadis Assessment.

Reporting requirement	Policies and standards which govern our approach	Where is this referenced in this report?
Environmental matters	- Health, safety and environmental policy (E) - Environmental standard (I) - Supplier Charter (E) - Procurement policy (E) - Procurement standard (I) - Travel and expenses policy (I) - Risk management policy (E)	- Responsible business: our planet pages 54 to 58 - Task Force on Climate-related Financial Disclosures (TCFD), pages 59 to 67 - Streamlined Energy and Carbon Reporting Regulation (SECR), page 57 - Responsible business: our business – supplier engagement page 47
Employees	- Code of conduct (E) - Health, safety and environmental policy (E) - Health, safety and environmental standard (I) - Diversity and inclusion policy (E) - Wellbeing policy (E) - Employee handbook (I)	- Our people section pages 39 to 45 - Responsible business: representing the diversity of the communities in which we live and work 39 - Responsible business: diversity data page 41
Human rights	- Human rights policy (E) - Supplier charter (E) - Modern slavery statement (E) - Information and cyber security policy (E) - Privacy policy (E) - Employment screening policy (I) - Procurement policy (E) - Speak Up policy (E) - Safeguarding policy (E)	- Responsible business: our business– supplier engagement page 47 - Responsible business: our communities page 46 - Responsible business: our business – upholding human rights page 47
Social matters	- Charity and community policy (E) - Charity and community standard (I) - Volunteering Toolkit (I) - Payroll giving and matched funding Toolkit (I)	Responsible business: our communities page 46
Anti-corruption and anti-bribery	- Code of Conduct (E) - Gifts and hospitality standard (I) - Financial crime policy (E) - Conflict of interest policy (E)	Responsible business: targeting bribery and corruption page 47
Due diligence and outcome	- Risk management framework - Annual internal audit plan (I) - Risk register (I) - Audit and Risk Committee report	- Risk management framework pages 68 and 69 - Audit and Risk Committee report pages 99 to 107
Business model		Business model page 12
Non-financial KPIs		- Non-financial KPIs page 3 - Responsible business pages 34 to 67
Risk management		Risk management and internal control pages 68 to 74

I – Group policies, guidance and standards published internally; E – Group policies, statement and reports published externally.

Our planet

Fighting climate change

Capita's ambition is to reach net zero greenhouse gas emissions across the value chain by 2045. To help accelerate our pace we have a three-phased approach which aims to reach operational net zero by 2030; operational and business travel net zero by 2035; and full net zero by 2045.

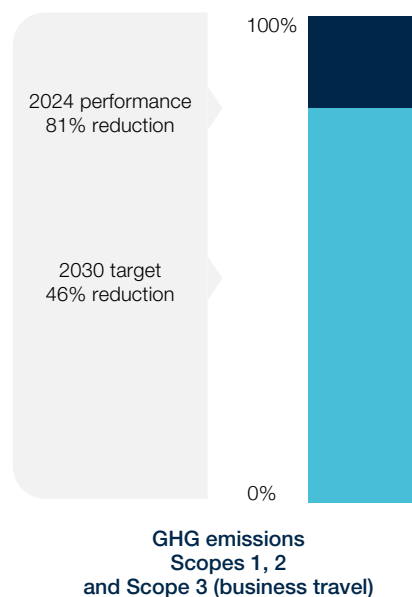
We have established near term and long-term science-based targets and are working to validate them with the Science Based Target initiative (SBTi).

We are committed to these challenging targets at every level of our organisation, setting decarbonisation as our overarching objective. Our goal is for all residual emissions from 2045 to be neutralised in line with SBTi criteria to reach net zero emissions. The challenges we believe will be most difficult to address are the decarbonisation of our heating systems and collecting, monitoring and managing the reduction of emissions from nearly 14,000 suppliers. Work has begun on Capita's first low carbon transition plan which will set out how we plan to address these challenges.

Near-term targets

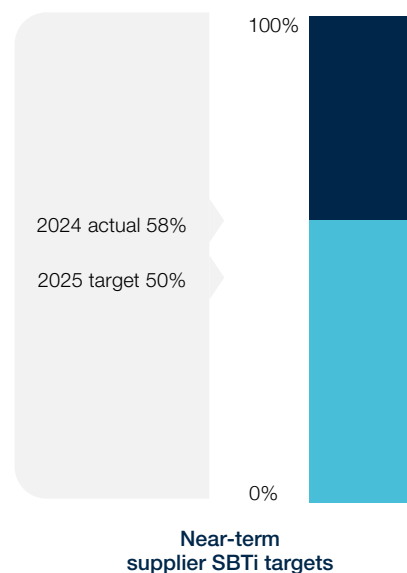
Capita has committed to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions and absolute Scope 3 GHG emissions covering business travel by 46% by 2030 from a 2019 base year.

We have already significantly exceeded this target by reducing these emissions by 81% in 2024, when compared to our 2019 baseline.



Capita has also committed to 50% of its suppliers by spend – covering purchased goods and services, and capital goods – having science-based targets by 2025.

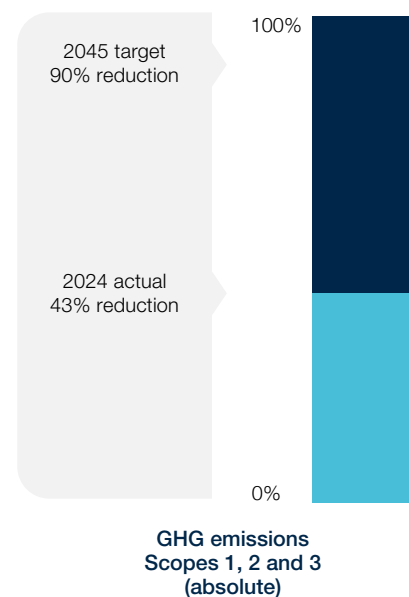
We have exceeded this target in 2024 and 58% of our suppliers by spend (covering purchased goods and services and capita goods) have science based targets.



Long-term targets

Capita has committed to reducing absolute Scope 1 and 2 GHG emissions, and absolute Scope 3 GHG emissions by 90% by 2045 from a 2019 base year.

In 2024, we have reduced our total emissions by 43% from a 2019 base year across all relevant categories in Scope 1, Scope 2 and Scope 3.



Scope 1 Direct emissions and operations

Scope 1 emissions primarily arise from the combustion of gas for our heating systems and the use of fuel for our vehicle fleet.

This year our Scope 1 emissions were 5,150 tCO₂e, down from 12,247 in 2023. This decrease was due to our focus on making sure our property estate is the right size for our business, by reducing the number of buildings we have. We have also made changes to our fleet and diesel is no longer an option for colleagues who renew their company cars. In total our Scope 1 emissions have reduced by 73% from our 2019 baseline year.

Scope 2 Indirect emissions from purchased electricity

Our Scope 2 emissions are from electricity used to power Capita's buildings, data centres and offices, and to charge electric vehicles at our premises.

This year our Scope 2 (market-based) emissions were 4,076 tCO₂e, which is a slight increase from 3,553 in 2023. This increase was due to energy use in buildings at which we are unable to source renewable electricity. In total our Scope 2 (market based) emissions have reduced by 85% from our 2019 baseline year.

Scope 3 Business travel emissions

Business travel emissions primarily arise from meetings with our clients or essential visits to our sites. Internally we have a digital first policy which helps to reduce the amount of travelling we do.

This year our Scope 3 (business travel) emissions were 5,154 tCO₂e down from 6,844 in 2023. This decrease was due to our direct focus on reducing business travel. In total our Scope 3 (business travel) emissions have reduced by 83% from our 2019 baseline year.

Steps to 2045 – Low Carbon Transition Planning

Capita have appointed representatives throughout key parts of the business as Net Zero Champions and work has begun on our first Low Carbon Transition Plan. The plan is expected to be published in Q4 2025 and will outline the actions we will take to reach net zero by 2045 across our value chain.

Supplier engagement

Our most significant decarbonisation challenge lies within our supply chain, where we have calculated that 56% of our total emissions exist.

We have asked our suppliers to set Science Based Targets as part of the onboarding process and in 2024 58% of suppliers have done so, up from 54% in 2023.

Renewable energy generation

We currently have a solar energy generation project at our Fire Service College premises. This project has generated over 17,000kWh of energy in 2024. We have used this energy on our site to provide power.

Improving energy efficiency

We invested in energy-efficiency measures across our estate in 2024 to deliver savings below.

Building plant upgrades and initiatives	(tCO ₂ e reduction per annum)
Replacement LED lighting	83
Updated building management controls	290
Installation of electric timers	3
Increasing awareness of energy waste	108
Updated boiler controls	8
Installation of pipework insulation	3
Installation of variable speed drive	9
Total	504

In 2024, 21 projects were delivered to upgrade lighting to LED and a further 39 initiatives from the 2023 ESOS surveys were implemented. We also delivered two major projects at the Fire Service College which included a full passive infrared lighting system and additional energy monitoring onto key infrastructure, which is providing more insights into the system operation. We plan to roll this out across more sites during 2025 and to introduce a new training cabin at the Fire Service College with solar panning to reduce energy consumption.

Building energy monitoring programme

Our highly successful building energy monitoring programme continues to identify energy savings. Our Facilities Management team review half hourly energy data for our larger properties quarterly, leading to efficiency action and plant and controls upgrades. We also use this process to monitor the success of plant replacement programmes and refurbishments, checking that expected energy efficiency and emissions reduction are achieved. In 2024 we saved an **estimated 700,000 kWh of energy from electricity efficiencies** (across 10 larger properties) and **340,000 kWh of energy from gas efficiencies** (across 6 larger properties).

Energy Savings Opportunity Scheme (ESOS)

This year Capita made a submission under ESOS which included a new Energy Saving Action Plan. This plan outlines a series of targeted measures designed to enhance energy efficiency across our operations. By focusing on reducing energy consumption and optimizing our resource use, we are not only meeting regulatory requirements but also reinforcing our commitment to reducing carbon emissions.

Key highlights of the plan include:

- **36 energy-saving actions added**
- **2 million kWh of additional energy savings projected over the period from 2023 to 2027**

Progress on the Energy Saving Action Plan will be updated annually, and we will continue to invest in further energy-saving opportunities, ensuring ongoing improvements in our energy efficiency and sustainability efforts.

Electrifying our fleet

We are making good progress in switching our fleet to electric vehicles. In 2024, we **removed 375 diesel vehicles**. Now, **88% of our fleet is electrified to some extent** (up from 56% in 2023), and 23% are fully electric (up from 4% in 2023). This increase is mainly because we changed our policy to no longer allow diesel cars for fleet renewals.

We are creating the infrastructure needed to support our goal of having 100% EV fleet by 2030 and have so far installed 31 EV chargers at seven sites.

Circular economy

At Capita, the principle of the circular economy is integral to our sustainability strategy. We are committed to reducing waste and maximising the use of the planet's resources, both within our operations and beyond. In collaboration with our third-party partner, Restore Technology, we have made significant strides in resource efficiency this year.

Technology waste processing:

Process used	Number of items
Recycling	19,542
Remarketing for sale	10,729
Redeploying or donating	1,685

By reducing the demand for new resources, we have achieved substantial environmental savings, equivalent to:

- 47 million kWh of energy
- 132,000 barrels of crude oil
- 925 cubic meters of landfill space

These savings could power 8,601 homes or 1,448 cars for a year.

Furniture waste processing

- 1,215 items of furniture reused across the Capita estate from property closures
- 1,997 items of furniture donated to schools and charities

Increasing our portfolio of net zero services

Net zero is a unique emerging sector of verticals and companies ranging from low carbon energy generation all the way to green finance that presents a big opportunity for future economic growth. This evolving market represents an attractive growth opportunity with an estimated addressable market of £150 – £250m per annum, and an opportunity for Capita to support our clients in reaching their sustainability goals. To do this we have established a new Sustainability and Net Zero team to support public service clients on climate, energy, waste, and biodiversity, and are exploring a partnership to provide net zero products and virtual power networks. We plan to target 1 million social housing properties in the next five years, aiming to reduce energy bills for vulnerable communities, support ambitious net zero targets, and enhance the resilience of the national grid. This proposition spans all Capita markets and represents a sizeable opportunity for the company to strengthen its position in the evolving net zero sector.

CDP disclosure

In our ongoing commitment to transparency and sustainability, Capita has disclosed its environmental impact through the Carbon Disclosure Project (CDP). This disclosure underscores our dedication to reducing our carbon footprint and enhancing our environmental performance. By participating in the CDP, we provide stakeholders with comprehensive data on our greenhouse gas emissions, climate-related risks, and opportunities. Capita received an A- score from the CDP for 2024, reflecting our significant efforts and progress in environmental sustainability. This initiative aligns with our broader strategy to foster sustainable business practices and contribute to global efforts in combating climate change.

Taskforce on Climate-related Financial Disclosures (TCFD)

In 2024 we published our fourth disclosure statement against the TCFD recommendations, see pages 59 to 67. Details on climate governance can be found in our TCFD statement on page 61.

Reporting

GHG emissions (tCO₂e) and energy use (kWh) for period 1 January 2024 to 31 December 2024

		Data source current reporting year 2024			Comparison reporting year 2023			Comparison reporting year 2022		
		UK and offshore	Global excluding UK and offshore	Total	UK and offshore	Global excluding UK and offshore	Total	UK and offshore	Global excluding UK and offshore	Total
Gas and fuel	Energy Bureau, UK est energy, FSC burn, int. est energy, Capita Europe	20,775,221	1,485,153	22,260,374	58,451,965	1,276,761	59,728,726	58,561,431	2,443,394	61,004,825
Electricity and district heat		32,339,905	14,350,367	46,690,272	61,520,201	15,030,765	76,550,966	65,813,485	15,405,065	81,218,550
Business travel – cars	SAP expenses	4,310,261	1,361,135	5,671,396	7,208,314	2,276,310	9,484,624	12,211,032	3,836,579	16,047,610
Total energy used		57,425,387	17,196,655	74,622,042	127,180,480	18,583,836	145,764,316	136,585,947	21,685,038	158,270,986
% of total energy used		77%	23%	100%	87%	13%	100%	86%	14%	100%
Emissions from combustion of gas and fuel for heating tCO ₂ e (Scope 1)	Energy Bureau, Capita Europe	3,766	324	4,090	10,373	246	10,619	9,281	405	9,686
Emissions from combustion of fuel in company vehicles tCO ₂ e (Scope 1)	Fleet, FSC, fleet Germany, India, South Africa	163	15	178	1,224	63	1,287	1,851	67	1,918
Emissions from fugitive refrigerant gas tCO ₂ e (Scope 1)	Fugitive refrigerant gas	107	0	107	339	2	341	445	0	445
Emissions from purchased district heat tCO ₂ e (Scope 2)	Energy Bureau, Capita Europe	34	230	264	30	68	98	34	264	298
Emissions from purchased electricity (location based) tCO ₂ e (Scope 2)	Energy Bureau, UK est energy, int. est energy, Capita Europe, South Africa, India	6,657	9,036	15,693	12,553	8,714	21,267	12,827	8,012	20,839
Emissions from purchased electricity (market based) tCO ₂ e (Scope 2)	Energy Bureau	542	3,270	3,812	1,044	2,411	3,455	2,247	1,836	4,083
Emissions from business mileage, air, rail, tube tram and light rail, taxi, bus, coach, ferry, hotel, waste tCO ₂ e (Scope 3)	SAP, Agiito	3,759	1,395	5,154	5,475	1,369	6,844	4,857	1,244	6,101
Total gross tCO ₂ e Scope 1 and Scope 2 (location based)		11,141	10,019	21,160	24,519	9,091	33,611	24,438	8,748	33,186
Total gross tCO ₂ e emissions (location based – Scope 1,2 and business travel)		14,954	11,360	26,314	29,995	10,461	40,456	29,294	9,992	39,287
Total gross tCO ₂ e emissions (market based – Scope 1,2 and business travel)		8,847	5,533	14,380	18,486	4,158	22,644	18,680	3,552	22,233
Intensity ratio: gross Scope 1 and 2 tCO ₂ e (location based) per £1m turnover		5.2	7.2	9.8	8.1	3.0	11.2	8.1	2.9	11.0
Intensity ratio: gross Scope 1 and 2 tCO ₂ e (location based) per headcount		0.50	0.73	0.59	0.56	0.21	0.77	0.77	0.48	0.66

Methodology: carbon emissions have been calculated following the GHG protocol using the operational control approach. Estimated energy figures have been used for buildings where direct meter data is not available, using Cibse guide F benchmarks (or previous years' consumption outside UK if available). Any fuel figures provided in litres have been converted into kWh or tCO₂e using gov.uk and Defra conversion tables. Mileage provided has been converted into tCO₂e using Defra conversions for the relevant engine size and fuel type. kWh figures for air, rail, taxi and other public transport have been omitted as not practical to convert from passenger km or passenger fares but CO₂e emissions have been calculated using Defra conversion factors.

Scope 1, Scope 2 and Scope 3 business travel are verified to ISAE 3000 by SLR Consulting in each year.

Annual GHG emissions

	2024	2023	2022	2021
Scope 1 (tCO ₂ e)	5,150*	12,247*	12,049*	15,021*
Scope 2 (tCO ₂ e) (location-based)	16,010*	21,365*	21,137*	24,088*
Scope 2 (tCO ₂ e) (market-based)	4,076*	3,553*	4,083*	10,328*
Scope 3 (tCO ₂ e) (business travel and waste)	5,163*	6,844*	6,101*	4,500*
Total gross tonnes of CO ₂ e (location-based)	26,323	40,456	39,287	43,609
Total gross tonnes of CO ₂ e (market-based)	14,389	22,644	22,233	29,848
Total gross tonnes of CO₂e/£1m revenue (location-based)	10.9	13.5	13.03	13.70
Total gross tonnes of CO₂e/headcount (location-based)	0.76	0.92	0.79	0.73

Methodology

We measure our environmental performance by reporting our global carbon footprint annually in terms of tonnes CO₂ equivalent (tCO₂e), an absolute measure, tonnes CO₂ equivalent per £1m revenue and per person (intensity measures). The data relates to Capita's owned and leased facilities and business travel under its operational control across all geographies. We report separately on our direct emissions from Capita controlled and owned sources (Scope 1), indirect emissions from consumption of electricity, heat or steam (Scope 2), and emissions from third parties (Scope 3). This ensures our compliance with Part 7 of The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 which requires certain disclosures in respect of GHG emissions (the Strategic Report GHG Emission disclosures).

We engaged an external agency, SLR Consulting Ltd, to provide independent limited assurance over the selected GHG emissions data (highlighted in the table opposite with an *) using the assurance standards ISAE 3000 and 3410. SLR Consulting Ltd has issued an unqualified opinion over the selected data; its full assurance statement is available at www.capita.com/responsible-business/resources-and-reports.

Our disclosures cover sources of our GHG emissions from our operations in the UK, Ireland, Central Europe (Germany, Switzerland, Poland and Bulgaria), India and South Africa. Capita converts the consumption data into a carbon footprint with consideration for the World Business Council for Sustainable Development and World Resources Institute's Greenhouse Gas Protocol, together with the latest emissions factors from the UK Department for Environment, Food and Rural Affairs, Association of Issuing Bodies and International Energy Agency.

Table of progress against SBTi verified short-term targets

	2024 actual	2024 target	2030 SBTi short-term target
Scope 1 (tCO ₂ e)	5,150	11,206	10,201
Scope 2 (tCO ₂ e) (market-based)	4,076	16,341	14,876
Scope 3 (tCO ₂ e) (business travel and waste)	5,163	22,153	16,540
Progress against SBTi verified short-term engagement target	2024	2024	2025
Scope 3 supply chain spend covered by science-based targets %	58%	42%	50%
Other metrics	2024	2023	2022
100% renewable power progress (as % of total power)	89%	90%	85%
Transition from internal combustion to low emission vehicles:			
Diesel	12%	43%	47%
Hybrid electric	65%	52%	48%
Pure electric	23%	4%	4%
Average CO ₂ e			
Fleet vehicle energy source	69g/km	96g/km	96g/km

Notes:

Total gross tonnes of CO₂e/£1m revenue (location-based) has been calculated using reported revenue.

Scope 1: emissions from Capita sources that are controlled by us, including the combustion of fuel, company-owned vehicles and the operation of our facilities.

Scope 2: emissions from the consumption of purchased electricity, heat or steam.

Scope 3: emissions from non-owned sources related to Capita's activities, including business travel and waste.

Emissions data above covered by limited external assurance to ISAE 3000

TCFD

TCFD statement of compliance

Capita has been disclosing against the TCFD recommendations since 2021. Our 2024 TCFD statement provides our approach to climate related risks and opportunities, the potential impact on our business and the actions we are taking to respond.

How our approach to TCFD has evolved:

2021

We worked with climate experts SLR Consulting to identify and assess a range of climate risk and opportunities and their potential impacts. Our internal team scored the risk and opportunities across climate scenarios and time horizons.

2022

We selected five key risks for quantification and identified a range of associated risks, opportunities and impact, including potential future financial impacts. These were:

1. Water stress vulnerability (see case study 1 on page 64)
2. Carbon pricing costs exposure
3. Supply chain pass through costs exposure
4. Energy pricing exposure
5. Carbon credit pricing vulnerability

2023

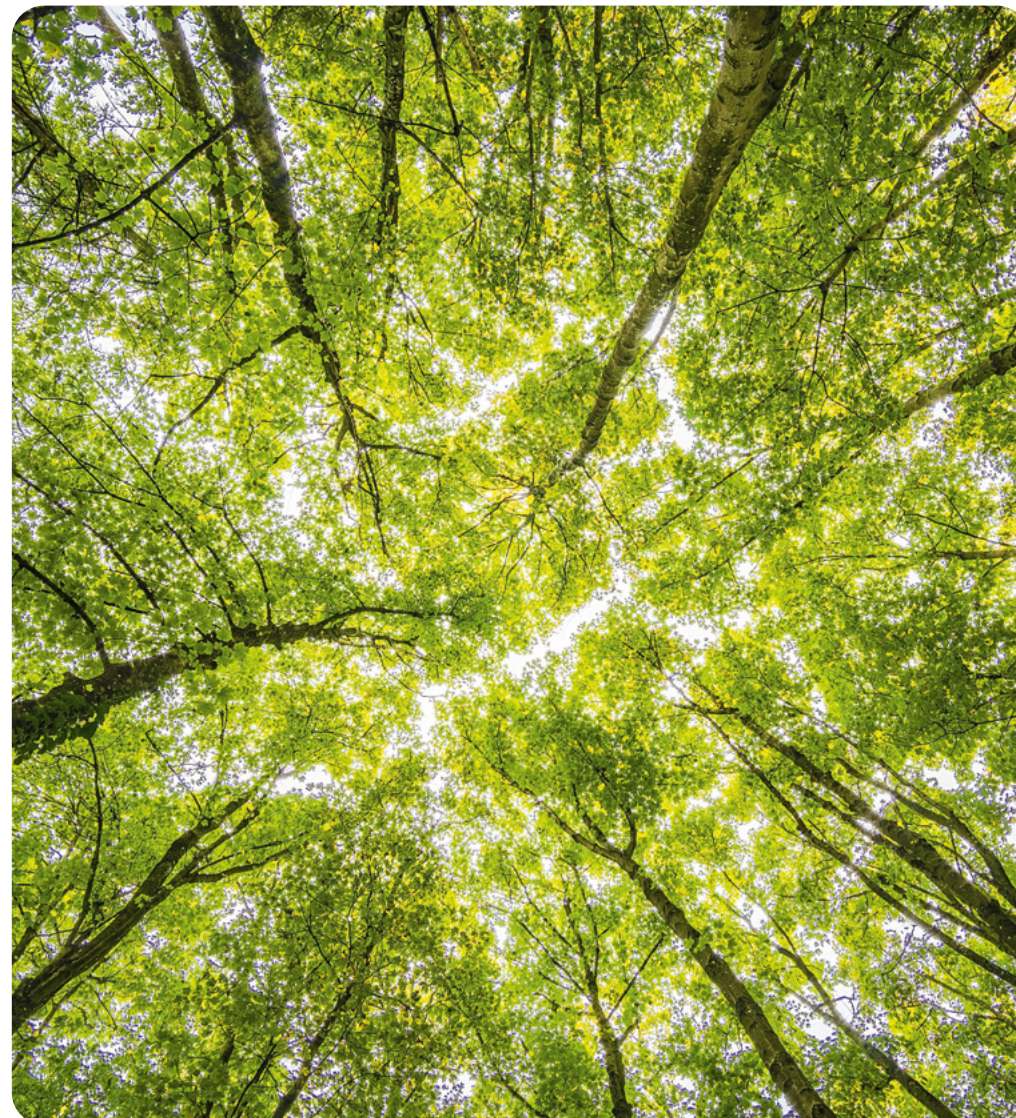
We took a deep dive into a key **transitional** risk with a specific focus on increasing climate requirements in bids (see case study 2 on page 64)

2024

We took a deep dive into a key **physical** risk, focusing on the risk of flooding due to extreme weather conditions (see case study 3 on page 65)

Plans for 2025

In 2025 we plan to become more mature in our understanding of the financial impacts of the risks and opportunities we have identified and will work with third party expertise to do this.



Assessment of Capita's disclosure against the TCFD recommendations

TCFD recommendations

Governance	Capita's progress	Page number
a. Describe the Board's oversight of climate related risks and opportunities	Consistent	61
b. Describe management's role in assessing and managing climate related risks and opportunities	Consistent	61
Strategy	Capita's progress	Page number
a. Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term	Consistent	63
b. Describe the impact of climate related risks and opportunities on the organisation's business, strategy and financial planning	Partially Consistent Over the past few years Capita has completed qualitative and quantitative climate scenario analysis, and integrated climate change across risk management processes as part of ESG principal risk. However, the analysis has not yet been embedded into financial and strategic planning. We will identify how this will be done as part of our low carbon transition plan, which is expected to be published in 2025. The plan will outline our strategic approach to achieving net zero, aligning with global efforts to combat climate change.	63
c. Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2 degrees C scenario or lower	Consistent	65
Risk management	Capita's progress	Page number
a. Describe the organisation's processes for identifying and assessing climate related risk	Consistent	66
b. Describe the organisation's processes for managing climate related risks	Consistent	66
c. Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management	Consistent	66
Metrics and targets	Capita's progress	Page number
a. Describe the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	Partially Consistent As Capita is in the early stages of disclosing climate related financial information, we are working on our internal processes to determine potential financial impacts and the amount and extent of assets or business activities that are vulnerable to transition risks.	67
b. Disclose Scope 1, Scope 2 and if appropriate Scope 3 Greenhouse Gas (GHG) emissions, and the related risks	Consistent	67
c. Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	Consistent	67

Governance

Capita recognises that climate change and wider environmental emergencies present significant risks to society and the planet. Therefore, dedicated roles and responsibilities have been defined in line with Capita's risk management process.

The Board has ultimate accountability for these risks and their management, with delegated responsibilities to both Board committees and the Executive Team, cascading to management for day-to-day oversight.

Climate-related responsibilities and decision making governance structure

Board	Capita Board		
	Responsibility: promoting long-term sustainable success, generating value for shareholders and contributing to wider society. The Board provides direction to the Executive Team by setting the organisation's risk appetite and overseeing the principal risks facing the organisation, including responsible business risk which incorporates climate change. 2024 actions: climate issues are raised to the Board on an ad-hoc basis as they arise resulting in multiple discussions throughout the year. Examples include the sign-off scope of work to develop a climate transition plan at Capita in response to guidance from the UK Transition Plan Taskforce.		
	Audit and Risk Committee	RB Committee	Remuneration Committee
	Responsibility: assists in overseeing risk systems. 2024 actions: review and approve the 2024 TCFD disclosure on an annual basis. Half-yearly review of risks and controls.	Responsibility: strategic oversight and accountability for climate-related issues, chaired by Nneka Abulokwe, Independent Non-Executive Director. 2024 actions: the RB Committee meet four times during the year. Actions included the approval of a revision to Capita's net zero targets.	Responsibility: sets remuneration policy and principles for remuneration of the Executive Directors and members of the Executive Team. Met four times in 2024. Responsible business targets, including climate change, may be included as a metric in incentive plans if appropriate.
Board Committees	Executive Team		
	Responsibility: accountable for implementing and operating effective governance, risk management and internal controls. This includes monitoring performance in line with climate change targets and objectives. 2024 actions: The Executive Team meet monthly, and actions have included nomination of key roles throughout the business to form a Net Zero Representative working group with the objective of developing Capita's first low carbon transition plan.		
Executive	Management positions with key responsibilities		
	- Chief Executive Officer: overall executive accountability for climate related risks and opportunities and ensuring that climate issues are appropriately considered at Board and Executive Team level. - Business Leaders: adopt Group-wide risk policies, identify climate-related risks for their division. Accountable for risk management, governance and control, quarterly reporting to the Executive Team. - Chief General Counsel and Company Secretary: reporting directly to the CEO, accountable for development of Capita's net zero strategy and ultimate reporting line for Group Environmental Team. - Chief People Officer: ownership of the responsible business principal risk, who includes Climate Change, working closely with the Group's Risk and Compliance and Environmental functions. - Net Zero Representatives: roles nominated by the Executive Team which are responsible for the creation of Capita's first low carbon transition plan.		
Divisional & Group management	- Management positions are responsible for providing regular updates to the Executive Team. - Procurement supports the review and measurement of emissions and engagement with key suppliers. - Finance supports the quantification and reporting of risks and opportunities as part of Capita's climate risk and opportunity assessment. 2024 actions: - Identification of key stakeholders and planning for Capita's first low carbon transition plan. - Responsible business monthly update meetings commenced and have identified areas where business representatives can work together to tackle climate change risks and opportunities. - Disclosure made through CDP.		

Strategy

Both climate related risks and responsibilities have the potential to impact our business. By using the steps recommended by TCFD we aim to maximise the positive impacts and minimise the negative impacts.

Capita worked with third party experts SLR Consulting to use climate scenario analysis to identify, assess, and prioritise climate risks and opportunities, through a series of workshops. This forward-looking assessment strengthens the Group's understanding of the possible impacts across different climate scenario outcomes to inform the overall business strategy, build resilience and mitigate climate risk impacts. Capita is continually evolving its approach to climate risk and opportunity assessment to increase depth and coverage over time, and better align with the business' strategic priorities.

Time horizons

Our climate assessment considers potential impacts across short-term (0 – 3 years), medium-term (4 – 9 years), and long-term (10+ years) time horizons to reflect the longer-term impacts of climate change. The time frames that have been selected align with those used in our risk management processes.

Climate scenarios

Across the phases of climate scenario analysis, Capita has referenced a range of different climate scenario sources dependent on the suitability for analysing selected risks (scenario sources/are referenced in the table below). Broadly the Group has referenced scenarios under three categories shown in the following table: orderly transition, disorderly transition, and hot house world. These scenarios were selected to explore the potential worst-case impacts of transition and physical risks.

Scenario category	Orderly transition	Disorderly transition	Hot house world
Storyline	Ambitious early action increases risks associated with low carbon transition but limits the effects of global warming.	Delayed, or late and sudden action resulting in transition related shocks to society alongside higher impacts from physical risks.	Limited action results in significant warming, and more severe impacts from physical risks.
Temperature outcome	1.4 – 1.6°C	1.4 – 1.6°C	2.6 – 4°C+
Scenario source/model	NGFS's Orderly Transition including net zero 2050 & Below 2°C. IEA Net-Zero 2050	NGFS's Disorderly Transition including Delayed Transition & Divergent Net Zero	NGFS's Hot House World scenario including Current Policies & NDCs. RCP 8.5

Climate risks and opportunities

The identification and assessment methodologies for each phase of analysis are described in more detail in the risk management section on page 66. The consolidated list of risks and opportunities relevant to our business is disclosed on the following page. Over the years our continued assessments have broadened our perspectives on the risks and opportunities that could impact Capita. To simplify the list of risks and opportunities identified, we have categorised the risks and opportunities into four groups. The following table lists the categories and associated risks, providing more detail on the drivers and potential impacts to the business, including how we are or plan to respond. The four categories include:

- **Market shift for low-carbon solutions:** increase in demand for low-carbon solutions which could take a larger market share.
- **Net zero transition:** investment required to align with the transition and mitigate risk across the value chain.
- **Stakeholder expectation for climate action:** mandates and requests for climate action and disclosure to align with ambitious goals.
- **Physical risk:** increasing impact from extreme weather events across the value chain.

Climate risks and opportunities table

Transition risks and opportunities

Potential financial business implications	Possible impacts	Summary of climate scenario analysis and expected time horizons	Mitigation actions
Market shift for low-carbon solutions and lack of skills required to respond. Increasing requests and demands for low-carbon products and services which are beyond typical services currently provided by Capita.	- Loss of revenue and market share if Capita is not able to capture low-carbon opportunities. - Investment required to develop strategic capabilities and upskilling of workforce. - Loss of profit margins if Capita must outsource elements of service delivery for low-carbon solutions where we do not have capabilities.	Capita is already seeing an increased demand for low-carbon solutions. We expect this trend to increase in an orderly scenario in the short-term as solutions are required to meet transition goals.	- Build strategic focus on growing service offerings of consulting and technical low-carbon solutions. - Raise awareness and capabilities across Capita to respond more quickly and easily to increasing demand. Opportunity: to grow our low-carbon offerings and access new markets to raise revenues.
Net zero transition increases capex requirements for decarbonisation as well as higher opex related to carbon generating activities. - Major investment may be required to decarbonise business operations, eg through upgrading boilers. - Internal resources required to manage and mitigate climate impacts. - Introduction and expansion of carbon pricing mechanisms to increase the cost of carbon and incentivise the shift to low-carbon operations.	- High upfront investment costs required to decarbonise operations across the value chain. - Resource required to support value chain engagement to drive climate action across the value chain. - Increased direct costs associated with carbon taxation. - Increased indirect costs associated with energy procurement or passed through from suppliers.	Capita is committed to achieving net zero by 2045, which minimises its exposure to transition risks. Without effective controls, this risk would be most prevalent in an orderly and disorderly scenario where climate policy is most advanced and would be expected to increase over time.	- Assess viability and prioritisation of decarbonisation measures eg energy efficiency, fuel switching, and renewable energy to reduce emissions which can offer cost savings and minimise exposure to higher transition costs. - Continue use of Capita's sustainability procurement plan to work with suppliers which are less carbon-intensive and aligned with the Group's decarbonisation goals. - Increase flexibility of property portfolio to enable more agile response to changing energy and transition demands. Opportunity: Capita is planning to minimise its exposure to transition risks through continued action against its net zero target eg energy efficiency measures, and by developing a comprehensive transition plan to consolidate these actions.
Stakeholder expectations for climate action could result in reputational damage and financial implications if seen to be insufficiently responding to climate action or reporting requirements. - Increasing customer demand to meet climate-related requirements in bids. - Legislation and compliance requirements covering a range of environmental issues. - Increasing stakeholder concern around the sufficiency of sustainability action.	Increased exposure to financial penalties, additional costs, or exclusion from business activity if not meeting customer or jurisdictional requirements. - Potential loss of opportunities if unable to respond effectively to climate-related bid requirements. - Loss of market share if competitors gain competitive advantage from more ambitious climate action. - Risk of losing top talent and investment if not seen to be taking sufficient action.	Capita is already responding to mandatory and voluntary climate reporting frameworks to promote transparency for interested stakeholders. Stakeholders are already expressing high expectations, which are expected to increase significantly in an orderly scenario over time.	- Raise awareness and continue to strengthen environmental credentials to better respond to customer requests and align with the best practice of reporting mandates. - Continual monitoring, with defined accountability for net zero achievement cascaded through the business. Opportunity: to differentiate its technical solutions by better embedding climate (and other ESG issues) into bid responses.

Physical risk

Physical climate risk results in disruption across the value chain. Operational disruption of owned, leased and supplier assets if impacted by climate events, which are likely to increase in frequency and severity.	- Increased frequency and cost of building repairs, and/or adaptation measures. - Increased cost of cooling data centres, due to warmer temperatures and water scarcity. - Increased response costs to respond to issues like power outages, water sanitation etc, which are affected by climate impacts on local infrastructure.	Capita has not experienced significant disruption to date. This risk is expected to manifest over long-term time horizons and will be most significant in a hot house world scenario where the temperature rise will be much higher.	- Capita's flexible property and delivery strategy means we are agile and can minimise overall disruption if a site is temporarily impacted. These response options are outlined as part of our business continuity plans. - Conduct in-depth risk assessments to understand the vulnerability to different climate variables so controls are effective. - Assess multiple physical climate hazards at key sites to strengthen understanding and response to physical risks. Opportunity: by carrying out an expanded assessment of physical hazards, Capita can limit its exposure to potential future costs linked with physical climate events.
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Climate risks and opportunities table *continued*

In the process of our climate risk and opportunity assessment and scenario analysis, where we identified a need to understand the potential impact on the business, we conducted analysis to explore this in more depth. The following case studies provide examples of our analysis focused on exploring the impacts from water stress, climate-related criteria in bids and flooding.

Case study 1: key physical risk (2022)

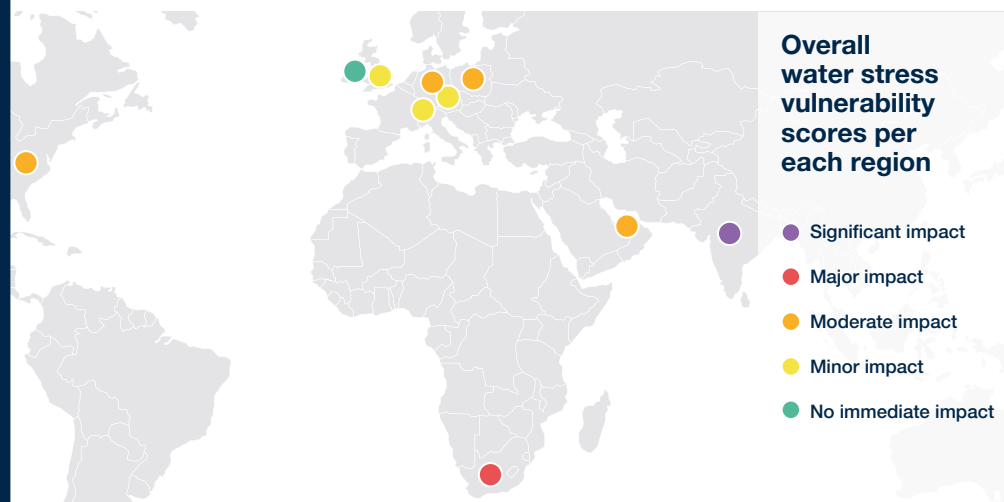
Water stress at key operational sites causes disruption to operations and higher costs for water supply and treatment.

What is the risk and the potential impacts?

- Capita recognises that with continued global warming, increasing water stress (where supply does not meet demand) is expected to drive competition for available supply among consumers and higher prices.
- We assessed the potential impact of water stress across 10 regions including 20 key sites (office, residential, data centres and call centres). The two regions that scored the highest impact rating were South Africa and India, covering several of Capita's critical operational sites. Moderate impact was identified across Germany, USA, UAE and Poland.
- The main impacts identified include power outages from water stress causing disruption to business activities, as well as increased costs for water sanitation and hygiene facility maintenance driven by increased cost and volatility of water supply.

What is the business doing to address the identified risk?

Capita is exploring possible mitigation actions in South Africa and India that include short-term lease agreements and employing work-from-home contracts to allow flexibility to maintain business activities.

**Case study 2: key transition risk (2023)**

Future-facing ability to respond effectively to climate-related bid requirements.

What is the risk and the potential impacts?

- Capita's bid process for new service contracts is increasingly subject to environmental and specifically, climate-related requirements as part of the scoring process determining bid success. This applies both to public and private sector bids.
- In future, given the fast-changing nature of these requirements and anticipated increases in score weighting for these across both the public and private sector, Capita is at risk of falling behind and losing future business opportunities if it does not adequately prepare to respond.

What is the business doing to address the identified risk?

Capita is engaging across the business to raise awareness of the potential for losing bids if climate related criteria are not sufficiently addressed. In doing so it has identified measures to mitigate the risk and instead transform this into an opportunity for Capita to differentiate itself among competitors and contribute to positive climate impacts through its services.

The focus areas for risk mitigation include continuing action on environmental performance, strengthening bid governance including the contract review process, and building climate related capabilities and skills for those involved in the contract delivery lifecycle.

Factors used to quantify scale of potential financial impact from risk

Case study 3: key physical risk (2024)

Adverse weather conditions causing flooding at operational sites.

What is the risk and the potential impacts?

- Climate change is leading to more frequent and severe flooding events. Rising sea levels and extreme weather patterns contribute to this increased risk.
- We assessed the risk of flooding across our property portfolio. We identified 11 sites at risk of flooding across different climate scenarios.
- All sites were UK based, and this is likely to be a longer-term risk.
- Impacts of flooding at our properties could include physical damage to buildings and equipment.
- Flooding can disrupt business operations by damaging infrastructure, causing power outages, and making transportation routes impassable. This can lead to downtime and loss of productivity. Costs are associated with physical damage, operational disruption, and supply chain interruptions. Additionally, Capita may face increased insurance premiums and difficulty obtaining coverage.

What is the business doing to address the identified risk?

Capita has business continuity planning that includes short-term lease agreements and employing work-from-home contracts to allow flexibility to maintain business activities.

Resilience and transition plan

In the near term, transition risks are deemed to be more material to the business than physical risks. While our decarbonisation action plan reduces our exposure to transition risks associated with energy and carbon costs, we are still sensitive to changes in customer behaviour and markets. As such, our engagement strategy with stakeholders across the value chain is important in ensuring we are proactive in minimising the risk and seizing opportunities that align with a net zero transition.

Our climate scenario analysis using hot house world-related scenarios demonstrates how the impacts on our business from physical climate change could increase over time. As such, we plan to conduct further analysis of the impacts from a wider range of physical climate variables across our portfolio and supply chain in the future.

Capita has updated its target to become fully net zero by 2045 and is working to validate this target with the SBTi. Further details on our targets can be found on our climate change hub webpage: <https://www.capita.com/about-capita/climate-change-hub>.

Risk management

Understanding the physical and transitional climate-related risks and opportunities relevant to our business means we are better able to identify and respond to the most exposed areas of our business.

Climate change is fully integrated into our risk management system and has been categorised as part of Capita's responsible business principal risk. As part of the responsible business principal risk, climate change risk is subject to oversight and half yearly review by the Board's Audit and Risk Committee, and ownership is assigned to the Chief People Officer (see page 61 for full climate risk and opportunity governance structure).

Risk identification and assessment process

In 2021, to ensure the nuances of climate issues are accounted for and understood by the business, Capita held several internal interviews to understand how risks and opportunities manifest for different divisions and functions. Teams engaged included: Procurement; Business Growth & Continuity; Risk Management; Responsible Business; and Financial Planning. Each team has identified relevant climate-related risks and opportunities for their function. A longlist of risks and opportunities relevant to the Group was developed, cross-referenced against a peer review and TCFD resources, and was qualitatively analysed in 2021. The analysis provided Capita with an understanding of which climate issues were most significant to the business.

In 2022, we selected five climate risks to model quantitative potential future financial impact. These risks were selected based on their perceived significance, as well as the feasibility of quantification given data or methodology limitations. The financial implications were derived by extracting financial indicators from climate scenario sources and overlaying this with our business data eg applying a carbon price to our emissions profile. The risks quantitatively assessed included water stress under the physical climate risk category, and net zero transition carbon pricing under the category supply chain pass-through cost and carbon credit pricing. The assessment results specific to these risk drivers can be found on pages 51 and 52 of the 2022 Annual Report.

In 2023, we prioritised one key transition risk associated with growing stakeholder pressure for climate action, specifically exploring the potential financial impacts of insufficient responses to fast-changing climate requirements in bids. The purpose of this was to develop understanding of the potential future implications and to engage the business on the matter, the outcomes are disclosed on page 54 of the 2023 Annual Report.

We developed an internal quantification tool which models the potential financial impacts of lost opportunities under hypothetical scenarios, which is being used to engage relevant divisional teams around our response to this risk and associated opportunity. Capita will adopt a similar approach for the continued analysis of risks and opportunities where it is recognised that there is a lack of business awareness or a significant opportunity.

In 2024 we focused on a key physical risk and used Climate Central's sea level rise and coastal flood maps as a screening tool to identify places that may require deeper investigation of risk. We mapped the risk of flooding using the previously mentioned climate scenarios for our whole property portfolio and reflected threat from permanent future sea level rise. Results, implications and mitigation actions can be found on page 65.

Risk controls

As with all Group-wide risks, the scoring process applied to climate change within the responsible business principal risk identifies key controls to reduce the risk level from inherent to residual. Risk reduction actions are developed to achieve the risk target, which is set using the risk appetite defined by the Board.

Current climate risk controls include adopting science-based emission reduction targets; monitoring supply chain emissions; climate factors integrated into due diligence when onboarding new suppliers; business continuity planning to ensure climate resilience; a travel policy to reduce business travel; and ongoing monitoring of environment legislation. These controls and their effectiveness are reviewed regularly.

Risk integration approach

The results of the risk identification and assessment process are integrated into Capita's Group-wide risk management framework. More information can be found on page 68.



Metrics and targets

Climate-related metrics

The business is committed to developing cross-industry, climate-related metrics in accordance with the 2021 TCFD implementation guidance update. Capita's metrics link to risks and opportunities categorised as market shift to low carbon solutions and net zero in the climate risks and opportunities table above. See the annual GHG emissions table in the Planet section for the movement in metrics and progress against targets.

- Scope 1 to 3 emissions: we measure and disclose our operational (Scope 1 and 2) and business travel (Scope 3) GHG emissions annually, see page 58, and our full value chain emissions via CDP's climate questionnaire in accordance with the GHG Protocol's methodology.
- Exposure to climate-related risks: the climate scenario analysis conducted under strategy informs the significance of potential exposure to climate impacts over time and different climate scenarios.

Other climate-related indicators monitored:

- % of supply chain spend with suppliers who have science-based GHG reduction targets, helping track supply chain emissions and attainment of SBTs.
- Proportion of renewable electricity, tracking our fossil fuels phase-out and adoption of new energy sources.
- Emissions associated with business travel, contributing to the attainment of climate targets.
- Carbon intensity of business by turnover and headcount.

Climate-related targets:

Capita has set a range of ambitious targets to reduce the company's impact on global warming, and its exposure to climate-related risks. Capita has updated its target to reach net zero by 2045 and is working with the SBTi to have this verified. A description of our performance over the past three years can be found on page 54.

- Near-term targets: Capita commits to reduce absolute Scope 1 and 2 GHG emissions and absolute Scope 3 GHG emissions covering business travel 46% by 2030 from a 2019 base year. Capita also commits that 50% of its suppliers by spend covering purchased goods and services and capital goods will have science-based targets by 2025.
- Long-term net zero target: Capita commits to reduce absolute Scope 1 and 2 GHG emissions, and absolute Scope 3 GHG emissions covering purchased goods and services, capital goods, business travel and employee commuting by 90% by 2045 from the base year of 2019, and neutralise any remaining hard-to-abate emissions using robust carbon removals.
- Capita's plan to achieve these targets across our global operation is addressed under 'Steps to 2045 – Low Carbon Transition Planning', see page 55.

“Capita is committed to achieving net zero by 2045, demonstrating our dedication to sustainability and climate action. Our proactive approach to climate-related risks and opportunities ensures we remain resilient and forward-thinking, aligning with global efforts to combat climate change.”

Risk management and internal control

We manage risks proactively

Capita faces various risks which, if they were to materialise, could adversely affect our financial performance, reputation, or operational resilience. Effective risk management and internal controls are essential to safeguarding shareholder value, serving our clients and customers effectively, and achieving our strategic objectives, including our preparedness to explore potential growth opportunities.

Risk governance and oversight

The Board is ultimately accountable for providing strategic governance and stewardship of the company and is committed to the continuous improvement of our governance frameworks and risk management processes.

The Audit and Risk Committee (the ARC), which holds delegated responsibility from the Board for reviewing and assessing the risk management and internal control systems, is tasked with overseeing Capita's principal risk profile and ensuring that management has developed effective risk response strategies. Throughout 2024, the ARC continued to review and brief the Board on the Group's system of risk management and internal controls, as well as the effectiveness of procedures for internal control over financial reporting, compliance, and operational matters.

The executive risk and ethics committee (the EREC) is responsible for identifying, assessing, overseeing and challenging principal risks across all Capita's unregulated businesses and providing regular updates to the ARC. Capita recognises the importance of its financial services businesses and the need for specific oversight, to manage and mitigate regulatory risks associated within those businesses. This oversight is provided by

the financial regulated entities oversight committee (the FREOC). The FREOC is chaired by an independent non-executive director, supported by specialist risk and compliance professionals, providing regular updates to the ARC.

Our Group risk management policy and standard set out Capita's commitment to risk management and is mandated to all parts of Capita. The standard describes the five-stage approach for the management of risks on a day-to-day basis, providing business leaders with a consistent process for the risks that they are accountable for. On a day-to-day basis, divisional and functional leaders, senior leadership and business unit teams identify, manage and monitor risks that they are accountable for in adherence with the group risk management policy. We continuously seek opportunities to enhance our risk management and internal control environment and introduce greater rigour and standardisation in our risk processes and controls.

Capita recognises that risk cannot be fully eliminated and that there are certain risks the Board and/or business leaders will accept when pursuing strategic business opportunities. However, these risk acceptance decisions are made at an appropriate authority level and reflect the organisation's defined risk appetite.

Internal controls

In 2023 Capita initiated an internal controls improvement programme to document key business processes and controls. This improvement programme continued throughout 2024 under the oversight of the ARC. This programme will continue through 2025 and 2026 to enhance and standardise the

company's internal control framework and ensure compliance with new UK Corporate Governance Code and the disclosure requirements issued by the Financial Reporting Council. The Group Internal Audit function will provide assurance over control design and operating effectiveness as part of its 2025 and 2026 annual audit plans. The Board and the ARC acknowledge the work required to fully embed robust internal control and risk assessment frameworks.

Minimum control standards

Minimum control standards are the self-assessment of financial controls undertaken by the finance function to identify areas where control improvements are required. Any material issues are dealt with through mitigating activities to ensure the effectiveness of the existing controls over financial reporting. During 2024, the finance function continued to enhance the self-assessment process across the whole organisation to obtain assurance over the operation of key financial controls. Specific improvements included ensuring the scope of the minimum control standards aligns with the latest documentation of key risks and controls over financial reporting and incorporating more robust evidencing of control activity into the self-assessment process. The results from the self-assessment exercise are reported to the ARC.

Key control questionnaire

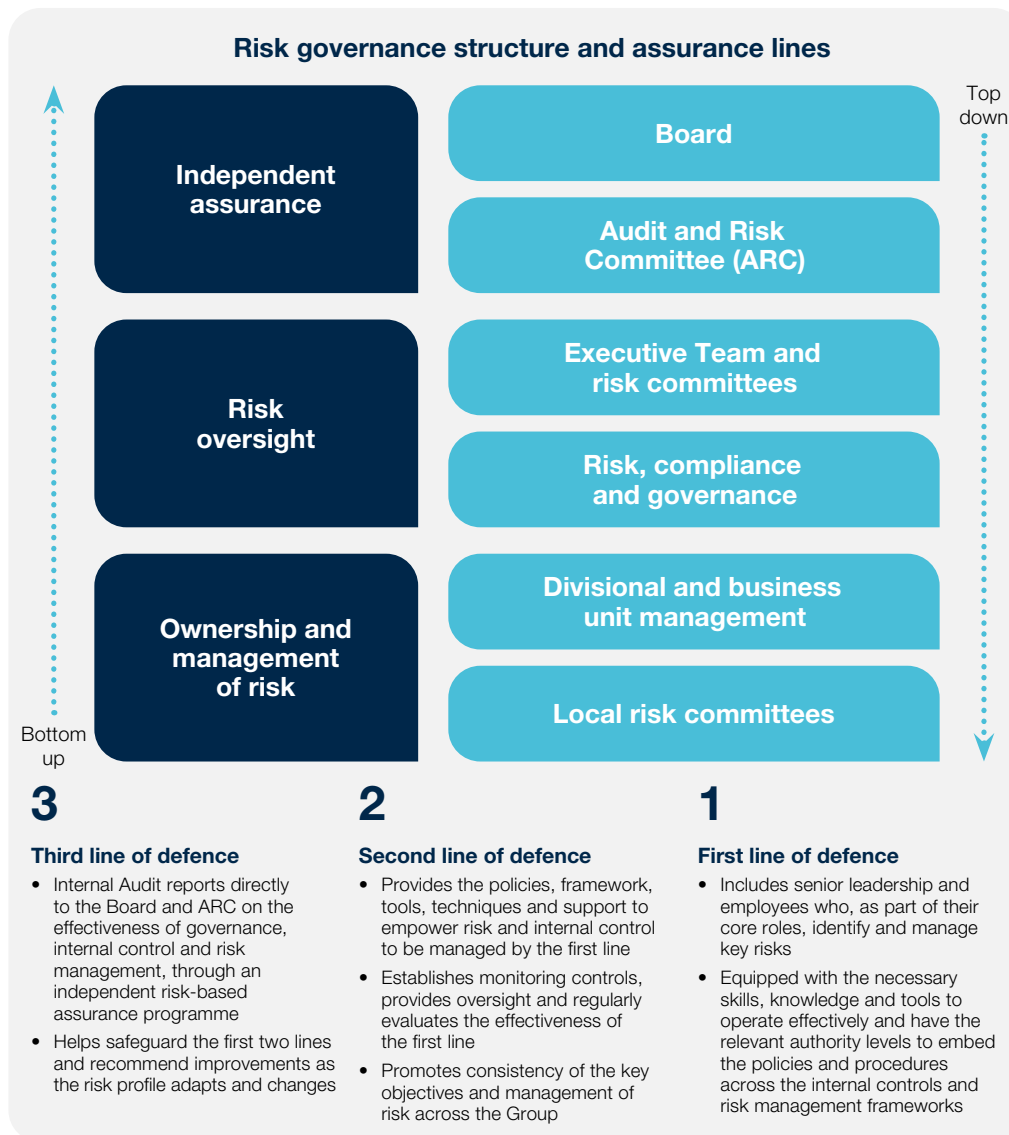
Capita runs a key control questionnaire (KCQ) process. The KCQ is an annual management attestation process where business leaders testify to the effectiveness of key controls and adherence with group policies linked with principal risks within their functions, divisions

or business units. The KCQ reinforces accountability and increases business leaders' awareness of their responsibilities in maintaining an effective control environment. The results from the KCQ process are used to develop control improvement actions for the subsequent year and reported to ARC by the CEO, in his letter of attestation detailing control effectiveness. The status of KCQ control improvement actions is monitored by EREC throughout the year.

Risk management process

Our risk management framework (RMF) consists of the risk management policy, standard, guidance material and tools, and mandates our approach for the management of risks across Capita, with implementation and execution owned by business leaders within each of our functions, divisions and business units. The RMF provides a consistent approach to the identification, response, assessment, monitoring and reporting of risks and opportunities. The RMF also ensures that ownership and responsibilities for managing risks and operating risk governance committees are clearly understood across the Group.

The risk management process is based on risk registers and reporting at the established risk governance committees. Key risks are documented in registers with assigned owners, who regularly review their risks and report on risk status on at least a half-yearly basis at divisional and functional risk governance committees, EREC and ARC. The effectiveness of existing controls is evaluated to determine whether any further risk response actions are needed to manage risks within the appetite levels set by the Board. Business leaders work in collaboration with each other to undertake a 'top down,



bottom up' risk management approach, supporting the flow of risk information across all levels of Capita. A centrally coordinated risk and assurance committee timetable ensures the timely flow of risk information from business units to EREC, and from EREC to the ARC.

Emerging risks

The identification of emerging risks is carried out by functions, divisions and business units using a bottom-up approach, and the executive from a top-down perspective. Having been identified, business leaders follow the five-stage approach to ensure compliance with the risk management framework and an effective risk response is prepared. Regular reviews of risks, including emerging risks, are included within Capita's risk governance committees. During the year, no emerging principal risks were identified.

Our principal risk profile

Principal risks are defined as those risks that we determine to be the most material which can affect the performance, reputation and operational resilience of our business. These risks are owned and managed by a member of the Executive Team who has accountability for ensuring that the risk is effectively managed. Assigning risk ownership at executive level also ensures that an appropriate level of attention and focus is applied in managing the principal risks. We review our principal risk profile half-yearly at our risk governance committees to ensure that it remains relevant and in line with our strategic objectives.

In 2024, an individual risk appetite was developed for each newly defined principal risk. The risk appetite outlines the amount of risk Capita is willing to take for each individual risk which must not be exceeded. The risk appetite has a scale of averse, low, moderate and high, which risk owners use to guide their risk response strategies. The EREC and ARC agreed the risk appetite which will be reviewed annually to ensure it continues to reflect the Group's attitude to risk.

The Board remains confident that our existing governance frameworks and risk management processes will ensure that risks, including any emerging risks, continue to be identified and managed effectively. The Board acknowledges the work required to fully embed a robust internal control and risk assessment framework.

At Capita, principal risks are considered over the same three-year period as the viability statement. They are listed below, and for each risk we disclose key risk drivers, mitigating actions, and intended future mitigations to manage the risk and improve internal controls. The risk appetite level for each principal risk is also disclosed.

Risk	Executive risk owner	Risk appetite	2024 risk trend	Risk trend
1. Deliver profitable growth	Divisional Chief Executive Officers	Moderate	Stable residual risk level	We continue to bid for new contracts and have renewed a number of existing contracts on appropriate commercial terms
2. Contract performance	Divisional Chief Executive Officers	Low	Stable residual risk level	We continue to deliver services that are vital to the success of our clients in line with contractual commitments
3. Innovation	Chief AI & Product Officer	Moderate	Stable residual risk level	We have made progress during the year appointing a Chief AI & Product Officer, managing existing propositions and identifying opportunities which will create new propositions for our clients
4. People attraction and retention	Chief People Officer	Low	Reducing residual risk level	We continue to be successful in attracting the talented people we need to succeed and have seen a reduction in voluntary attrition (reducing from 24.4% in December 2023 to 21.7% at the end of December 2024)
5. Financial stability	Chief Financial Officer	Low	Stable residual risk level	Actions are being taken to improve the financial performance of the group including the up to £250m cost reduction programme, to exit the closed book life and pensions business and the application of technology to deliver overall operating and efficiency improvement
6. Cyber security	Chief Technology Officer	Averse	Reducing residual risk level	We continue delivering on our Cyber Transformation programme which has led to an improvement of our cyber security posture, to protect our systems from unauthorised access and use
7. Environment, social and governance	Chief People Officer	Low	Reducing residual risk level	We are working towards the delivery of our net zero transition plans to reduce our environmental impact and supporting our clients and suppliers to do the same. Good progress has been made on activity relating to this risk
8. Safety and health	Divisional Chief Executive Officers	Averse	Stable residual risk level	We continue to protect the safety and health of all Capita's employees, and manage our duty of care to them, the people we work with and those affected by our acts and omissions
9. Data governance and data privacy	Chief General Counsel	Averse	Stable residual risk level	We continue to prioritise and invest in our strategic Data Management programme supervised by the Board. We have seen an improvement in our Data Maturity Association (DAMA) maturity score and continue to improve our data protection practices

Principal risk

Key risk drivers

How we manage the risk

1. Profitable growth

Attract new clients and retain existing clients on appropriate commercial terms

Executive owner:

Divisional Chief Executive Officers

- Ineffective client engagement and/or relationship management
- Reducing market size due to new technologies
- Non-competitive cost proposition and solutions
- Inappropriate commercial terms
- Lack of investment in technology solutions to innovate and deliver in new customer value propositions
- Misalignment to market requirements

Integral to our growth strategy, this risk considers the potential impact of failure to win new bids or renew existing contracts on appropriate commercial terms. There is enhanced focus on leveraging digital platforms and technology enabled solutions to meet and enhance our value proposition.

Mitigating actions

- Market sector strategies and account plans
- Sales governance process
- Market intelligence and horizon scanning
- Transformation programmes

Future mitigation

- Acceleration of technology strategy through our new Chief AI & Product Officer in collaboration with hyperscalers
- Continue to strengthen customer focus
- Renewed focus on a broader range of target deals
- Implementation of client group engagement governance

Principal risk**Key risk drivers****How we manage the risk****2. Contract performance**

Deliver services to clients in line with contractual and legal obligations

Executive owner:

Divisional Chief
Executive Officers

- Ineffective contract framework/oversight
- Ineffective supplier management and/or due diligence
- Not having the capacity (e.g. not delivering at pace) or capability to deliver contractual expectations
- Ineffective/slow service mobilisation
- Absence of or poor MI/performance data
- Aged, unstable or unreliable infrastructure

Clients and customers are at the heart of what we do. Ensuring that we not only deliver services to clients in line with contractual and legal obligations but going above and beyond is fundamental to our strategy in ensuring that we remain as trusted partners to our clients. There is constant focus on enhancing customer engagement and improved governance of contract lifecycle management.

Mitigating actions

- Contract performance reviews
- Workforce management
- Service mobilisation
- Operational business resilience and recovery plans

Future mitigation

- Contract monitoring and assurance
- Renegotiate selected onerous terms, service level agreements and transformation plans

Principal risk**Key risk drivers****How we manage the risk****3. Innovation**

Innovate and develop new customer value propositions with speed and agility

Executive owner:

Chief AI &
Product Officer

- Lack of clear strategy and ownership for innovation-based change
- Lack of investment in new technology and capability
- Non-alignment with technology trends and developments
- Lack of capacity and/or skill sets to develop, scale and sell innovative solutions

Innovation, the pursuit of new and ground breaking ideas, technologies and/or strategies inherently involves venturing into uncharted territory which may expose Capita to various risks such as the possibility of failure, financial losses and negative impacts on reputation and market position. Timeliness of embracing appropriate technology and aligning it to enhanced customer experience and value proposition is of the essence. The advent of AI brings challenges as well as opportunities for greater innovation.

Capita appointed a Chief AI and Product Officer in December 2024. This new role underscores Capita's commitment to its technology and digital strategy which is a key driver of the Group's AI and product strategy.

Mitigating actions

- Divisional and client group strategy reviews
- Digital steering group and investment committees
- Analysis of market data and government policy

Future mitigations

- Digital transformation strategy
- Adopt a partner first approach with hyper-scalers and relevant technology partners to develop innovative products and services for clients and their business.
- Architectural conformance for in-life change
- Aligning with technology trends and client expectations

Principal risk

Key risk drivers

How we manage the risk

4. People attraction and retention

Attract, develop, engage and retain the right talent

Executive owner:

Chief People Officer

- Development opportunities and career progression that do not meet the expectations of colleagues
- Uncompetitive pay and benefits
- Lack of confidence in management and inadequate working relationships between managers and employees
- External market factors effecting the availability of labour
- Impact of cost-out and associated reward/pay decisions

Following the announcements on reward and the business' cost-out programs we have seen a significant planned reduction in headcount. Through our mitigating actions, we have been working to engage with our people and retain our talent and have seen a reduction in voluntary attrition across 2024.

Our people remain our business' key asset, and we will continue to focus on our engagement, development and retention activity moving forward into 2025.

During 2024, the residual risk level has reduced in acknowledgement of progress made.

Mitigating actions

- Career path framework and succession process
- Global reward framework
- Global management and leadership academy, performance and development process
- Monitor external labour market and trends
- Colleague performance reviews
- Employee engagement survey

Future mitigations

- Continue to roll out pay and reward framework across all countries to ensure that they are competitive and more transparent
- Deliver interventions from the culture programme
- Mandatory leadership and management training
- Embedding the career path framework globally across the business

Principal risk

Key risk drivers

How we manage the risk

5. Financial stability and resilience

Our ability to maintain financial resilience and achieve financial targets

Executive owner:

Chief Financial Officer

- Inaccurate (long and short term) forecasting, business planning and connected cash flow volatility
- Unexpected breach of debt covenants resulting in inability to drawdown facilities/ refinance as required
- Insufficient cash-back profits resulting from revenue shortfalls or excess cost
- Inefficient cost base
- Significant unexpected cash-consumptive event(s)

The trading performance of the Group is outlined in the Chief Financial Officer's review. The Group's low levels of net debt, pension surplus, prudent balance sheet management and focus on improving free cash flow before business exits all serve to mitigate the risk of financial instability.

Mitigating actions

- Deal approval board approves key contracts, monitoring of major contract risks
- Internal review and challenge of business plan and reforecasting during the year
- Scenario modelling during business planning
- Prospective monitoring of direct cash flow and covenant compliance
- Maintenance of appropriate insurance to mitigate some events
- Ongoing reviews of business performance and efficiency programme
- Positive/proactive engagement (debt investors & relationship banks)

Future mitigations

- Improve cash generation increasing the efficiencies target from £160m of annualised cost savings by mid-2025 to £250m by the end of 2025
- Proactive focus of managed for value businesses including taking further action to exit closed book Life & Pensions where we have just one remaining client
- Enhance the Group's cash forecasting and reporting processes

Principal risk**Key risk drivers****How we manage the risk****6. Cyber security**

Protect our systems, networks and programs from unauthorised use and access

Executive owner:

Chief Technology Officer

- Sub-optimal identify, protect, detect, respond, and recover capability (cyber security's five functions as defined by the National Institute of Science and Technology)
- External threat (tech change, legal and regulatory including international, geopolitical landscape)
- People (insider threat, capacity and capability, training and awareness)
- Insufficient funding to improve and maintain security posture
- Third party and partners' inadequate cyber and information security posture

Cyber security is a key focus for Capita and we continuously monitor and improve our cyber posture to ensure our systems, networks and programs are protected from unauthorised use and access.

During 2024, the residual risk level has reduced in acknowledgement of progress made, supported by our regular cyber maturity assessment scores measured by the National Institute of Science and Technology (NIST) assessment framework and reviewed by an independent third party.

Mitigating actions

- Cyber security strategy and maturity assessment framework
- Security tooling strategy is delivering an enhanced posture to plan.
- Enhanced data loss prevention capability and improved end-point detection and response capabilities
- Cyber training and awareness

Future mitigations

- Deliver cyber security programme
- Deliver against our National Institute of Standards and Technology (NIST) improvement plan
- Continued Security Operation Centre improvements
- Continued focus of training and awareness

Principal risk**Key risk drivers****How we manage the risk****7. Environment, social and governance**

Comply with regulatory and contractual requirements to drive a purpose driven organisation with the right focus on governance

Executive owners:

Chief People Officer

- Non-compliance with applicable regulations and Capita policies and standards including but not limited to: supplier charter; Code of Conduct; human rights; environment; anti-bribery and corruption; procurement; conflict of interest; financial crime; diversity and inclusion; business resilience; and incident management
- Inadequate monitoring, reporting and inability to fully understand all contractual obligations
- Changing regulatory environment – e.g. new ESG reporting legislation

Capita is dedicated to being a responsible organisation, maintaining a continuous, Group-wide emphasis on governance to enhance outcomes for all our stakeholders, including employees, shareholders, clients, end-users and communities. We are committed to achieving net-zero emissions by 2045, minimizing our environmental footprint, and assisting our clients and suppliers in doing the same.

During 2024, the residual risk level has reduced in acknowledgement of progress made.

Mitigating actions

- Annual external index ratings with EcoVadis, Dow Jones Sustainability Index and Sustainalytics
- ESG and net zero governance process
- Supply chain onboarding and in-life management including due diligence
- Human rights policies and procedures

Future mitigations

- Develop net zero transition plans
- Ensure compliance with non-UK legislative requirements
- Implement responsible business principles
- Embed the onboarding supplier charter adherence
- Develop and implement in-life supplier compliance monitoring and management

Principal risk

Key risk drivers

How we manage the risk

8. Safety and health

Protect the safety and health of all Capita's employees and manage our duty of care to them, the people we work with and those affected by our acts and omissions

Executive owners:

Divisional Chief
Executive Officers

- Immature practical approach and lack of ownership and accountability
- Inadequate HSE capability, capacity and structure
- Inadequate incident and near miss reporting and analysis
- Lack of standardised and reliable health data

As a responsible employer we are committed to the health, safety and wellbeing of our employees and the people we work with.

Mitigating actions

- Framework of safety and health policies, standards and processes including mandatory training
- Health data collection and analysis
- Safety and Health champions across business units alongside strategy in place across the UK
- Incident management in line with Group policies, standards and procedures

Future mitigations

- Reconfigure reporting lines and structure of HSE
- Embed a HSE strategy aligned to the geographical approach across our company

Principal risk

Key risk drivers

How we manage the risk

9. Data governance and data privacy

Manage our data effectively (both clients and Capita) as a strategic asset across the organisation.

Executive owners:

Chief General Counsel and Chief Technology Officer

- Poorly defined data governance framework, practices or technology to manage data
- Lack of awareness within the business of regulatory (especially data privacy) obligations
- Obsolete and/or non-compliant IT systems
- Inadequate people training
- Ineffective data inventory mapping

Data is the lifeblood of Capita and a strategic asset that we will manage to improve client value and citizens' lives, allow risk to be managed more effectively, elevate trust with stakeholders, increase growth, enable business efficiency, and enable technological innovation and digital transformation.

Mitigating actions

- Ongoing strategic maturity enhancement programme (based on Data Maturity Association (DAMA) framework)
- Internal governance including standards, policies and detailed guidance
- Technology design and implementation underpinned by clearly defined data directives
- Management information and compliance reporting
- Data management and data privacy training and awareness

Future mitigations

- Continued focus on embedding and improving data privacy and data management processes, controls and practice

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in July 2018, and the FRC Guidance on Risk Management and Business Reporting, the Board has assessed the viability of the Group over the three-year period to 31 December 2027.

Period of assessment

Assessing the Group's viability over a three-year period is aligned with the period of the Group's business planning process. The Board believes that a three-year period provides sufficient clarity to consider the Group's prospects and facilitates the development of a robust base case set of financial projections against which the Group's viability can be assessed.

Capita's strategic plan and priorities

As noted earlier in the strategic report, the Group's financial performance has not been where it needs to be. At the Group's Capital Markets Day in June 2024, the Executive Team announced forward-looking strategic priorities to improve both operational delivery and financial performance, alongside introducing the strategic themes of Better Technology, Better Delivery, Better Efficiencies and Better Company.

The Group's value proposition needs to be more competitive and differentiated, through a lower cost base, automation and innovation. Unnecessary costs are being removed to put the Group in a position to fund its profitable growth. In short, Better Capita means becoming more efficient and spending less, digitising the Group's offerings by having more standardised and repeatable propositions, strongly leveraging technology partnerships, being more precise in delivery, and evolving governance and culture.

The Group is prioritising business sectors where Capita has strong expertise and sees material opportunities in the future. They are Public Service, Contact Centre and Pension Solutions. Some areas of the Group are being managed for value, including Regulated Services, which primarily comprises the closed book Life & Pensions business.

The Group's medium-term targets, set at the Capital Markets Day in June 2024, are as follows:

- Grow adjusted revenue at low to mid-single digit per annum.
- Improve adjusted operating margin to between 6% and 8%.

- Deliver positive free cash flow, excluding the impact of business exits, from the end of 2025, with operating cash conversion of 65% to 75%.
- Maintaining net financial debt to adjusted EBITDA (post IFRS 16) leverage $\leq 1\times$.
- Continued reduction in lease liabilities from the Group's ongoing property rationalisation.

The base case financial projections

In its assessment of the Group's viability, the Board has considered the following:

- Adjusted revenue reduction in 2024 of 8.0%.
- Adjusted operating margin improvement from 3.5% to 4.0% in 2024.
- Free cash outflow, before the impact of business exits, of £122.3m, and operating cash conversion of 38.7% in 2024 (2023: £123.6m and 42.1% respectively).
- The £140m of annualised cost savings delivered, ahead of schedule, by 31 December 2024 from the cost reduction programme, and the announced increase in total annualised savings of up to £250m by the end of 2025.
- The revolving credit facility committed until 31 December 2026 (and assumed to be renewed and/or extended as required under the March 2025 private placement loan notes (refer to note 6.3 of the consolidated financial statements) for the duration of the viability period) and the US private placement debt with maturities over the period to 2030.

- Agreement with the Trustees of the Group's main defined benefit pension scheme that no further deficit recovery contributions are required from the Group in 2025 and beyond.

The foregoing elements provide the backdrop to the Group's three-year business plan approved by the Board in February 2025. The main assumptions underpinning the base case financial projections in the business plan are set out below:

- Adjusted revenue growth beyond 2025 broadly in line with market trends in each of the two core divisions.
- Operating margin expansion over the business plan period reflecting the benefit of operating leverage coupled with ongoing efficiency delivery.
- Delivery of further cost savings.
- A transition to positive free cash flow from the end of 2025.
- The cessation of pension deficit contributions with effect from 2024.

The most material assumptions, from a viability assessment perspective, relate to the delivery of adjusted revenue growth, operating profit margin expansion, and delivery of cost savings.

Principal risks

The Board and the Audit and Risk Committee monitor the principal risks facing the Group, including those that would threaten the execution of its strategy, financial performance, liquidity and compliance with debt covenants. The potential financial impacts of the principal risks crystallising have been taken into account when modelling sensitivities to assess the viability of the Group. The Group's risk review is set out on pages 69 to 74 and outlines the Group's principal risks, including mitigating actions and future mitigations.

Viability scenarios

The three-year base case financial projections were used to assess debt covenant compliance and liquidity headroom under different scenarios. This analysis included assessing the financial impact of potential adverse financial impacts from the crystallisation of the principal risks and in line with those considered in the severe but plausible downside case for the going concern assessment (refer to section 1 of the consolidated financial statements).

The risks applied have not been probability weighted but rather consider the impact should each risk materialise by applying a 'more likely than not' test.

Mitigations

These wide-ranging risks are unlikely to crystallise simultaneously and there are mitigations under the direct control of the Group, including reductions or delays in capital investment, and substantially reducing (or removing in full) bonus and incentive payments, that can be actioned to address a combination of risk crystallisations that may occur under a stressed scenario. The Board has considered these mitigations in its viability assessment, however it acknowledges that a sustained use of the mitigations identified above could have an adverse impact on the Group being able to achieve its strategic priorities.

Conclusion

Reflecting the Board's expectations of improving financial performance, as set out above, and its confidence in the Group's ability to extend its revolving credit facility beyond its December 2026 maturity, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the viability assessment.

The strategic report was approved by the Board and signed on behalf of the Board:

**Claire Denton, Chief General Counsel
and Company Secretary**

4 March 2024

Capita plc

Registered in England and Wales
No.2081330

Corporate governance

Corporate governance

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“The Board has focused on the financial, operational and organisational transformation of the Group and implementation of its strategic priorities to deliver sustainable free cash flow.”

David Lowden, Chair

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the Company's corporate governance report for the year ended 31 December 2024.

Corporate governance

This corporate governance report sets out how the Company has complied with the 2018 UK Corporate Governance Code. It also aims to explain the work and activities of the Board, and the work of its committees.

Company purpose and culture, and Board decision making

We recognise that the Board has ultimate responsibility for ensuring an appropriate culture is in place across Capita to underpin how the business behaves towards all its stakeholders. During 2024, management engaged with our

people, at all levels across the organisation, to design Capita's future culture blueprint. Our goal is to create a better Capita for all stakeholders with the use of better technology, providing better delivery and better efficiencies and becoming a better company. Further actions are being taken during 2025 to reset our company culture, which is critical to delivering a better Capita, with the Board and its Responsible Business Committee receiving regular reports and feedback on how this is being embedded within the organisation.

We fully understand our obligations to consider the interest of all our stakeholders when making decisions, but we recognise that in certain instances, including the delivery of our efficiency savings during 2024, the interests of our differing stakeholders may conflict, presenting challenging decisions for the Board and senior management.

During the year, principal issues for the Board's focus included: the Company's operational and financial performance; the strategic review undertaken by Adolfo Hernandez following his appointment as CEO in January 2024, the conclusions of which were announced at our Capital Markets Day on 13 June 2024 together with our related financial targets; and CFO succession planning.

The Board has focused on the financial, operational and organisational transformation of the Group and implementation of its strategic priorities to deliver sustainable free cash flow. The Group's technology strategy announced at our Capital Markets Day will be organic, with low capital intensity and principally funded through partial investment of our cost-savings programme and refocusing of the business towards more profitable customer solutions. This includes the development and adoption of our gen AI products by clients, often partnering with technology hyperscalers, and the monitoring of associated risks to ensure that there is appropriate rigour and governance.

In July 2024, and in line with the strategy announced at the Capital Markets Day, the Board approved the disposal of the Group's standalone software business, Capita One. The disposal realised net cash proceeds of c.£180m received in September 2024 and has strengthened the Group's financial position while providing funding and optionality for our transformation journey.

The Board spent considerable time during the year monitoring the cost reduction programme announced in November 2023. In December 2024, based on the success of the programme and positive results from early client adoption of the newly launched AI and gen AI products, the Board approved an increase in the Group's cost saving target from £160m to up to £250m to be delivered by December 2025, recognising that the Group's 12 month voluntary attrition rate of c.22% will contribute to these savings, reducing the need for further redundancies.

The Board and its committees have also spent considerable time focusing on actions being taken by management to improve the Group's diversity and inclusion.

Our s172 statement, which details how the Board considers the views of its stakeholders and principal Board decisions during 2024, is on pages 48 to 52.

Board succession planning and composition

2024 has been a year of considerable change for the Board, with the appointment of Adolfo Hernandez as CEO on 17 January 2024, following the decision of Jon Lewis to retire in 2023. In addition, and as detailed in my Chairman's statement, in May, Tim Weller announced his intention to retire as CFO having joined the Board in May 2021. Pablo Andres was appointed as a director on 15 July 2024 and as CFO on 9 August 2024 following an extensive search led by the Nomination Committee. Pablo has the right skillset and drive to support Adolfo in leading the next chapter of Capita.

In October 2024, we welcomed Jack Clarke to the Board as independent non-executive director and chair of the Group's Audit and Risk Committee, succeeding Brian McArthur-Muscroft in this position. I am pleased that Brian continues in his role as independent non-executive director bringing his valuable and extensive experience.

Given the above significant changes to the Board's composition, including a change of both CEO and CFO, it was agreed that the Board and its committees should undertake an internal review during 2024 rather than a review facilitated by a third party which had been proposed. The Board intends to appoint a third party during 2025 to facilitate the annual review of the Board and its committees, details of which will be included in the Company's 2025 corporate governance report.

Further details of these changes are provided in the Nomination Committee report on pages 90 to 94.

Stakeholder engagement

The Board values engagement with stakeholders.

Following her appointment in February 2024 as the designated non-executive director for colleague engagement, Nneka Abulokwe has spent time visiting our colleagues in South Africa and meeting with the chairs of the Group's employee network groups. In addition, she attended the Group's Black Employees' Network (BEN) Awards, together with Adolfo and Pablo and members of our executive team and presented the award for BEN Star which recognises members who have lived the Capita values.

Georgina Harvey, Remuneration Committee chair, continues to lead two sessions per year with colleagues to discuss pay at Capita including executive remuneration.

In addition, as shown in a number of photos throughout this report, the Board met with various colleagues in Capita's Transport for London offices in Coventry and with members of Transport for London management.

During the year, we had to make difficult decisions to remain competitive in a challenging economic climate and to continue to strengthen and grow the business, including our decision not to continue as a real living wage employer in 2024. These decisions are reflected in the Group's employee net promoter score, which showed a decline in the number of colleagues who would recommend Capita as an employer to friends and family. However, employee engagement was at 64%, representing only a small reduction of three-points on the prior year, with 81% of employees stating that they can be themselves at work.

The Board considers that engagement with colleagues is critical to understanding issues and embedding our culture, and further engagement and site visits are planned by the Board and our non-executive directors during 2025. The Board will also closely monitor the implementation of our company-wide culture change programme which is a key focus for both the Board and senior management during 2025. Our aim is to ensure that colleagues can build fulfilling careers at all levels of the organisation and are proud to be part of Capita.

Details of how the Board has oversight of stakeholders' interests, together with examples of how decisions taken by the Board have impacted stakeholders during the year, are on page 52.

Governance reforms

In January 2024, the Financial Reporting Council (FRC) published the UK Corporate Governance Code (2024 Code). The main changes in the 2024 Code focus on internal controls and require boards to monitor and review all material controls and to make a declaration on their effectiveness in the annual report. The 2024 Code will apply to Capita for the financial year commencing 1 January 2025 (except for provision 29 in relation to risk management and internal controls which is effective from 1 January 2026). The Board and its Audit and Risk committee are updated on the forthcoming requirements and plans to ensure the Company is compliant with the provisions and principles of the 2024 Code at the appropriate time. Further information on the Company's actions to ensure compliance with provision 29 are included in the report of the Audit and Risk Committee on pages 99 to 107.

On behalf of the Board, the Responsible Business and Audit and Risk Committees are also monitoring the Group's progress to comply with the new Corporate Sustainability Reporting Directive in 2026.

The year ahead

The Board is committed to doing things in the right way, and during 2024 we strengthened our governance processes to ensure that we were prepared for the introduction of the 2024 Code and that our approach to disclosure remains understandable and transparent.

2025 AGM

Our AGM will be held on 28 April 2025. This provides an opportunity for our shareholders to meet with our directors and I hope you will be able to attend.

Corporate governance and committee reports

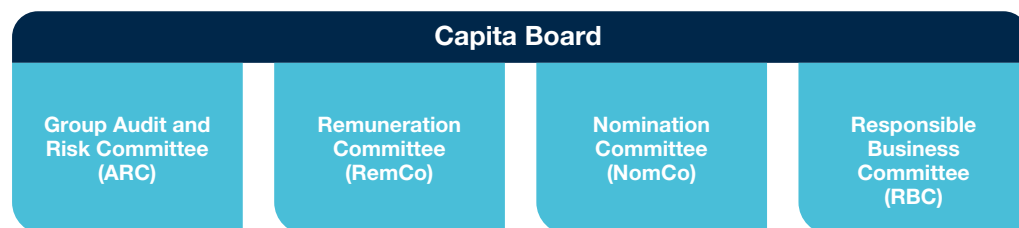
The following pages in this section consist of our corporate governance and committee reports. I hope that you will find these and the entire Annual Report informative. The Board will be pleased to receive any feedback you may have.

David Lowden, Chairman

4 March 2025

Governance at a glance

The Board is collectively responsible for promoting Capita's long-term sustainable success, generating value for shareholders, and contributing to wider society. To assist in providing effective oversight and leadership, the Board has established the following committees:



Executive Team

The Group has an Executive Team to manage Capita's business day to day. Further information on our governance structure is available throughout this corporate governance report.

Board changes during 2024			
17 January 2024 Jon Lewis stepped down as CEO and a Director, succeeded by Adolfo Hernandez	15 July 2024 Pablo Andres was appointed as a Director and CFO designate	9 August 2024 Tim Weller stepped down as CFO and a Director, with Pablo Andres succeeding him as CFO	9 October 2024 Jack Clarke was appointed as a Non-Executive Director and Chair of the Audit and Risk Committee

There have been no changes to Board membership from 1 January 2025 to the date of this report.

Governance highlights

During 2024 our governance framework supported our strategic delivery in a number of ways, including:

Board approval of the strategy announced at the Capital Markets Day on 13 June 2024

Overseeing the Group's cost reduction programme, announced in November 2023, and, in December 2024, approving an increase in the Group's cost saving target from £160m to up to £250m to be delivered by December 2025

Board approval of the disposal of the Group's standalone software business, Capita One, raising net cash proceeds of c.£180m

Board focus on strategic partnerships with hyperscalers

Conducting an internal Board and Committee evaluation

Reviewing and approving Capita's Gender and Ethnicity Pay Gap Report 2024

Reviewing and approving the Supplier Charter

Reviewing and approving Capita's Modern Slavery Statement 2024

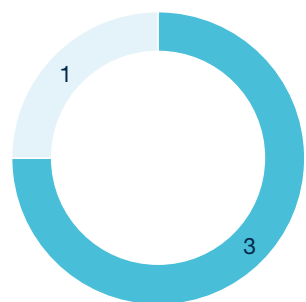
Approving the remuneration policy for executive directors proposed to shareholders at the 2024 annual general meeting

Search and identification of new CFO, Pablo Andres, to succeed Tim Weller upon his retirement and appointment of an Independent Non-Executive Director

Board composition at 31 December 2024

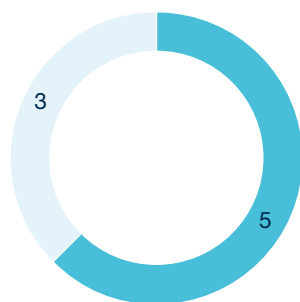
There have been no changes in the composition of the Board from 31 December 2024 to 4 March 2025

Gender representation in senior Board positions



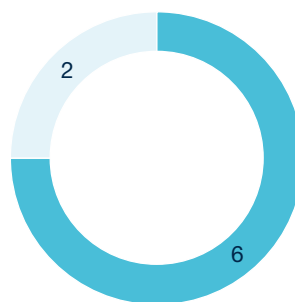
● Male – Chairman/CEO/CFO
● Female – SID

Gender diversity



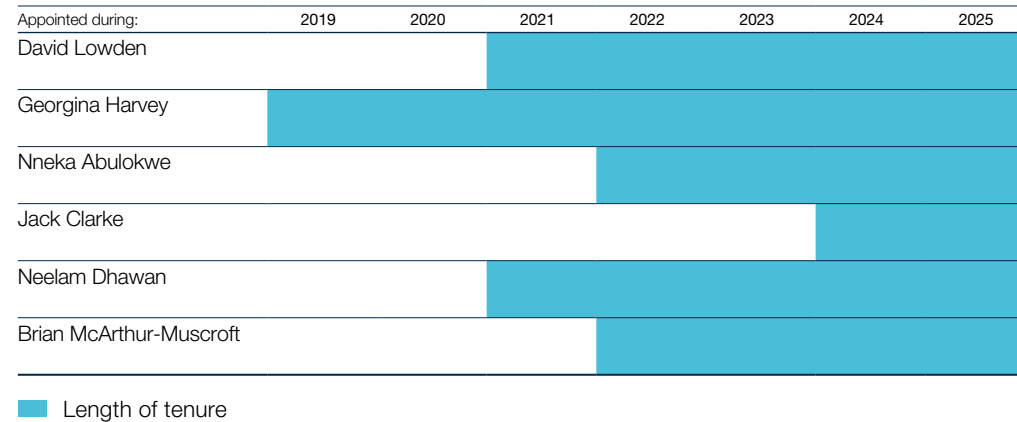
● Male (62.5%)
● Female (37.5%)

Ethnic diversity



● White
● Persons of colour

Board tenure



Board skills and experience

Director	Government contracting	Regulated businesses	Business process outsourcing	Consulting	Account management	Technology and/or digital	AI/gen AI	Transformation and strategy	Cyber security	Finance	International	Sustainability	P&L experience/responsibility	Corporate governance stakeholder in FTSE listed environment (exc. Capita)
David Lowden								•		•	•		•	•
Adolfo Hernandez	•	•		•	•	•	•	•	•		•	•	•	•
Pablo Andres	•	•	•					•		•	•		•	•
Nneka Abulokwe	•	•	•	•	•	•	•	•	•		•	•	•	
Jack Clarke			•			•		•		•	•		•	•
Neelam Dhawan	•	•	•	•	•	•		•	•		•		•	
Georgina Harvey			•		•			•				•	•	•
Brian McArthur-Muscroft		•	•			•		•	•	•	•	•	•	•

Chairman



David Lowden
Chairman

Appointed: January 2021 (Independent Non-Executive Director); March 2021 (Senior Independent Director); May 2022 (Chairman)

Independent at appointment: Yes

Key skills and experience: David is a highly experienced non-executive director, senior independent director and chair of UK listed companies. He was formerly Chair of PageGroup plc and Huntsworth plc, Senior Independent Director at Berendsen, Chair of the Audit and Risk Committee at William Hill, Chair of the Audit Committee at Cable & Wireless Worldwide plc and Chief Executive of Taylor Nelson Sofres plc.

Other current appointments: Chairman of Diploma plc; and Senior Independent Director of Morgan Sindall plc.

Executive Directors



Adolfo Hernandez
Chief Executive Officer

Appointed: January 2024

Key skills and experience: Adolfo has c.30 years' experience in the technology sector, achieving an excellent record in accelerating revenue growth driven by digital services. Prior to joining Capita, Adolfo was Vice President of Amazon Web Services Global Telecommunications which is focused on enabling digital transformation to the cloud for customers across the globe. Former positions include: CEO of SDL plc (now part of RWS Group); and CEO of Acision (now part of Mavenir) and various global leadership roles at Alcatel-Lucent, Sun Microsystems and IBM. In 2020, Adolfo was named Tech CEO of the Year at the UK Tech Awards.

Board responsibilities: Managing and developing Capita's business to achieve the Company's strategic objectives.

External appointments: None.



Pablo Andres
Chief Financial Officer

Appointed: Appointed as a Director on 15 July 2024, and as Chief Financial Officer on 9 August 2024.

Key skills and experience: Before joining Capita, Pablo was Group CFO of Ventient Energy, a pan-European renewable energy company. Prior to Ventient, Pablo was Group Financial Controller of G4S plc from 2013-2020 and CFO of London Stansted Airport from 2011 to 2013. He has also held senior finance roles at BAA airports and Ferrovial Group. He trained at Arthur Andersen/Deloitte in Spain between 1996 and 2005.

Board responsibilities: Overall control and responsibility for all financial aspects of the business's strategy.

External appointments: Pablo is currently a Non-Executive Director, Chair of the Audit and Risk Committee and Chair of the Treasury Committee of the GreenSquareAccord Group.

Independent Non-Executive Directors



Georgina Harvey
Senior Independent Director

Appointed: October 2019 (Non-Executive Director); July 2022 (Senior Independent Director)

Key skills and experience: Georgina has significant experience across highly competitive consumer-facing markets and of delivering successful transformational change. Prior to her non-executive roles, Georgina was Managing Director of Regionals and a member of the Executive Committee of Trinity Mirror plc from 2005 to 2012. Georgina has previously served as a Non-Executive Director on the Boards of Superdry plc, McColl's Retail Group plc, Big Yellow Group plc, and William Hill – all as Chair of the Remuneration Committee. Georgina was a Non-Executive Director and Chair of the Remuneration Committee of Britvic plc from January 2024 until 16 January 2025, when she resigned following the completion of the takeover of Britvic by Calsberg A/S.

Other current appointments: Georgina is currently a non-Executive Director of M&C Saatchi Plc.

Key to committees



Audit and Risk



Nomination



Remuneration



Responsible Business



Committee chair

Independent Non-Executive Directors

**Nneka Abulokwe OBE**

Appointed: February 2022, and as designated director for employee engagement in February 2024.

Key skills and experience: Nneka has extensive experience of delivering IT and outsourcing services for governments and private institutions globally. Over her c.25 years' corporate career, she held senior positions with Logica (now CGI), Atos and Sopra Steria, before founding MicroMax Consulting. She holds a Bachelor's and Master's in History and an Executive Doctoral/PhD degree in Business Administration, specialising in the outsourcing of tech services. Nneka was awarded Officer of the Order of the British Empire (OBE) in 2019 for services to business.

Other current appointments: Non-Executive Director and Chair, RB Committee at Davies Group; Director of MicroMax Consulting; Board of Visitors Ashmolean Museum, University of Oxford; International Advisory Board member, Cranfield School of Management.

**Jack Clarke**

Appointed: October 2024

Key skills and experience: Jack has extensive experience of contracting businesses. Jack retired as a director and Chief Financial Officer of Essentra plc, a FTSE-250 global manufacturer and provider of essential components and solutions on 31 December 2024. Prior to this he was the Group Finance and Executive Director of Marshalls plc from October 2014 to April 2021. Jack served as the Strategy Director and then CFO of AMEC (E&I) between January 2010 and September 2014. Jack is a qualified accountant, having qualified with KPMG and has a diploma in treasury management. He has a Bachelor in Economics and Management Studies (Honours) and Master of Science (Civil Engineering) from Leeds University.

Other current appointments: None.

**Neelam Dhawan**

Appointed: March 2021

Key skills and experience: Neelam has c.40 years' leadership experience in the IT industry, where she held senior positions in Hewlett-Packard, Microsoft, Compaq and IBM with responsibility for a wide range of areas including strategy, corporate development, software engineering and offshoring. She now advises multinationals on business and technology transformation and, was formerly an advisor to IBM, helping them navigate through a business and talent transformation in India. Until 2023 Neelam was a director of Skylo Technologies Inc. and a member of the Koninklijke Philips NV Supervisory Board. Neelam stepped down as a Non-Executive Director of Yatra Online Inc. in January 2025.

Other current appointments: Non-Executive Director of ICICI Bank Limited, Hindustan Unilever Limited and Tech Mahindra Limited.

**Brian McArthur-Muscroft**

Appointed: June 2022

Key skills and experience: Brian was formerly Chief Financial Officer for Qontigo, a financial intelligence and investment management business. Prior to this he was the Group Chief Financial Officer for Micro Focus International plc, a FTSE100 global infrastructure software company. Former roles include CFO at Paysafe Group plc leading the business to a FTSE 250 listing in 2016 and Brian was Group FD at Telecity Group plc. Prior to joining Capita, Brian was a Non-Executive Director at Robert Walters plc. Brian holds a law degree and qualified as a chartered accountant with PricewaterhouseCoopers in London.

Other current appointments: Brian is the Group CFO at IQ-EQ, a Global Investor Services company.

Directors who served during 2024

Jon Lewis retired from his position as Chief Executive Officer on 17 January 2024. **Tim Weller** retired from his position as Chief Financial Officer on 9 August 2024.

Corporate governance report

Compliance with the UK Corporate Governance Code 2018

Our commitment to corporate governance

Capita plc and its subsidiaries (the Group) are committed to maintaining high standards of corporate governance. The UK Corporate Governance Code 2018 (the Code) applies to accounting periods beginning on or after 1 January 2019 and is available from the Financial Reporting Council's website, www.frc.org.uk. The Code sets out the framework of governance for premium listed companies such as Capita plc.

Compliance statement

It is the Board's views that for the financial year ended 31 December 2024, the Company was compliant with all the principles and provisions set out in section 1 to 5 of the Code.

In Capita's 2023 Corporate governance report we noted that the 2024 annual evaluation would be externally facilitated. However, due to the appointment of Adolfo Hernandez as our new CEO in January 2024 and the appointment of Pablo Andres as CFO in August 2024, it was agreed during the year that an externally facilitated evaluation was not appropriate and was unlikely to provide any material benefit given these recent changes in the composition of the Board.

Consequently, it was agreed that it was appropriate to defer the external evaluation until 2025 when the new Board was fully established with our new directors integrated. Given that Capita is not currently a constituent of the FTSE 350 the Code does not require us to have an externally facilitated board evaluation at least every three years, however the Board has agreed that an externally facilitated board review should be undertaken during the second half of 2025, details of which will be included in our 2025 Corporate governance report.

Together with the Directors' remuneration report on pages 108 to 126, this report sets out the Board's approach to governance and the work undertaken over the year.

Further information about how the Company has applied the principles of the Code is set out in this corporate governance report. Key highlights of the Company's compliance with the Code together with cross references to other sections of the Annual Report are detailed in the table opposite.

How we apply the principles of the Code

	Pages
Section 1: Board leadership and Company purpose	
Chairman's introduction	78 to 79
Strategic report	2 to 76
The role of the Board	85
Purpose and culture	5, 6 to 9
Stakeholder and colleague engagement	48 to 52
Section 2: Division of responsibilities	
Board composition	87
Role of the Chairman, Senior Independent Director, Non-Executive Directors, and Company Secretary	86
Time commitment, external appointments, independence and tenure	81, 82, 87, 90
Section 3: Composition, succession and evaluation	
Appointment to the Board and succession planning	90 to 94
Skills, experience, and knowledge of the Board	81
Board diversity	81
Board evaluation	87 to 88
Section 4: Audit risk and internal control	
Auditor independence and effectiveness of the audit	104
Principal and emerging risks	70 to 74
Risk management activities	68 to 70
Fair, balanced, and understandable assessment	101
Viability statement	75 to 76
Section 5: Remuneration	
Directors' remuneration report	108 to 126
Directors' remuneration policy	113 to 117
Engagement with stakeholders on remuneration	111 to 112

Governance structure and division of responsibilities

The Board

Role of the Board

The Board is responsible for promoting Capita's long-term success. This is achieved through effective governance and keeping the interests of stakeholders at the fore in decision making. The Board establishes the Group's purpose and values and sets the Group's strategy, ensuring alignment with our culture, and overseeing its implementation by management. The Board is responsible for oversight of the Group's governance, financial reporting, internal controls, and risk management, including the Group's risk appetite.

A full schedule of matters reserved for the Board's decision is available in the Corporate Governance section of the Company's website at www.capita.com.

Board composition and election

Our Board currently comprises eight members: the Chairman, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and five independent Non-Executive Directors who are experienced individuals, drawn from a wide range of industries and backgrounds with the skills to promote the long-term sustainable success of the Group.

Board composition is a deliberate balance of newer and longer-standing members and reflects the ongoing review and refreshment of Board membership to ensure a balance of skills and experience appropriate for the broad nature of Capita's businesses. The experience and breadth of tenure of the non-executive directors means the Board is well positioned to advise, challenge, and support executive management to deliver against our strategic priorities as the Group continues its transformation journey.

All non-executive directors are appointed to the Board for an initial fixed three-year term, subject to annual re-election by shareholders at the Company's AGM. In accordance with the Code, all directors will retire and offer themselves for election or re-election at the 2025 AGM to be held on 28 April 2025.

Board independence

Non-executive directors are required to be independent in character and judgement. All relationships that may interfere materially with this judgement are disclosed as required under the conflicts of interest policy, see page 128. The Board believes that each of the non-executive directors has retained independence of character and judgement and has not formed associations with management or others that may compromise their ability to exercise independent judgement or act in the best interest of the Group.

The Code does not consider a chairman to be independent due to the unique position the role holds in corporate governance. David Lowden met the independence criteria outlined in the Code when he was appointed as the Group's chairman in 2022. The Board is satisfied that no conflict of interest for any director requires disclosure, see page 128.

Directors' biographies, tenures, key skills and experience, and external appointments are set out on pages 82 to 83.

* The ESG Committee changed its name to the Responsible Business Committee on 1 October 2024, to align with Capita's refreshed responsible business strategy.

The Board delegates certain matters to its four principal committees:

Nomination Committee

Chair: David Lowden

Membership: 7

Chairman, 5 Independent Non-Executive Directors + CEO

- Reviews composition of the Board.
- Recommends appointments of new directors.
- Ensures plans are in place for orderly succession to both the Board and senior management positions.
- Overseas development of diverse pipeline for succession.

The Nomination Committee report can be found on pages 90 to 94.

Audit and Risk Committee

Chair: Jack Clarke

Membership: 4

4 Independent Non-Executive Directors

- Reviews accounting policies and contents of financial reports.
- Monitors internal control environment.
- Considers adequacy, effectiveness, and scope of external and internal audit programme.
- Overseas relationship with external auditor.
- Monitors risk profile and obtains assurance that principal risks have been properly identified and appropriately managed.

The Audit and Risk Committee report can be found on pages 99 to 107.

Remuneration Committee

Chair: Georgina Harvey

Membership: 4

3 Independent Non-Executive Directors and Chairman

- Sets remuneration policy and principles for Board and senior management remuneration.
- Approves incentive design and setting of targets.
- Approves executive directors and senior management remuneration

The Directors' remuneration report can be found on pages 108 to 126.

Responsible Business (RB) Committee*

Chair: Nneka Abulokwe

Membership: 4

3 Independent Non-Executive Directors and Chairman

- Oversees the development of the Group's RB strategy, monitoring its performance in relation to RB matters.
- Considers the adequacy of the Group's RB policies and processes.
- Oversees and monitors the Group's progress against its net zero emissions strategy.
- Oversees and supports stakeholder engagement on RB matters.

The RB Committee report can be found on pages 95 to 98.

Committee terms of reference are available on the Company's website at www.capita.com/about-capita/corporate-governance.

Executive Team Chair: Adolfo Hernandez

The Executive Team is responsible for the execution of the Company's strategy and the day-to day management of the business.

Disclosure Committee

The Disclosure Committee identifies and controls inside information or information which could become inside information and determines how and when that information is disclosed in accordance with applicable legal and regulatory requirements.

Supporting committees

The Executive Team operates a number of supporting committees that provide oversight on key business activities and risk. These include the executive ethics and risk committee and the Capita investment review committee.

Board leadership and roles

To ensure the Board performs effectively, there is a clear division of responsibilities between the leadership of the Board and the executive leadership:

Chairman

(David Lowden)

Leadership of the Board and ensuring its effectiveness on all aspects of its roles. This includes:

- Ensuring there is effective communication between the Board, management, shareholders, and the Group's wider stakeholders, while promoting a culture of openness and constructive debate;
- Ensuring that the views of all stakeholders are taken into consideration in the Board's decisions;
- Promoting the highest standards of corporate governance;
- Setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Ensuring that directors receive accurate, timely and clear information; and
- Overseeing the annual Board performance review and addressing any actions.

Senior Independent Director

(Georgina Harvey)

The responsibility of this role includes:

- Acting as a sounding board for the Chairman on Board-related matters;
- Chairing meetings in the absence of the chairman;
- Acting as an intermediary for other directors when necessary;
- Leading the review of the Chairman's performance;
- Being available to shareholders who wish to discuss matters which cannot be resolved otherwise; and
- Leading the search for a new Chairman, when necessary.

Independent Non-Executive Directors

(Georgina Harvey, Nneka Abulokwe, Jack Clarke, Neelam Dhawan and Brian McArthur-Muscroft)

The responsibility of this role includes:

- Providing effective and constructive challenge to the Board;
- Scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- Reviewing Group financial information and ensuring there are effective systems of governance, risk management and internal controls in place;
- Determining appropriate levels of remuneration of executive directors; and
- Having a prime role in appointing executive directors, and in succession planning.
- Nneka Abulokwe has been appointed as the designated non-executive director for colleague engagement.

Chief Executive Officer

(Adolfo Hernandez)

The role of CEO is separate from that of Chairman to ensure that no one individual has unfettered powers of decision making. The CEO has responsibility for:

- The day-to-day running of all aspects of the Group's business;
- Developing and implementing the Group's strategy;
- Ensuring the effective implementation of Board decisions;
- Leading the Group's executive team; and
- Representing the Group to external stakeholders.

Chief Financial Officer

(Pablo Andres)

The responsibility of this role includes:

- Supporting the CEO in developing the Group's strategy and its implementation;
- Representing the Group to external stakeholders;
- Ensuring that the Group has the appropriate financing structure and internal controls over financial reporting; and
- Oversight of the following key functions: Finance, Investor Relations, Internal Audit and Risk Management, Tax, Treasury, Insurance and Commercial.

Chief General Counsel and Company Secretary

(Claire Denton)

The responsibilities of this role include:

- Available to all directors and is responsible for ensuring that all Board procedures are complied with. Has direct access and responsibility to the chairs of the standing committees and open access to all directors, and is secretary to the Board and all its committees.
- And/or the Deputy Company Secretary meets regularly with the Chairman and committee chairs and briefs them on areas of governance and committee requirements.

Independent advice: All Board members have access to independent advice on any matters relating to their responsibilities as directors and as members of the various committees of the Board at the Group's expense.

Board composition at:

	1 January 2024	31 December 2024
Chairman	David Lowden ¹	David Lowden
Chief Executive Officer	Jon Lewis ²	Adolfo Hernandez ²
Chief Financial Officer	Tim Weller ³	Pablo Andres ³
Senior Independent Director	Georgina Harvey	Georgina Harvey
Independent Non-Executive Director	Nneka Abulokwe	Nneka Abulokwe
	Neelam Dhawan	Neelam Dhawan
	Brian McArthur-Muscroft	Brian McArthur-Muscroft
	–	Jack Clarke ⁴

1. David Lowden was independent on appointment as chairman in accordance with the Code.
2. Jon Lewis retired as CEO and a director on 17 January 2024, with Adolfo Hernandez appointed as CEO and a director on that date.
3. Tim Weller retired as CFO on 9 August 2024. Pablo Andres was appointed as a director on 15 July 2024 and as CFO on 9 August 2024 upon Tim's retirement.
4. Jack Clarke was appointed as Independent Non-Executive Director and as chair of the Audit and Risk Committee on 9 October 2024.
5. Further information on these changes is provided in the Nomination Committee report on pages 90 to 94. There have been no changes to the Board from 1 January 2025 to the date of this report.

Directors' interests

The interests of directors and their immediate families, who served during the year in the shares of the Company, together with details of executive directors' share options, are contained in the Directors' remuneration report set out on pages 108 to 126.

At no time during the year did any of the directors have a material interest in any significant contract with the Company or any of its subsidiaries.

Board meetings and attendance.

During 2024, the Board held six scheduled meetings. The Board also held an in-depth strategy session and attended a site visit in Coventry to meet with management and colleagues managing and servicing the contract with Transport for London. Additional ad hoc meetings were held as required. In 2024, these included meetings in relation to the disposal of Capita One, Capita's standalone software solutions business. Meetings held outside the normal schedule need to be flexible and are principally held by video conference.

Attendance of the directors at scheduled Board and committee meetings is shown in the following table; the maximum number of meetings a director could attend is in brackets.

The chairman and non-executive directors held a closed session without management present at the end of several scheduled 2024 Board meetings. Throughout the year, directors also devoted time to interviewing candidates for both executive and non-executive roles. The Chairman also held one-to-one individual review sessions with each executive director and each non-executive director.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	RB Committee
David Lowden ¹	6/(6)	N/A	4/(4)	3/(3)	4/(4)
Adolfo Hernandez	6/(6)	N/A	N/A	3/(3)	N/A
Pablo Andres ²	3/(3)	N/A	N/A	N/A	N/A
Tim Weller ²	4/(4)	N/A	N/A	N/A	N/A
Georgina Harvey	6/(6)	5/(5)	5/(5)	3/(3)	4/(4)
Brian McArthur-Muscroft ³	6/(6)	5/(5)	4/(5)	3/(3)	N/A
Nneka Abulokwe ⁴	6/(6)	4/(4)	1/(1)	3/(3)	4/(4)
Neelam Dhawan	6/(6)	5/(5)	5/(5)	3/(3)	N/A
Jack Clarke ⁵	1/(1)	1/(1)	N/A	1/(1)	N/A

1. David Lowden was appointed as a member of the Remuneration Committee on 6 March 2024. David was independent upon appointment as Chairman and does not participate in any Remuneration Committee discussions that consider his remuneration.
2. Pablo Andres was appointed as a director on 15 July 2024 and as CFO on 9 August 2024 upon the retirement of Tim Weller.
3. Brian McArthur-Muscroft was unable to attend one Remuneration Committee meeting due to a late change in the Remuneration Committee meeting schedule which coincided with a prior business engagement. However, he was able to review the Remuneration Committee papers prior to the meeting and provide feedback to the Committee chair, who ensured that Brian's comments were discussed and taken into consideration by the Committee.
4. Nneka Abulokwe was appointed as a member of the Audit and Risk Committee on 27 February 2024 and stood down as a member of the Remuneration Committee on 6 March 2024.
5. Jack Clarke was appointed as a director, chair of the Audit and Risk Committee and a member of the Nomination Committee on 9 October 2024.
6. Jon Lewis retired as CEO and a director on 17 January 2024. No Board or committee meetings were held from 1 January 2024 to 17 January 2024.

Georgina Harvey, Senior Independent Director met with the Non-Executive Directors and Executive Directors without the Chairman being present to undertake the annual review of the Chairman's performance.

Board effectiveness

The Board carries out effectiveness reviews annually.

The last external evaluation was undertaken by Independent Evaluation in 2021. Internal evaluations were performed during 2022, 2023 and 2024. As noted in the 2023 Corporate governance report, the 2024 evaluation was due to be facilitated externally. However, due to the change in CEO and CFO, the Board agreed that an externally facilitated review was unlikely to deliver value and that it would be appropriate to defer the external review until the new Board was fully established. It is the intention that the 2025 review will be conducted externally in H2 2025, with details of the process and outcome included in the 2025 Corporate governance report.

Key findings of the evaluation performed in 2023 are set out below together with actions taken during 2024:

Finding from 2023 evaluation	Actions taken in 2024
Stakeholders – The Board requested: • additional focus on client feedback. • greater exposure of key supplier relationships. • increased interaction with colleagues (see below)	The Board receives additional information on client feedback and key supplier relationships, including the Company’s relationship with its technology partners. The Divisional CEOs presented to the RB Committee on the results of the 2023 customer net promoter score (cNPS) and proposed actions. A further presentation was made in February 2025 on the results of the 2024 cNPS, noting the improvement from +16 in 2023 to +28 in 2024. In October 2024, the Board visited Capita’s offices in Coventry and met with representatives of Capita’s client, Transport for London.
Wider engagement with colleagues • The Board agreed that following the streamlining of the Group, the Board should have broader engagement with colleagues to include site visits by individual directors.	During the visit to Coventry the Board met with colleagues who manage and deliver our contract with Transport for London. During the year, Nneka Abulokwe visited Capita’s offices in South Africa and met with some chairs of the Group’s Employee Network Groups during her visit. Nneka also met with the chairs of the Group’s Employee Network Groups later in the year in the UK and attended and presented at Capita’s Black Network Group Awards event. Georgina Harvey, chair of the Remuneration Committee hosted two events for a broad range of colleagues which discussed pay at Capita and executive director remuneration. The Chairman encourages all directors to meet with colleagues and further visits by individual directors are being arranged for 2025.
Board meeting support • The Board requested further improvement in the quality of Board papers and formalisation of the process to review previous key decisions made by the Board.	The Chairman discussed these matters with the Chief General Counsel and Company Secretary and appropriate actions have been taken to improve Board meeting support and quality of papers.
• The Board requested that the Company focused on certain strategic matters for the future to achieve its strategic priorities and improved financial performance.	Adolfo Hernandez, CEO presented the outcome of his strategic review to the Board in May, details of which were announced at our Capital Markets Day in June 2024. The Board receives regular presentations from Adolfo, members of the Executive Team and other senior management relating to the Company’s strategic priorities including progress on Capita’s joint transformation initiatives with its hyperscaler partners. The Chairman, the CEO and the Chief General Counsel and Company Secretary discuss the Board agenda in detail ensuring that the Board has the appropriate time to fully discuss and consider the Group’s strategic priorities.

The 2024 Board evaluation, and the evaluation of its committees, was undertaken internally by the completion of a questionnaire by each director, followed by a one-to-one meeting with the Chairman. The Board received a report from the Chairman on the outcome of the evaluation, including formal recommendations which were discussed and approved by the Board. Committee feedback was presented to the relevant committee chair. The Chairman was assisted in this process by Claire Denton, Chief General Counsel and Company Secretary.

Overall, the performance of the Board and its committees was viewed positively, with effective handling of the CEO transition and a good understanding of the risks inherent in the Group’s business activities. Relationships within the Board, including between the non-executive directors and the executive directors, were rated highly with relationships with the new CEO and CFO and the NEDs continuing to develop positively.

The following principal areas were identified for actions:

Principal areas identified for action in the 2024 Board evaluation	Proposed action in 2025
Stakeholders – Although noting that interaction with colleagues had increased, particularly for Nneka Abulokwe, designated director for colleague engagement, the Board was seeking more engagement with the business for the NEDs.	A further site visit will be arranged for the Board in 2025. In addition, further interactions with the business will be considered. This will include further exposure to new products being developed together with our trusted hyperscaler partners.
Board support – The Board requested that additional information regarding client contracts be included in Business Updates, with further improvement on the length and focus of Board and committee papers and presentations requested, including increased focus in the Board meeting on key issues.	The Chairman, the Chief General Counsel and Company Secretary will work with the executive directors and members of the Executive Team to provide the required information and additional governance on processes.

An update on the 2025 actions will be provided in the Company’s 2025 Annual Report.

Governance and strategy

The Group recognises the contribution made by good governance to the Company’s success, and changes made at both Board and Executive Team level demonstrate the importance of embedding the right structures with the right people to deliver the Group’s strategy. The connection between governance and delivery of strategy is reflected throughout this Annual Report.

In addition to their statutory duties, the directors must ensure that the Board focuses effectively on all its accountabilities. The Board determines the strategic objectives and policies of the Group to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives, and controls. The Board is collectively responsible for the success of the Company and directors’ roles are set out above. Following presentations by executive and divisional management, and a disciplined process of review and challenge by the Board, clear decisions on policy or strategy are adopted, and the executive management are fully empowered to implement those decisions.

Section 172 of the Companies Act 2006 requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders as a whole. The Company’s s172 statement together with principal decisions of the Board during 2024 is on pages 48 to 52.

Stakeholder engagement

As highlighted by the Code, the Board recognises the importance of identifying its key stakeholders and understanding their perspectives and values. Through regular dialogue and communication, the Board is mindful of all of Capita's stakeholders when planning or making decisions of strategic significance.

In February 2024, the Board appointed Nneka Abulokwe as designated non-executive director for colleague engagement. Information on Nneka's engagement with colleagues during 2024 is provided on pages 48 and 98. In addition, all directors are encouraged to visit Capita's businesses to meet with colleagues. In October 2024, the Board met with colleagues in Coventry who service and deliver our contract with Transport for London. The Board also had an opportunity to meet with the client. Photographs from this visit are included in this report.

There is an active engagement programme with the Company's investors. The executive directors meet regularly with institutional shareholders to discuss and obtain feedback on the business, performance, strategy, capital structure and allocation and corporate governance, and address any issues of concern. This is undertaken through a combination of roadshows, group or one-to-one meetings and attendance at investor conferences. This engagement included presentations to institutional and retail shareholders and analysts following the release of the Group's half and full-year results (available on the Group's website www.capita.com). Our Chairman, David Lowden, Georgina Harvey, Senior Independent Director, and Brian McArthur-Muscroft, former chair of the Audit and Risk Committee, also met with a number of institutional shareholders during the year.

Topics discussed in investor meetings included free cash flow generation, remuneration structure, operating margin improvement and the nomination committee's process for appointment of the new CEO.

The investor relations team has day-to-day responsibility for managing investor communications and always acts in close consultation with the Board. The Director of Investor Relations and representatives from the Company's brokers, Deutsche Numis and Barclays are invited to attend Board meetings during the year to provide investor feedback. The Investor Relations team also arranged specific responsible business engagements with investors. All members of the Board, including the non-executive directors, receive a report on any significant discussions with shareholders and anonymous feedback that follows the annual and half-yearly presentations to investment analysts and institutional investors. Analysts reports concerning Capita are circulated to the directors and the Board is kept informed of changes in the share register.

At the 2024 AGM, all resolutions were passed, with every resolution receiving more than 96% of votes cast in favour. The Board is grateful to shareholders for their continued support.

+ Further information on how the Board has engaged with its key stakeholder groups can be found on pages 48 to 51.

Annual general meeting

Shareholders are encouraged to attend the AGM. The 2025 AGM of the Company will be held at The Storey Club, 4 Kingdom Street, Paddington, London W2 6BD on 28 April 2025. Details of the meeting format and the resolutions to be proposed are set out in the Notice of Meeting, which will be sent to shareholders separately and includes notes explaining the business to be transacted. The Notice of Meeting will also be available on the Company's website at www.capita.com.

The directors consider that each of the resolutions to be proposed to shareholders is in the best interests of the Company and the shareholders as a whole and recommend that shareholders vote in favour of all the resolutions.

The Chairman, Senior Independent Director and Committee chairs are expected to attend the 2025 AGM and will be available to answer any questions from shareholders.

Shareholder communications

In addition to the AGM, shareholders can access up-to-date information through the Group's website at www.capita.com. Shareholders can also view their holdings by using the Signal shares shareholder portal, a service offered by MUFG Corporate Markets (MUFG), the Group's registrar, at www.capitashares.co.uk. The Signal shares portal is an online service enabling shareholders to easily access and maintain their shareholding online. Shareholders can also contact MUFG by email at shareholderenquiries@cm.mpms.mufg.com. MUFG also provides a telephone helpline, 0371 664 0300, calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

Business relationships

Details regarding relationships with suppliers, clients and others, together with further cross references, are provided in the engaging with our stakeholders section on pages 48 to 51.

Remuneration Committee

Details of the Remuneration Committee and its activities are given in the Directors' remuneration report on pages 108 to 126.

Risk management and internal control

The Board monitors the Company's risk management and internal control systems and carries out an annual review of their effectiveness. The monitoring and review includes all material controls, including financial, operational and compliance controls. This process is regularly reviewed by the Board. The Group's key internal control procedures are fully documented within the strategic report on pages 68 to 70.

Furthermore, through the operation of the risk governance process, the directors confirm, for the purposes of provision 28 of the Code, that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. A description of those principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated, is set out on pages 70 to 74.

The ARC report contains information on actions taken by the Group during 2024 to ensure its compliance with provision 29 of the 2024 Code which will apply to Capita for the financial year commencing 1 January 2026. This provision will require boards to monitor and review all material controls and to make a declaration on their effectiveness in the annual report.

“Succession planning is a key focus for the Committee from both a leadership and governance perspective.”

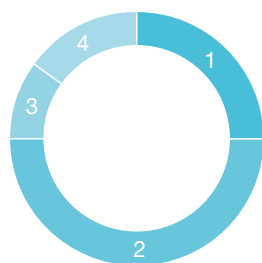
David Lowden, Chair, Nomination Committee

Principal role and responsibilities

As set out in the terms of reference, which are available on the Company’s website, www.capita.com, the Nomination Committee is responsible for a number of key matters, including to:

- Identify and nominate appropriate candidates for appointment to the Board, having due regard to the provisions of the Code and, in particular, the balance of skills, knowledge and experience on the Board and the diversity of its composition.
- Keep the structure and size of the Board, its committees and the leadership requirements of the Group under review and ensure that plans are in place for orderly succession and appointment to the Board.
- Consider the independence, time commitment and performance of the Non-Executive Directors.
- Oversee development of a diverse pipeline for succession to the Executive Team.

Nomination Committee time allocation



1. Board appointments	25%
2. Succession planning	50%
3. Diversity	10%
4. Governance	15%

The time allocation chart is provided for guidance only and other matters were also considered by the committee.

Areas of focus in 2024

- Succession planning for the Chief Financial Officer.
- Recruitment and appointment of an independent non-executive director.
- Review of diversity and inclusion activities and measures.
- Review of senior management talent and Executive Team succession planning.
- Consideration of the contributions and effectiveness of the Non-Executive Directors seeking re-election at the 2024 AGM.
- Reviewing the constitution of the Board and its Committees.
- Reviewing the skills and experience of the directors and their other commitments.

Dear Shareholder,

On behalf of the Nomination Committee, I am pleased to present this report, which outlines our activities and achievements in ensuring effective governance and leadership succession throughout 2024.

Board and Executive appointments in 2024

Board succession planning continued to be an important area of focus for the Committee during the year.

As announced during 2023, Jon Lewis retired as a Director and Chief Executive Officer on 17 January 2024, succeeded by Adolfo Hernandez. Details of the process undertaken by the Committee which led to Adolfo's appointment were included in the Committee's 2023 Report.

In addition, during the past 12 months the Committee has managed the appointment of two other new Directors to the Board: Chief Financial Officer (CFO) and additional Non-Executive Director.

In August 2023, Tim Weller, CFO, had surgery following the diagnosis of a relatively severe form of prostate cancer and, whilst he was expected to make a full recovery, he indicated to the Board that he was considering drawing to a close his career as a CFO. As Chair of the Committee, and with the support of our Chief People Officer and my fellow Committee members I led a thorough recruitment process for a new CFO, assisted by search firm Odgers Berndtson. On 2 May 2024, we announced that Tim had advised the Board of his intention to retire in August 2024, and I was pleased to announce the appointment of Pablo Andres as a Director and CFO designate effective from 15 July 2024. Pablo was appointed as CFO on 9 August 2024 upon Tim's retirement. Further information on the appointment process is provided on page 93.

Prior to joining Capita, Pablo was the CFO of Ventient Energy S.à r.l., a position he had held for the previous three years. Pablo has extensive experience operating as a senior finance executive across a range of sectors with companies directly comparable with Capita. Pablo is highly experienced in driving change in complex businesses and has delivered significant cost savings, streamlined organisation structures and enhanced processes and systems. He has the right skillset and drive to support Adolfo in leading this next chapter of Capita.

I would like to extend my gratitude to Tim for his dedicated service and leadership during his three years as Capita's CFO and in facilitating the smooth transition to Pablo as CFO.

During the year, and as part of our Board and Board Committee succession planning process, the Committee concluded that a further independent non-executive director should be appointed with contracting business experience. Brian McArthur-Muscroft, chair of the Audit and Risk Committee also advised that due to additional responsibilities connected with his executive role as CFO at IQ-EQ he did not consider that he would have the capacity, going forward, to commit to the additional significant work involved with acting as chair of this committee. It was therefore agreed that the new independent non-executive director should also have the appropriate financial expertise to succeed Brian as chair of this committee. I led this process with the support of our Chief People Officer and assisted by search firm Spencer Stuart. Further information on the appointment process is provided on page 93.

As a result of this process, on 9 October 2024, we announced that Jack Clarke had been appointed as independent non-executive director and Chair of the Audit and Risk Committee. Jack was CFO of Essentra plc, a FTSE-250 global manufacturer and provider of essential components and solutions from May 2022 until his retirement on 31 December 2024. Prior to this Jack was the CFO of Marshall's plc from 2014 until 2021. Jack brings extensive and relevant experience from these roles. Jack is a qualified chartered accountant, having qualified with KPMG and has a diploma in treasury management.

Jack succeeded Brian McArthur-Muscroft as Chair of Capita's Audit and Risk Committee, with Brian remaining as a member of the Committee and assisting in the handover of the chair role to Jack. Both Jack and Brian bring strong financial experience and expertise to this committee. I would like to thank Brian for having chaired the Audit and Risk Committee with such skill and diligence. The Board is pleased that Brian has been able to remain as a director and member of the Audit and Risk Committee.

Diversity

The Committee believes that a Board and management team which has a range of diverse skills, background and experience is best equipped to make the decisions which will deliver sustainable value to shareholders and other stakeholders. We are therefore committed to fostering diversity in its broadest sense, and we continue to ensure that our Board membership draws from a wide range of backgrounds and cultures. However, the Committee will continue to appoint Board members on merit, valuing the unique contribution that they will bring to the Board, regardless of gender or diversity. During 2024, the Board has continued to benefit from the diversity of experience, background and global and regional expertise of its members.

Our Board has two Directors of an ethnic minority background, meeting the target set by the Parker Review. The Company has also approved an ethnic diversity target for its leadership team levels by 31 December 2027, demonstrating our commitment to improve diversity within Capita. We consider that this is an ambitious target, and specific programmes are in place including our RISE (Reduce Inequality Strive for Equality) programme which is a leadership programme for ethnic minority background employees, as well as female employees, which aims to reduce the representation gap across the business. In addition, our mutual mentoring scheme pairs junior colleagues from an ethnic minority background with senior leaders to enable them to learn from one another. Further information on these and other relevant initiatives are included in the responsible business section of this report on page 44. Both this committee and the RB Committee receive regular updates on these and other initiatives in place to improve the Group's diversity.

The Board includes three experienced female directors. Georgina Harvey is the Company's Senior Independent Director and chair of the Remuneration Committee, and is the longest serving director on the Board, having served for five years.

However, the Committee is cognisant that, following the appointment of Jack Clarke as a non-executive director on 9 October 2024, the Board comprises 37.5% of female directors (three female and five male directors), compared with the UK Listing Rules diversity benchmark target of 40% of women on boards. The Board's target remains to have at least 40% of women on the board and we will seek to return to greater than 40% female representation within the Board as and when the opportunity arises.

Board and Executive succession planning

Succession planning is a key focus for the Committee from both a leadership and governance perspective. The Committee reviewed the Board Skills Composition Matrix (please see table on page 81 which sets out the tenure, skills, competencies and diversity of the Board. Priorities for recruiting and succession planning include the ability to respond to evolving strategic imperatives for the Group, adding and enhancing Board skills including in the areas of operational, finance, gen AI, government contracting, cyber experience and responsible business and enhancing diversity in the boardroom. The Committee recognises that, except for Adolfo and Nneka, no director has detailed experience of AI or gen AI. The Committee is taking steps to ensure that directors are provided with requisite training and knowledge in this respect in order that they can provide the appropriate level of challenge and oversight to management and to up-skill the Board in line with our strategy and this matter will be taken into consideration in any future appointment process.

The Committee discusses succession plans with management for senior executives and in December 2024, received a detailed presentation from the Chief Executive Officer, the Chief People Officer and the Group Director of People & Development on succession planning for the Executive Directors, members of the Executive Team and their direct reports. This will receive enhanced focus in 2025, with a biannual Board review of talent pipeline planned. These plans include consideration and monitoring of diversity in the executive pipeline. Page 41 gives details of the members of the Executive Team as at 31 December 2024, 40% of whom are female, and 10% are of Asian ethnicity. Following the leadership changes at executive level this year, the Committee is aware that management is focused on ensuring that there are development plans in place to enable a broader range of candidates to be considered within the internal succession pipeline for senior management roles.

Further details of the Committee’s responsibilities and work undertaken by the Committee during 2024 are included in the Nomination Committee report. I hope you will find this informative.

David Lowden, Chair
Nomination Committee
4 March 2025

Nomination Committee members

Member	Member since	Date of retirement from the Committee (if applicable)
David Lowden (Chair)	1 January 2021	
Jon Lewis	1 July 2022	17 January 2024
Adolfo Hernandez	17 January 2024	
Georgina Harvey	1 October 2019	
Nneka Abulokwe	1 February 2022	
Neelam Dhawan	1 March 2021	
Brian McArthur-Muscroft	1 June 2022	
Jack Clarke	9 October 2024	

Board changes

The appointment of our new CFO, Pablo Andres, was a key area of focus for the Committee during H1 2024. In addition, we continued to focus on the evolution of the Board and, as part of our succession planning identified a need for an additional non-executive director who had a strong financial and operational background with recent executive role experience. Jack Clarke was appointed as an independent non-executive director and as Chair of the Audit and Risk Committee on 9 October 2024. Board appointments are made on merit, taking account of the specific skills, experience, knowledge and independence needed to ensure a rounded board. We seek to ensure a minimum of 40% female representation on recruitment shortlists and, where appropriate, to include candidates who may not have listed company experience but who possess suitable skills and qualities. We only engage executive search firms that have signed up to the voluntary code of conduct on gender diversity and best practice.

Recruitment of the CFO

The Committee was assisted in the search for a new CFO, which was led by the Chair, by the search firm, Odgers Berndtson (Odgers) which has no connection to the Company or individual Directors. Odgers was not engaged by the Company for any other purpose during 2024. The search process was conducted as follows:



A detailed induction plan was created for Pablo focusing on building his understanding of the business.

Non-Executive Director appointment

To assist with the recruitment of a new Non-Executive Director, the Committee appointed search firm Spencer Stuart, which has no connection to the Company or individual Directors. The Committee reviewed the skills matrix of the directors which is updated annually, and a candidate profile was developed to address any identified gaps and to complement the needs of the business and the Board as a whole. Spencer Stuart was not engaged by the Company for any other purpose during the year. Having considered the shortlist, the Chair and fellow committee members interviewed the preferred candidates and recommended the appointment of Jack Clarke as a director and as Chair of the Audit and Risk Committee to the Board for approval.

The appointment of both Pablo and Jack involved a formal, rigorous, and transparent appointment process based on merit and objective criteria, with due consideration being given to a broad range of factors such as social and ethnic backgrounds, cognitive and personal strengths, diversity of gender and the Group's future strategic direction.

Board of directors' induction and training

All new directors are provided with a robust induction, tailored to suit their individual needs. This is an invaluable step to not only support directors in meeting their statutory duties, but also gives them a comprehensive introduction to the business and its strategic priorities.

Ongoing training and briefings are also given to all directors, including external courses as required. In addition, all directors are required to undertake online training on the Company's Code of Conduct and cyber and information security awareness, which are also mandatory for all Group employees.

All new directors receive training on the Company's obligations as a public listed company, including its obligations under the UK Listing Rules and the Market Abuse Regulation.

Induction case study – Jack Clarke

Jack Clarke was appointed to the Board on 9 October 2024. The Company Secretary assisted the Chairman with the preparation and delivery of a tailored and comprehensive induction programme, designed to give Jack a thorough overview and understanding of our business with a focus on the Group’s strategy, and wider business objectives. The induction programme gave specific focus to Jack’s appointment as chair of the Audit and Risk Committee with meetings arranged with the Group’s Director Internal Audit and Risk, Group Director Financial Control, Group Chief Accountant and a number of meetings with KPMG, the Group’s external auditor. The induction sessions provided Jack with an opportunity to meet with members of the Executive Team, and other members of senior management and advisers and build an understanding of the key areas of focus for the Board, its committees, and the Group.

After 9 October 2024 (the date of the announcement of Jack’s appointment)

Jack was provided with a comprehensive pre read, including previous Board and relevant Committee papers

9 October

Jack was formally appointed to the Board and as chair of the Audit and Risk Committee

October/November/December

Jack met with all members of the Executive Team, senior management and functional heads (principally on a one-to-one basis) to provide him with an understanding of the Group’s operations, culture, and values.

Jack also had a session with the Company’s external legal counsel regarding the Company’s obligations under the UK Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules.

2025

A number of site visits are being arranged for Jack to meet with management and colleagues and obtain a greater understanding of Capita’s business.

Diversity and inclusion

Capita’s diversity and inclusion policy is based on a commitment to creating an environment where diversity is valued and respected. We believe that business success is a direct result of the experience and quality of its people. Inherent within this approach is an acceptance and embracing of diversity in all its forms and an endorsement that the entire workforce, including the Board, be representative of the communities in which Capita operates.

Board and executive management diversity data disclosures

As required by FCA UK Listing Rule 6.6.6R(9), below is the Company’s compliance statement regarding Board diversity targets as at 31 December 2024, being the selected reference date used for the purposes of FCA UK Listing Rule 6.6.6R(9)(a).

Target	Position as at 31 December 2024
At least 40% of the individuals on the Board are women	37.5% of the Board are women
At least one of the senior Board positions is held by a woman	The Senior Independent Director position is held by a woman
At least one individual on the Board of Directors is from an ethnic minority background	The Board had two Directors from on ethnic minority background

Upon the appointment of Jack Clarke as a director on 9 October 2024, the percentage of females on the Board reduced from 43% to 37.5%. However, based on the Committee’s recommendation, following a thorough search and appointment process, the Board concluded that Jack Clarke was the right candidate for this position given his skills and experience. The Board’s target remains to have at least 40% female representation on the Board and we will seek to return to greater than 40% female representation on the Board when the opportunity arises.

Information on actions taken by the Group to address diversity, inclusion and wellbeing across the workforce is in the responsible business section on pages 39 to 45.

Further details of the Company’s compliance with LR6.6.6(9) at 31 December 2024 and 4 March 2025 are provided on page 41.

At 31 December 2024, female representation on the Capita plc Board was 56% and on the Executive Team was 40%. At 31 December 2024, ethnically diverse representation on the Board and on the Executive Team was 25% and 10% respectively. Further disclosures on our gender and ethnicity diversity and how percentages are calculated and information collated is provided on page 41.

Succession planning and Board composition

A formal succession framework is in place for the Executive Team and the two management layers beneath. The purpose of the framework is to apply a fair, objective and consistent methodology to identify future potential career paths for individuals within the Group.

Structured development plans are implemented to support individuals in improving their skills and experience. The depth of the framework means talent can be identified and nurtured at an early stage, and combined with the approach to Board appointments, means the pool of possible future candidates for Board roles is sufficiently wide and diverse.

Board evaluation

Details of the annual Board evaluation process are provided in the Chairman’s report on page 88.

“In September, our Group Director of Performance & Development presented to the Committee on the multi-year programme to rally, reset and embed our culture, which was mobilised in 2024.”

Dr Nneka Abulokwe,
OBE, Chair
Responsible
Business
Committee



Overview

The Responsible Business Committee (the Committee) met four times during 2024. Nneka Abulokwe succeeded David Lowden as Committee chair on 6 March 2024, with David remaining as a member of this committee. Georgina Harvey, Senior Independent Director, was also a member of the Committee during 2024. Neelam Dhawan, Independent Non-Executive Director was appointed as a member of the Committee on 1 January 2025, following the Nomination Committee’s review of Board committee membership.

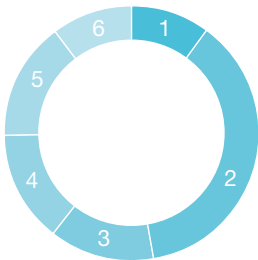
The Committee changed its name from the ESG Committee to the Responsible Business (RB) Committee on 1 October 2024 to align with Capita’s refreshed responsible business strategy.

Responsibilities and activities

Key responsibilities

- Oversee the development of the Group’s responsible business strategy and monitor its performance in respect of responsible business-related matters on behalf of the Board.
- Oversee and monitor the Group’s progress against its net zero strategy.
- Review diversity and inclusivity data and approve the Group’s Gender and Ethnicity 2024 Pay Gap Report.
- Review and approve the Group’s Modern Slavery Statement.

Responsible Business Committee
time allocation



1.	Governance/regulatory	10%
2.	Employee-related issues including diversity and inclusion	37%
3.	Net zero	13%
4.	Strategy	14%
5.	HSEW	15%
6.	Stakeholders excluding colleagues	10%

The time allocation chart is provided for guidance only and other matters were also considered by the Committee.

Activity in 2024

Strategy:

- Review and approved Capita's refreshed responsible business strategy.
- Considered stakeholder feedback from shareholders, clients, employees, colleagues and regulators, including review of the 2023 customer net promoter score.

Net zero:

- Approved an update to Capita's net zero targets in February 2024, reviewed progress against these targets in December 2024.
- Reviewed proposed timeline for Capita's low carbon transition planning.

Approval of external RB communications:

- Reviewed and approved the responsible business section of the 2023 Annual Report for publication.

Our people:

- Reviewed progress against Capita's ethnicity and gender targets.
- Received a presentation from the Chief People Officer and Group Director of Performance & Development on Capita's people strategy and culture refresh programme.

- Reviewed the outcome and feedback of the 2023 colleague survey and the employee net promoter score;

- Reviewed the Board's engagement with colleagues.

Health, safety, environmental and wellbeing:

- Received presentations from the Divisional CEOs on health, safety, environmental and wellbeing in Capita's UK and global businesses.

Policies and procedures:

- Reviewed and approved the Company's Modern Slavery Statement on behalf of the Board.
- Reviewed and approved Capita's Gender and Ethnicity Pay Gap Report 2024

Governance

- Discussed the outcome of the annual evaluation of the Committee.
- Reviewed the terms of reference of the Committee.
- Considered forthcoming responsible business legislation, with specific reference to the Corporate Sustainability Reporting Directive (CSRD).

Dear Shareholders,

I am pleased to present this report, my first report as chair of the Committee.

Role of the Committee

The Committee oversees Capita's conduct as a responsible business. During the year, the Committee focused on responsible business challenges, and providing additional strategic alignment and oversight, accountability, and guidance.

Focus of the Committee

This Committee provides a forum within which all components of Capita's responsible business strategy can be considered on a regular basis.

Responsible business strategy

During 2024, the Committee considered and approved a new responsible business strategy which has the following four key theme areas:

Our people

- support a safe, healthy, diverse, and inclusive workforce.

Our communities

- have a positive impact on our customers and communities.

Our planet

- reduce our environmental impact.

Our business

- operate ethically, responsibly and securely.

For each theme, the Company identified commitments, KPIs and has existing and planned initiatives to ensure that we continue to deliver as a responsible business. The Committee monitors progress of these commitments. For more information about our responsible business strategy visit: www.capita.com/about-capita/ensuring-sustainable-future-through-responsible-business.

Our people: support a safe, healthy, diverse and inclusive workforce**Culture**

In September, our Group People Director of Performance & Development presented to the Committee on the multi-year programme to rally, reset and embed our culture, which was mobilised in 2024. This focused on bringing together our senior leadership team through the launch of our Leadership Playbook, mandating management and leadership development, refreshing our values to launch in Q2 2025 and the creation of an employee playbook. The Board and this Committee will receive regular updates and presentations on the progress of our programme to reset and embed our culture at Capita.

Diversity & inclusion

Capita is committed to representation, at all levels of the business, of the diversity of the communities in which we live.

During 2024, our Executive Team approved challenging targets to improve our ethnic diversity and female representation in our leadership team levels. The Committee received information on and discussed Capita's initiatives to support this commitment, including our RISE (reduce inequality strive for equality) programme which is a leadership programme for Black, Asian and minority ethnic employees, as well as female employees, which aims to reduce the representation gap across the business. In addition, our mutual mentoring scheme pairs junior colleagues from a Black, Asian or minority ethnic background with senior leaders to enable them to learn from one another.

During the year, the Committee reviewed and approved the Group's 2024 UK gender and ethnicity pay gap report. 2024 was the fourth consecutive year that Capita voluntarily published its ethnicity pay gap. We believe that analysing diversity data and being transparent about the diversity of our workforce is an important step in moving towards a fairer, more equitable and inclusive workplace.

The 2024 pay gap report showed continued improvement in our gender pay gap, although the year-on-year improvement was marginal, with the median gender pay gap decreasing by c.0.5%. Since we started reporting in 2018, our gender pay gap has closed by 10.3%, evidencing considerable progress over this period. Our focus remains on enhancing female representation in higher-paid roles and at leadership levels. Our year-on-year succession pipeline is showing stronger female talent, we recognise that more positive affirmative action is required to further enhance this progress.

Capita continues to receive accreditations as an equal opportunities' employer and the Committee is proud that Capita was once again ranked by Forbes magazine as a top employer for women.

Our ethnicity declaration rate was at 77% at the end of 2024, which is a positive trend. The median ethnicity pay gap decreased by c.2% during 2024 compared with 2023, with a notable 4% decrease for Capita's Black colleagues.

The Group has introduced further diversity, ethnicity, and inclusivity reporting, and is developing its employee network groups (ENGs) to support the above. During the year, we spent time as a committee, discussing the Group's initiatives on how we can improve disability and sexuality disclosure by our colleagues. We recognise an individual's right to retain their privacy, however without this disclosure it is difficult to monitor how successful our initiatives are in improving our representation across different minority groups.

The Committee recognises the important part the ENGs play in informing our ambition to improve both female and ethnic representation at senior levels and to increase representation from other minorities. As Committee chair, I have asked that chairs of the various ENGs attend Committee meetings when matters of specific relevance to them are being discussed.

Wellbeing of our colleagues

The health, safety, and wellbeing of all our colleagues is a priority for the Committee and the Company. The Committee received presentations during the year on the health, safety, and wellbeing of our colleagues both in the UK business and globally. These were based on our new geographically dispersed operating model, with Public Service being responsible for health, safety, wellbeing and

environmental matters for the UK businesses and Experience being responsible for Capita's non-UK businesses.

The Committee was pleased to note that the new operating model is functioning effectively, with well-defined roles and responsibilities.

Our communities: have a positive impact on our customers and communities

Supplier charter

The Committee received further information from senior management, including via discussion with the Group Procurement Director on Capita's supplier charter, particularly to assist our understanding of how the Company monitors the obligations of its suppliers to adhere to Capita's Human Rights Statement and net zero targets. We also discussed changes introduced by the Government to the UK's Prompt Payment Code.

Our planet: reduce our environmental impact

Net zero and low carbon transition plan

As detailed in our 2023 report, in early 2024, the Committee considered and approved a proposal from management to update our targets to become fully net zero by 2045. This recognised that a significant amount of our carbon emissions originates from our supply chain and that by extending our target by ten years we have additional time to engage with our suppliers and work with them to reduce their environmental impact. Our revised targets also reflect and are aligned with the UK Government's revised timeline. Our new targets are being validated by Science Based Target initiative (SBTi), the globally recognised body for climate-related target setting.

In late 2024, the Committee received a presentation from our Group Environmental Manager, on our plans to develop a low carbon transition plan, which will be a key focus for Capita during 2025. This is not only an important issue for Capita, it is of increasing importance to our clients, colleagues, and other key stakeholders. Although not a legislative requirement, our aim is to approve and publish our low carbon transition plan by the end of 2025.

Capita continues to collaborate with clients to identify new sustainability propositions.

Our business: operate ethically, responsibly and securely

The Committee reviewed and approved Capita's 2024 Modern Slavery Statement and discussed changes to the UK's Prompt Payment Code. Our Board and Audit & Risk Committee received presentations during the year on cyber security and our data governance programme, which also includes data privacy.

Colleague engagement

During the year, I was appointed as the designated director for Colleague Engagement. Since my appointment:

- I have visited Capita's offices in Cape Town, South Africa, home to our multi-award-winning contact centre services business. During my visit I met with colleagues for an informal discussion, including with some of our centre agents who support our Marks & Spencer and Virgin Media O2 contracts. During my visit I joined the Global Town Hall meeting hosted by Adolfo Hernandez, Capita CEO.

I also had the pleasure to visit the SOS Children's Villages, a home and safe environment for children. This is one of several non-governmental organisations supported by our South Africa team. We recruit individuals from the Cape Town townships for our internship programme, helping with social mobility in the area and bringing prosperity. I also visited the township where more than 80% of our employees live.

- I met with the chairs of four of the Group's ENGs for an informal discussion.
- On 30 October, I attended and spoke at the Black ENG awards and had the pleasure of presenting the BEN Star Award, which recognises members who have lived the Capita values.
- I also attended one of the Capita sessions on Pay at Capita, hosted by Georgina Harvey, chair of the Remuneration Committee.
- I provide a full report to both the Committee and the Board following my discussions with colleagues, acting as facilitator, ensuring that actions can be taken as appropriate to address issues raised by our colleagues and that the Board is aware of the views of these colleagues.

I have found these discussions with colleagues rewarding and I thank those colleagues who I have met for their transparency, honesty, and openness. I look forward to meeting more colleagues during 2025 and visiting further Capita businesses in different geographies. One or more of my fellow directors will be invited to join me on these visits.

Other matters

During the year, the Committee considered both the CSRD and the UK Sustainability Disclosure Requirements, noting the actions being undertaken by management to ensure the Group's compliance with this new legislation. CSRD aims to provide investors and other stakeholders with access to more decision-useful information about companies' sustainability risks, opportunities, and impacts. CSRD is applicable to our Capita EU Entities in Ireland, Germany, and Poland from 1 January 2025, with first local reporting in 2026.

This will be a continued focus for the Committee during 2025.

The Committee looks forward to reporting more on the above matters and the progress made in our 2025 report.

**Dr Nneka Abulokwe, OBE, Chair
Responsible Business Committee**

4 March 2025



“The Committee has a robust plan to evolve Capita’s internal control framework such that we will be ready for the introduction of Provision 29 of the 2024 UK Corporate Governance Code.”

Jack Clarke, Chair, Audit and Risk Committee

Overview

The Audit and Risk Committee’s (the Committee’s) terms of reference set out in full the role, responsibilities and authority of the Committee and can be found on the Company’s website at www.capita.com/about-capita/corporate-governance. The terms of reference are reviewed annually and updated as required.

Role and responsibilities

The Committee is responsible for carrying out the audit functions as required by DTR 7.1.3R and assists the Board in fulfilling its oversight responsibilities in respect of the Company and the Group. The Committee’s key responsibilities are:

Financial reporting

To review the reporting of financial and other information to the Company’s shareholders and to monitor the integrity of financial statements, including the application of key judgements in determining reported outcomes, to ensure they are fair, balanced and understandable.

Risk management, internal control and compliance

To review and assess the adequacy of systems of internal control and risk management and monitor the risk profile of the business.

Internal audit

To approve the annual internal audit plan, review the effectiveness of the internal audit function and review all significant recommendations, and ensure they are addressed in a timely manner.

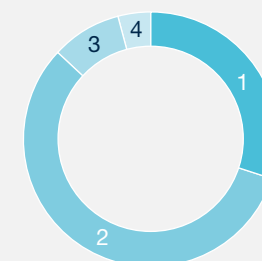
External audit

To review the effectiveness and objectivity of the external audit process, assess the independence of the external auditor and ensure appropriate policies and procedures are in place to protect such independence.

Effectiveness

To report to the Board on how it has discharged its responsibilities.

Audit and Risk Committee time allocation



1. Risk management, internal control & compliance	30%
2. Financial reporting (incl. external audit)	57%
3. Private meetings with auditors	9%
4. Governance	4%

The time allocation chart is provided for guidance only and other matters were also considered by the Committee.

Dear Shareholders

I was delighted to be appointed as a Director and Chair of the Audit and Risk Committee in October 2024, during a transitional year for the Group, with the Company continuing to demonstrate good progress against our strategic priorities. I would like to thank Brian McArthur-Muscroft, who chaired the Committee from July 2022 until my appointment, for his help during my onboarding to the business and for the full handover of the Committee chair role, ensuring that this transition was undertaken smoothly.

I would like to give you an overview of the operation and scope of the Audit and Risk Committee and report on the Committee's work over the past year.

Risk and control framework

The Committee continued to fulfil its role of supporting the Board in its review of the integrity of the Group's financial reporting, monitoring the effectiveness of the Group's system of risk management and internal controls, and overseeing the activities of the Group's internal audit function and its external auditor.

As detailed below, the Committee continued to monitor the progress of projects to strengthen the Group's controls. This included the Group's project to optimise its existing finance reporting systems. The Committee also reviewed and approved a plan for evolving Capita's internal control framework (ICF). This framework provides a strong blueprint in preparation for compliance with Provision 29 of the 2024 UK Corporate Governance Code (the 2024 Code), which comes into effect for the Company on 1 January 2026. Provision 29 of the 2024 Code has strengthened board accountability for the effectiveness of the Group's risk and internal control framework and will require the Board to make an explicit declaration on the effectiveness of the Group's material controls at the balance sheet date, including a description of any material controls which have not operated effectively, and the action taken or proposed to approve them, as appropriate. The Committee acknowledges the work required to fully embed robust internal control and risk assessment framework. These two projects were a considerable area of focus for the Committee during the year and will remain a priority for focus during 2025 and 2026.

In addition, as in prior years, a key control questionnaire process was completed, through which the Executive Team and their direct reports attest to the operation of a set of specific controls and activities and their effectiveness in each of their respective areas. This enables management to develop actions and focus on control areas. The outcome of this process including details of specific identified actions was presented to the committee. Following completion of this process, the CEO and CFO confirmed to the committee that an adequate system of internal control operated across the Group during 2024.

Further detail on the risk management and internal control environment is set out later in this report on pages 105 and 106.

Controls improvement

The Board and the Committee continue to monitor the progress of the Group's programmes to optimise the existing finance reporting systems and improve the Group risk and control framework and financial controls. These programmes have continued to focus on the simplification of finance activities and controls, continuing to embed the enterprise risk management framework, and further rationalisation of our Group legal structure. Key improvements in 2024 include: improving controls governing access rights to SAP, including privileged access and access conflicts; documenting the key risks and controls over financial reporting including independent testing by Group Internal Audit of the design and operating effectiveness of those key financial controls.

In addition, the legal entity rationalisation programme continued to progress well during the year with the number of legal entities in the Group being reduced by a further 38. On 1 January 2025, the Group had 92 legal entities compared with 369 in July 2018. The rationalisation programme is ongoing, with a target of less than 50 Group legal entities by mid-2026.

The Group's controls activity continued to be supported by a Speak Up policy which facilitates whistleblowing across the Group with a function dedicated to identifying, preventing and investigating where inter alia fraud and other concerns have been raised. Further detail is provided on page 107 of this report.

We also reviewed and discussed the evolving corporate governance reporting requirements, particularly relating to non-financial reporting and the EU Corporate Sustainability Reporting Directive (CSRD). Our Responsible Business Committee is also focussing on this matter and monitoring management's actions to ensure that our relevant Group legal entities, within the EU will comply with this new legislation, and further information is contained in their report on page 98.

Committee membership and attendance

During the year, until my appointment as Committee chair in October 2024, the Committee comprised Brian McArthur-Muscroft as Committee chair, Georgina Harvey, Senior Independent Director and Chair of the Remuneration Committee and Neelam Dhawan independent non-executive director. Nneka Abulokwe, independent non-executive director, was appointed as a member of the Committee on 27 February 2024. From 1 January 2024, the Committee has comprised solely of independent non-executive directors.

Following a review of Board Committee membership by the Nomination Committee, Georgina Harvey stepped down as a member of the Audit and Risk Committee on 1 January 2025.

During the year, Brian McArthur-Muscroft advised the Chair that due to additional responsibilities connected with his executive role as CFO at IQ-EQ he did not consider that he would have the capacity, going forward, to commit to the additional significant work involved with acting as chair of this committee. It was therefore agreed that the new independent non-executive director, being considered for appointment by the Nomination Committee, should have the appropriate financial expertise to succeed Brian as chair of this committee. Following the Nomination Committee search I was appointed as independent non-executive director and Committee chair on 9 October 2024. I am extremely grateful to Brian that, given his wealth of experience in audit committee chair roles at Capita and prior to that at Robert Walters plc, where he acted as committee chair from 2013 to 2022, he agreed to remain as a member of this committee.

The Committee is required to include at least one financially qualified member. Both Brian and I are chartered accountants, with recent and relevant experience. As stated above, Brian is currently CFO of IQ-EQ, a global investor services company operating in 25 locations worldwide and until 31 December 2024, I was CFO of Essentra plc a FTSE-250 global manufacturer and provider of essential components and solutions. Prior to this I acted as CFO at Marshall's plc from 2014 until 2021 and as Strategy Director and then CFO of AMEC (E&I) between January 2010 and September 2014.

As part of my induction programme, I met with Ian Griffiths, Audit Partner, KPMG, our external auditor, Capita's Group Director Financial Control, Group Chief Accountant and Director Internal Audit and Risk. Further information on my induction programme is provided in the Nomination Committee report on page 94.

All other Committee members are considered financially literate given their qualifications and experience. Neelam has held senior positions in Hewlett-Packard, Microsoft, Compaq and IBM with responsibility for areas including strategy and corporate development. Nneka has previously held P&L and senior governance and risk responsibilities in the tech industries and was formerly an external member of the audit and risk committee of the University of Cambridge. Georgina Harvey who stepped down from the Committee on 1 January 2025 has significant experience across highly competitive consumer-facing markets. During 2024, Georgina was a non-executive director of Superdry plc and a member of its audit committee until July 2024, when she resigned as a director. She is currently a non-executive director of M&C Saatchi Group plc and a member of its audit committee. Biographies of the directors, including their skills and experience are on page 82 to 83.

To encourage effective communication, in addition to the above members, the Chairman, CEO, CFO, Chief General Counsel and Company Secretary, Group Director Financial Control and Group Chief Accountant are invited to attend Committee meetings along with certain members of the senior management team, the Director Internal Audit and Risk and representatives from KPMG, the Group's external auditor. The Director Business Integrity and Financial Crime provides a report at each meeting to update the Committee on cases reported under the Group's Speak Up policy and related issues. Opportunity exists at the end of each Committee meeting for the representatives of the internal and external audit teams to meet with the Committee in the absence of management and both have access to the Committee should they wish to voice any concerns outside formal meetings.

Committee performance was assessed as part of the annual Board evaluation, see pages 87 to 88 for more information. The Board is satisfied that the combined knowledge and experience of its members, both during the year and currently is such that the Committee discharges its responsibilities in an effective, informed and challenging manner and that, the Committee has competence relevant to the sector in which the Company operates. The Chief General Counsel and Company Secretary, or their nominee, acts as Secretary to the Committee and is available to assist the members of the Committee as required, ensuring that timely and accurate information is distributed accordingly.

How the Committee operates

The Committee has an annual forward agenda to cover the key events in the financial reporting cycle, specific risk matters identified by the Committee and standing items that the Committee is required to consider in accordance with its terms of reference. The annual agenda is supported by planning meetings held in advance of the principal Committee meetings, led by me with the CFO, members of the Group Finance team and the external auditor. I also meet on a regular basis and separately with the CFO and Director Internal Audit and Risk. The purpose of these meetings is to identify key issues impacting the business that may require consideration by the Committee. Reports are received from Group functions, including risk and internal audit, as appropriate. The Group's Chief Technology Officer and/or the Chief Information Security Officer regularly attend Committee meetings to provide an update on the Group's cyber and IT resilience. Additional reports are provided as may be required. I report to the Board the key matters of discussion and make any significant recommendations as necessary.

How the Committee discharged its roles and responsibilities in 2024

The Committee held five scheduled meetings during the year and attendance at each meeting is shown on page 87. Meetings are planned around the Company's financial calendar.

Financial reporting

Accounting judgements and significant accounting matters

As part of the process of monitoring the integrity of the financial information presented in the half-year results and the Annual Report and Accounts, the Committee reviewed the key accounting policies and judgements adopted by management to ensure that they were appropriate. The significant areas of judgement identified by the Committee, in conjunction with management and the external auditor, together with a number of areas that the Committee deemed significant in the context of the financial statements, are set out on pages 102 to 104.

Fair, balanced and understandable

At the Board's request, the Committee considered whether the half-year results and the Annual Report and Accounts were fair, balanced and understandable, and whether the information provided was sufficient for a reader of the statements to understand the Group's position and performance, business model and strategy. The Committee reviewed both the narrative and financial sections of the reports to ensure they were consistent and gave a balanced view of the performance of the business in the year and that appropriate weight was given to both positive and negative aspects. The Committee also considered the use of alternative performance measures (APMs) and whether the APMs are appropriate, including any changes to their definition in the period. The Committee also considered whether the full year announcement was presented clearly.

The Committee considered whether the Annual Report and Accounts enables readers to understand the Company's financial position and prospects, as well as assess its going concern status and longer-term viability.

Significant issues in relation to the financial statements considered by the Audit and Risk Committee

Going concern and viability assessment

Matter considered

Consideration of the going concern assumption and viability of the Group and Parent Company is the responsibility of the Board. The Committee conducted an assessment as part of its support role, given the inherent judgements required to assist the Board in evaluating the resilience of the Group.

Action

The Committee considered the projections within the business plan, agreed by the Board in February 2025, and the key assumptions underpinning the future cash flow and profit forecasts. The Committee received reports from executive management and KPMG (as part of their standard reporting to the Committee in the course of performing their duty as statutory auditor) concerning the going concern and viability assessments, including the key risks identified. These included details on the key assumptions, in particular the ability of the Group to grow revenues and the ongoing cost reduction programme, the forecasting process, the committed facilities available, and the mitigations within direct control of the Group. The Committee also considered the current financing structure of the Group and forthcoming debt repayments, and therefore the ability of the Group to refinance. The Committee also considered the risks identified and appraised the severity and plausibility of these in setting the downside scenario (see section 1 to the consolidated financial statements for details).

The Committee reviewed the disclosures presented in section 1 of the consolidated financial statements together with the viability statement on page 75 to ensure there was sufficient detail provided to explain the basis of preparation and the Board's conclusion.

Outcome

The Committee is satisfied that the analysis presented by executive management and KPMG provides enough detail to allow a robust assessment of relevant risks and mitigations to be undertaken. This supported full discussion of the severe but plausible downsides and allowed the Committee to recommend to the Board that the going concern assumption be applied and the viability statement be approved.

The Committee is satisfied that section 1 to the consolidated financial statements and the viability statement on page 75 include proportionate disclosures to inform users of the assessments undertaken by the Board.

Revenue and profit recognition

Matter considered

There is significant risk on long-term contracts related to revenue recognised from variations or scope changes, where significant judgement is required to be exercised by management. There is a risk that revenue may be recognised even though it is not probable that consideration will be collected, which could be due to uncertainties over contractual terms and ongoing negotiations with clients.

Judgement is also required when customers request scope changes to determine if there is a contract modification or a contract termination followed by a new contract. Contract terminations can lead to the immediate recognition of any deferred income being held for recognition in future periods.

Action

The Committee received regular updates on major contracts during the year and specifically reviewed the material judgements as part of the half-year and year-end close process. The Committee has also considered the recognition of onerous contract provisions, where appropriate, and the lifetime profitability of contracts.

To aid the reader, the Company has included a detailed explanation of the Group's accounting for long-term contracts (see note 2.1 to the consolidated financial statements).

Outcome

The revenue recognition policy includes disclosure of the significant judgements and estimates in relation to its application and the Committee is satisfied that these have been properly disclosed. The Committee is satisfied that the disclosures given within the accounts are sufficient to gain a proper understanding of the methodology of accounting for revenue across the Group, including the recognition of deferred income at the balance sheet date. The Committee reviewed the disclosure and concluded that these provide information that is helpful to allow a fuller understanding of the application of IFRS 15 to the Group's contracts.

Contract fulfilment assets

Matter considered

Costs incurred to deliver a customer contract may be capitalised as contract fulfilment assets (CFAs) in accordance with IFRS15. Judgements are involved in assessing whether the costs incurred on a contract or an anticipated contract meet the capitalisation criteria as set out under the standard.

In addition, the amortisation of these assets involves estimation of the expected life of the contract, and when a contract is in the early years post-inception and undergoing major transformation activities, the CFAs are at heightened risk of impairment. Judgements are involved in assessing whether the costs incurred on a contract or an anticipated contract meet the capitalisation criteria as set out under the standard.

Action

The Committee has considered and challenged the significant judgements and estimates involved in determining the carrying value of CFAs.

As part of the review of all major contracts, the Committee has also considered the recoverability of CFAs.

Outcome

The Committee is satisfied that appropriate judgements and estimates have been made in determining the carrying value of CFAs in these statements is appropriate. The Committee is satisfied that the accounting policy note provides sufficient clarity as to the policy adopted and that the disclosures provide information to allow a reader to understand the risks associated with different stages of a typical long-term Capita contract.

Impairment of goodwill and Parent Company's investment in subsidiaries, and recoverability of receivables from subsidiary undertakings in the Parent Company

Matter considered

The Group carries significant asset balances in respect of goodwill related to its acquisition activity. In addition, the Parent Company carries a material balance of investment in, and receivables from, subsidiaries in its financial statements. The impairment and recoverability assessments require the application of judgement concerning future prospects and forecasts. There is heightened judgement in the determination of future cash flows for the Contact Centre cash generating unit (CGU), mostly as a consequence of the lower volumes seen in the Telecommunications vertical during the second half of 2024, which are expected to remain subdued in 2025.

Action

The Committee has challenged the appropriateness of assumptions used to calculate and determine the existence of impairment. The Committee gave particular consideration to the revenue growth and cost saving assumptions within the Contact Centre cash flow forecasts.

The Committee has also reviewed the robustness of the assessment of recoverability of receivables from subsidiary undertakings in the parent company and challenged the appropriateness of assumptions used to calculate and determine any provisions required.

Outcome

The Committee is satisfied that the impairment of goodwill recognised at 31 December 2024 in respect of the Contact Centre CGU is as expected given performance of the business.

The Committee is also satisfied that the assumptions, methodology and disclosure in note 3.4 to the consolidated financial statements are sufficient to give the reader an understanding of the action taken and the sensitivities within the goodwill balance to a risk of impairment.

Of particular importance to the Committee was the inclusion of sufficient disclosures to set out the events and circumstances that have led to the impairment charge recorded in the year.

The Committee considered that any impairment of investment in subsidiaries, or any provision against amounts receivable from subsidiaries, at the Parent Company level were appropriate and properly accounted for.

The Committee acknowledged the gap between the net assets of the Parent Company and its market capitalisation. The Committee gave consideration as to why this might be the case and whether goodwill or assets on the Parent Company balance sheet may be impaired. The factors considered included: the differing basis of valuations (including that third parties value the services sector on income statement multiples versus long-term view using a discounted cash flow for the basis of impairment testing under accounting standards), sum-of-the parts view and the multiples achieved on recent disposals, general market assumptions of the sector which can ignore the liquidity profile and specific risks of an entity, and other specific items which impact the market's view of the Group at the moment. Taking these points into consideration the Committee is comfortable that there is no impairment in respect of goodwill or the net assets of the Parent Company to be recognised at 31 December 2024, despite the continuing low market capitalisation of the Company.

Pensions

Matter considered

The measurement of the defined benefit liabilities in respect of defined benefit pension schemes operated within the Group requires assumptions to be taken on inflation, mortality, corporate bond yields, expectations of returns on assets and several other key inputs. There is a risk that any one of these could lead to misstatement of the Group's liabilities in respect of pension obligations and the pension charge or movement recognised in the income statement or statement of comprehensive income.

Action

The Committee reviewed the disclosure as presented in the accounts. The Committee also challenged the key assumptions and reviewed the sensitivity to changes in some of the key assumptions on a standalone basis as well as in the context of defined benefit schemes across other external benchmarks.

Outcome

The Committee is satisfied that the estimation of the Group's pension liabilities and the narrative that accompanies them gives the required level of information for a reader of the accounts to determine the impact on the Group of its pension obligations.

Deferred tax assets

Matter considered

The Group carries significant deferred tax assets. The recoverability assessment requires the application of judgement concerning future prospects and forecasts.

Action

The Committee reviewed the disclosure as presented in the accounts. The Committee also considered the recognition model adopted, challenged the key assumptions and reviewed the sensitivity to changes in some of the key assumptions on a standalone basis as well as in the context of defined benefit schemes across other external benchmarks.

Outcome

The Committee is satisfied with the amount of deferred tax recognised in these financial statements.

The Committee is also satisfied that the assumptions, methodology and disclosure in note 2.6 to the consolidated financial statements are sufficient to give the reader an understanding of the approach taken and the sensitivities within the assumptions that could reasonably give rise to a material derecognition of deferred tax.

Other issues considered in relation to the financial statements

Materiality

Materiality is important in determining the risk attached to any judgement. The Committee considers the audit materiality set by the external auditor to ensure that the Committee is informed of individual items above a certain threshold that are most likely to have an impact on the financial statements. The Committee reviews the external auditor's report and the individual items that breach the materiality thresholds and assesses their relative impact on the reported statements. These are: income statement, statement of comprehensive income; balance sheet; statement of changes in equity and cash flow; as well as the notes to the accounts.

The Committee requests further clarification from the external auditor, the CFO and Director of Financial Control as to the nature of these items and also their relative importance in the financial statements.

After having made such enquiries, the Committee is satisfied that materiality has been applied correctly in the accounts.

Disclosure of information to the auditor

The directors who held office at the date of the approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's external auditor is unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information required for the audit and to establish that the Company's external auditor is aware of that information.

External auditor

The Committee provides a forum for reporting by the Group's external auditor (KPMG) and it advises the Board on the appointment, independence and objectivity of the external auditor and on fees earned for both audit and permitted non-audit work. The Committee discusses the nature, scope and timing of the audit with the auditor and, in making a recommendation to the Board on external auditor reappointment, performs an annual, independent assessment of the external auditor's suitability, performance and independence.

The external auditor attends meetings of the Committee and provides updates on statutory reporting, non-audit services and fees, and ongoing audit items.

The external auditor has the opportunity to raise concerns in private session with the Committee and separately with the chair. Specifically, the Committee asks the external auditor if discussion of business performance in the strategic report is consistent with the external auditor's overall impression of Capita. Any material discrepancies are discussed (refer to the independent auditor's report on pages 132 to 153).

Auditor independence

The Committee has a responsibility to put in place safeguards to external auditor objectivity and independence and the key measures are:

- The CFO monitors the independence of the external auditor as part of the Group's assessment of external auditor effectiveness and reports to the Committee accordingly.
- The CFO must approve all non-audit engagements above £5,000 (below this level the Group Director of Financial Control must approve) – further details are set out in the section below on non-audit services. The Committee reviews non-audit fees twice a year and considers the implications for external auditor objectivity and independence.
- The external auditor must confirm its independence to the Committee every six months.

Ensuring conflicts of interest are avoided is a fundamental criterion in the selection of any external auditor. Such conflicts may arise across public and private sector clients, and in key supplier relationships. They are a key factor in the award process for an external audit assignment.

Non-audit services and fees

The Company's policy on auditor independence describes the non-audit services that may be procured from the auditor. Permitted non-audit services include those required by laws and regulations, or where it is more practical for the external auditor to perform the service (eg review of interim results, reporting accountant role related to certain public company transactions, and audit and other assurance services related to public reporting on other information issued by Capita, such as reports on information in the front of the annual reports not covered by the auditor's report on the financial statements).

Under the policy, which is reviewed annually, executive management has discretion to engage the auditor for non-audit services but the nature of such assignments and associated fees must be reported regularly to the Committee. All assignments require approval from the CFO where the fee exceeds £5,000 (below this level the Group Director of Financial Control must approve). Where the fee exceeds £150,000, the Committee Chair is also required to approve the assignment, and above £350,000 the Committee's approval is required. Where executive management has any concern that a proposed assignment might threaten the auditor's independence, this is discussed with the Committee chair.

Total non-audit fees during the year were £1.3m and related to the review of interim results, ISAE 3402 assurance reporting on controls operating by a subsidiary, ISAE 3000 assurance reporting over non-financial metrics reported within the Annual Report and Accounts, and services as reporting accountant for the disposal of Capita One Limited. The Committee was satisfied that the services provided were in accordance with the Company's policy on auditor independence. Further details are provided in note 2.3.2 to the consolidated financial statements.

External auditor performance

The Committee discussed regularly the performance of KPMG during the year, which included a review of the effectiveness and quality of the audit process, audit planning and a formal post-audit evaluation.

The formal evaluation comprises separate assessments by both management and the Committee of the auditor's role, activity and performance including:

- Calibre and risk profile of the audit firm;
- Audit governance, independence and objectivity;
- Audit scope and strategy;
- Audit team and relations with management and business; and
- Audit communications and resolution of audit issues.

The Committee concluded that KPMG demonstrated professional integrity and objectivity, was effective, and that there was adequate scepticism and challenge on the key judgements adopted by management, in particular those relating to the going concern assumption. The Committee was also satisfied that KPMG remained independent of the Group.

Financial Reporting Council: audit quality inspections

Each year, the Audit Quality Review team (AQR) of the FRC issues a report that sets out the principal findings arising from the audit quality inspections conducted in the previous calendar year across a sample of audits for all major audit firms. The AQR's objective is to monitor and promote improvements in the quality of auditing. The report highlights improvements required to promote audit quality, and areas of good practice. The FRC publishes separate reports on the individual firms, including KPMG.

The Committee received a presentation from the KPMG lead audit partner on the findings from the FRC Audit Quality Inspection Report for KPMG.

External auditor reappointment

Following a robust and rigorous audit tender process in 2018, the Committee and Board recommended the reappointment of KPMG LLP as the Group's auditor and this was approved by shareholders at the 2019 AGM. KPMG was first appointed in 2010, initially as KPMG Audit plc.

The lead audit partner is rotated on a five-yearly basis. The current lead audit partner rotated onto the audit following the completion of the 2021 audit in March 2022. There are no contractual obligations which restrict the Committee's choice of auditor.

Under the requirements of the Statutory Audit Services Order and the EU Audit Directive and Audit Regulation, the provision of audit services should be retendered every 10 years. The complex nature of the Group requires that a knowledge base is built up year on year by the incumbent to ensure that the external audit is conducted with a proper understanding of the Group's operations and the nature of the risks that it faces. This is an important factor in ensuring audit quality. The Group has complied with the provisions of the Statutory Audit Services Order.

A resolution to reappoint KPMG as the external auditor of the Company will be put forward at the forthcoming annual general meeting. If approved, KPMG will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company, and its remuneration will be determined by the Committee.

Review of risk management and internal control

Responsibility for reviewing the effectiveness of the Group's risk management and internal control systems is delegated to the Committee by the Board.

Effectiveness and efficiency of risk management

During the year, the Committee considered the Group's principal risks and reviewed the Group's risk appetite. The Group's risk appetite statement is set over a three-year horizon to align with the Group's business planning and viability reporting processes. However, it is reviewed annually to ensure it remains fit-for-purpose and aligned with our strategic objectives. The principal risk assessment also considered any emerging risks that would threaten Capita's business model, future performance, solvency, or liquidity. The assessment process included regular engagement with the Executive Team members accountable for the management of risk falling under their remit.

The Committee received reports on the following themes during the year:

- Finance transformation.
- Internal controls framework.
- Cyber and information security.
- IT resilience.
- Data governance:
- Code of conduct matters, including fraud and other matters raised under the Group's Speak Up policy; and
- Legal, regulatory and litigation matters

In addition, the Committee receives regular updates from the Group's executive risk and ethics committee (EREC). EREC supports the Committee and is responsible for identifying, assessing, overseeing and challenging principal risks across all Capita's unregulated businesses. EREC is comprised of the Executive Team and the Director Internal Audit and Risk.

The Committee recognises the importance of the Group's financial services businesses and the need for specific oversight, to manage and mitigate regulatory risks associated within those businesses. This oversight is provided by the financial regulated entities oversight committee (the FREOC). The FREOC is chaired by an independent non-executive director, supported by specialist risk and compliance professionals, who provides regular updates to the Committee

The Committee continued its increased scrutiny of the Group's cyber security given the cyber incident in late March 2023, receiving regular presentations from the Chief Technology Officer (CTO) and the Chief Information Security Officer (CISO) on the Group's cyber transformation programme and challenging management on their assessments. In addition, given the importance of this issue to the Company the CTO and CISO also presented to the Board. The Committee was pleased to note the improvement in the Group's National Institute of Standards and Technology (NIST) cyber maturity score, following assessment from an independent third party. This remains a principal focus for the Committee and the CTO and CISO will continue to attend committee meetings on a regular basis to present to the Committee. In addition, the Chief Data Governance Officer, who also presented to the Board during the year, provided a paper to the Committee on the Group's data maturity and actions being taken to further improve the Group's capabilities. Capita has adopted the Data Management Association (DAMA) model which is a comprehensive framework for data governance standards and practices. The DAMA framework is being used within Capita to continuously improve our data management competence, processes, technology, and skills.

In December, Claire Denton, Chief General Counsel provided an annual update to the Committee on regulatory, employment and litigation matters. Claire is also the Company Secretary and attends all Committee meetings and is available to answer questions from the Committee on any of these matters.

Effectiveness and efficiency of financial controls

Detail on the status of internal financial controls is in the risk management and internal control section of this report and can be found on pages 68 to 74. As detailed on page 100 further improvements to the Group risk and control framework, including financial controls were delivered during the year.

The Committee concluded that the Group risk and control framework, including financial controls could be relied upon to be materially effective, noting that further improvements to the Group risk and control framework are planned for 2025 to ensure that financial controls are appropriately efficient for a Group of the scale and complexity of Capita.

Further information on the Group's risk management and internal control process is set out on pages 68 to 74.

Internal audit

The Group internal audit function has an administrative reporting line to the CFO and an independent reporting line to the Chair of the Committee. The function has in place a co-sourcing arrangement which adds expertise and breadth to the work of the inhouse audit team. The function is led by the Director Internal Audit and Risk who is also responsible for the Group's non-regulated business risk function. Regulated business risk is the responsibility of the CEO, Capita.

The 2025 internal audit plan was approved by the Committee in February 2025. The plan focuses on the following four categories (i) risk-based audits recommended for processes, projects or programmes that have known issues with the aim of understanding their cause and impact; (ii) advisory reviews used to evaluate the risk and control framework for processes, project or programmes that are not yet mature and therefore do not meet the criteria for an audit; (iii) thematic audits performed over core organisational processes that require regular checks to gain assurance that they continue to operate effectively and (iv) progress assurance with the objective to provide real-time assessment and advice regarding risks and controls for in-flight or emerging initiatives to enable issues to be addressed as activities progress. Key areas identified for audit during 2025 included contract delivery and sales pipeline management.

In addition to planned audits and reviews, internal audit will continue to drive Phase One of our Internal Controls Framework project. This will include ten ICF reviews which will cover all nine of the Company's principal risks and financial disclosure, fraud and entity level controls.

Conducting cyclical audits over these risks and processes provides better insight into how risk is being managed and provides comparison across business units. The plan is structured to be flexible; to provide assurance over core 'business as usual' activities aligned to our principal risks; and, to offer continued support for ongoing change activities.

Throughout the year, the Group internal audit function provides written reports to the Committee on the work carried out to date and the in-flight work to be completed, together with oral updates. An annual report is provided each year summarising the key matters arising. Reports set out controls and process weaknesses identified during the work, together with any recommendations for action.

In all cases, management responded with appropriate actions to mitigate the associated risks. The Committee reviews management's response to the matters raised and ensures that any action is commensurate with the level of risk identified. The Committee receives regular status updates on identified actions and provides robust challenge. Key actions taken following the conclusion of specific audits, included improvement in training of personnel, additional review sessions to ensure compliance with certain processes and procedures and improvement of governance and oversight in specific areas.

Through regular interaction between the Committee and the Director Internal Audit and Risk, as well as reports received from the function, the Committee can assess and satisfy itself that the Group's provision of internal audit is effective.

Anti-bribery and corruption

Capita has a Group-wide anti-bribery and corruption policy, which complies with the Bribery Act 2010. Procedures are reviewed periodically to ensure continued effective compliance in Group businesses around the world.

The Internal Control Framework (ICF) Project

As detailed in my introduction the ICF project is a significant initiative within Capita to comply with Provision 29 of the 2024 Code. The project, which is being executed in two phases, aims to ensure the effectiveness of the Group's risk management and our internal control framework. Phase One is focussing on identifying and mapping material business processes and documenting material controls to meet the 2024 Code's requirements. The Committee receives regular updates on the progress of the ICF project from the Director Internal Audit and Risk and remains a key focus for the Committee.

Economic Crime and Corporate Transparency Act

The Committee also focused on the Economic Crime and Corporate Transparency Act (ECCTA) which comes into effect in the UK on 1 September 2025. The Committee received regular updates on actions being taken by the Company to ensure compliance with ECCTA which requires businesses to implement fraud prevention controls to defend against corporate liability. The key controls include top-level commitment, risk assessment, proportionate risk-based prevention procedures, due diligence, communication, including training, and monitoring and review. The Committee will continue to focus on this matter and the progress of this project which aims to ensure that all key controls are in place by the required timeline. The project to implement the ECCTA will support our ICF project and will also strengthen Capita's bribery controls. We will provide an update on this matter in our 2025 Committee report.

Code of Conduct and Speak Up

The Code of Conduct sets the standard of how Capita operates. Our Code of Conduct training is mandatory for all Group employees including Capita plc directors. The Speak Up policy provides a framework for concerns to be raised in a responsible and effective manner. Capita uses a third party Speak Up platform to facilitate individuals raising concerns. Where concerns are raised, they are escalated to the Business Integrity team within Capita for further assessment and investigation. This ensures that concerns are addressed in a manner independent of a colleague's business area.

The Group Director Business Integrity and Financial Crime attends meetings of the Committee and provides regular updates on matters under his remit, including on issues reported under the Company's Speak Up policy, including an update on the current level of reported cases. The number of cases reported under the Company's Speak Up policy slightly reduced in 2024 compared to 2023. Engagement with colleagues will continue into 2025 to raise awareness of the available reporting channels, with a focus on improving reporting numbers and addressing local issues in specific jurisdictions. This includes focused communication and town hall sessions in India, Ireland, Switzerland, and Bulgaria to enhance awareness and engagement of our colleagues within these jurisdictions. In addition, focused videos will be made available globally to emphasise the importance of our Speak Up policy, and regular communication and training sessions are planned to build awareness of the Speak Up process and its importance within the Group.

During the year, the Chief General Counsel and Company Secretary and the Group Director Business Integrity and Financial Crime, met with the chairs of our employee network groups to discuss the use of Speak Up throughout the Group and what further actions could be taken to raise the profile of Speak Up to ensure that it is being used effectively.

This is an area of continued focus for the Committee. Oversight of these arrangements is a matter reserved to the Board, and during the year Brian, in his capacity as committee chair, provided regular updates on the operation of the policy to the Board, a practice which I will continue.

I look forward to updating shareholders on matters detailed above in the 2025 committee report.

**Jack Clarke, Chair
Audit and Risk Committee**
4 March 2025



“Following the renewal of our remuneration policy at the 2024 AGM and noting the recently appointed CEO and CFO, no changes are proposed for 2025 as the new leadership team focuses on delivering our financial targets and creating sustainable value for stakeholders.”

**Georgina Harvey, Chair,
Remuneration Committee**

Remuneration Committee membership and attendance

From 1 January 2025, the committee comprises three independent non-executive directors and the Chairman (considered independent on appointment). The number of formal meetings held and the attendance by each member is shown in the table on page 87.

The committee also held informal discussions as required. The Chief General Counsel and Company Secretary acts as secretary to the committee and is available to assist the members of the committee as required, ensuring that timely and accurate information is distributed accordingly.

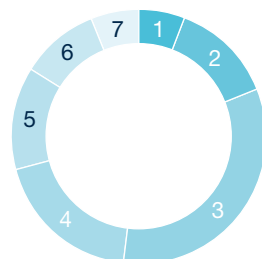
The committee's terms of reference set out the role, responsibilities and authority of the committee and can be found on the Company's website at www.capita.com/investors. These are normally reviewed, and updated where appropriate, on an annual basis.

This report is split into three sections:

- The annual statement summarises how the committee discharged its roles and responsibilities in respect of 2024 and the proposed implementation of the directors' remuneration policy (the policy) for 2025.
- A summary of the policy which was approved by shareholders at the 2024 AGM. No changes are proposed for 2025.
- The annual report on remuneration sets out how the remuneration policy was implemented in respect of the year under review and explains how the policy will be operated for 2025.

The directors' remuneration report (excluding the policy) will be subject to an advisory shareholder vote at the 2025 AGM.

Remuneration Committee approximated time allocation



1. Governance	6%
2. Executive directors & executive team remuneration	13%
3. Annual bonus plan	33%
4. Long term incentives	19%
5. Wider workforce	13%
6. Policy review & shareholder views	10%
7. Committee time only	6%

Annual statement

Dear shareholder,

I am pleased to present the directors' remuneration report for the year ended 31 December 2024.

In 2024, Capita unveiled its forward-looking medium-term targets and demonstrated momentum against its strategic priorities to deliver a Better Capita, with new leadership at the helm, which this year delivered a 50 bps improvement in operating margin, significantly improving the Group's customer net promoter score and launching a number of AI products which are already delivering to clients.

The committee's focus in 2024 has been centred on:

- Operating our remuneration policy as approved by shareholders at the 2024 AGM;
- Agreeing the remuneration arrangements in respect of senior joiners and leavers; and
- Colleague development and workforce strategy: completing the multi-year rollout of our career path framework incorporating job sizing and market-informed job pay ranges to deliver transparency on pay throughout the Group.

Details of the committee's approach to remuneration in 2024, and the proposed implementation of the policy for 2025, are set out below.

How the committee operates

The committee has an annual agenda covering the key planning and decision events in the annual remuneration cycle. Each meeting is supported by an agenda setting discussion held in advance with the committee Chair, Chief People Officer and Group Reward Director, to identify issues affecting remuneration that may require consideration by the committee. Regular reports, including updates on corporate governance and regulatory developments, are received from the committee's advisor. At each committee meeting the members may receive other reports and presentations covering wider workforce arrangements which include the annual pay review, wider workforce strategy, incentive scheme arrangements, gender pay and ethnicity reporting, engagement on how executive remuneration aligns with wider company pay policy, salary proposals for members of the senior team and approval of remuneration packages for new members of the executive team.

Committee activities

The key workstreams of the committee during the year included:

- Assessing the performance underpin in respect of the Restricted Share Awards (RSAs) held by executive directors which were granted in 2021 with a 2024 vesting date;
- Agreeing the annual bonus outturn for the year ended 31 December 2023;
- Agreeing 2024 RSA levels;

- Agreeing the design and targets for the 2024 annual bonus;
- Determining the remuneration arrangements for senior management leavers/joiners, including the remuneration arrangements in respect of Tim Weller's retirement as CFO and the appointment of Pablo Andres as his successor;
- Consideration of executive pay arrangements and alignment with those for the wider workforce;
- Ongoing workforce engagement in respect of executive remuneration; and
- Receiving progress updates in respect of the implementation of wider workforce strategy on pay and progression (career path framework).

In addition, the committee has ensured that the remuneration policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code (the Code):

Clarity – our policy is well understood by our senior management team and has been clearly articulated to our major shareholders and representative bodies (both on an ongoing basis and during the detailed consultation exercise in respect of the last policy review).

Simplicity – the committee is mindful of the need to avoid overly complex remuneration structures, which can be misunderstood and deliver unintended outcomes. A key objective of the committee is to ensure our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – our policy has been designed to ensure that inappropriate risk taking is discouraged and will not be rewarded via: (i) the balanced use of both short-term incentives and long-term share awards; (ii) the significant role played by equity in our incentive plans (together with in employment and post cessation shareholding guidelines); and (iii) malus/clawback provisions and the committee's ability to use discretion to adjust vesting levels.

Predictability – our incentive plans are subject to annual individual limits, with our share plans also subject to a share dilution limit.

Proportionality – there is a clear link between individual awards, delivery of strategy and our long-term performance through performance conditions or underpins applied to the annual bonus plan and RSAs. In addition, the significant role played by incentive/at-risk pay, together with the structure of the executive directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – our executive pay policies are fully aligned to Capita's culture, including elements of fixed pay (executive director pension provision is aligned with the workforce) and through the use of performance metrics that measure how we perform against our financial and non-financial KPIs. RSAs further increase alignment to Capita's responsible business strategy by offering a narrower range of value outcomes.

Remuneration for 2024

A summary of the approach to remuneration in 2024 is as follows:

Fixed remuneration

- The CEO and CFO were appointed on base salaries of £700,000 and £450,000 respectively, in both cases lower than those of their predecessors (£748,000 and £545,000 respectively).
- No changes were made to benefit provision and executive directors continued to receive a workforce-aligned pension allowance (5% of salary) in line with other employees.

Annual bonus for 2024

- Annual bonus continued to be capped at 200% of salary for the CEO and 175% of salary for the CFO (pro-rated from their respective joining dates). In addition, the previous CFO was eligible for a pro-rated 2024 annual bonus up to the date he stepped down from the Board.
- Following the appointment of the new CEO, the committee agreed to defer the finalisation of the annual bonus targets by a number of months until the CEO had carried out a review of the business and the Capital Markets Day (CMD) had been completed. Following the CMD and reflecting the importance of improving profitability and delivering sustainable cash generation, the committee agreed that the 2024 annual bonus would be based on profit before tax (PBT), free cash flow and revenue weighted 40%, 50% and 10% respectively (totalling 80% of maximum bonus) and a key customer-based strategic objective (totalling 20% of maximum bonus).
- Following a review of performance against the annual bonus targets, annual bonuses of 29.28% of the maximum were awarded to the new CEO, the new CFO and the outgoing CFO (pro-rata to appointment/stepping down) in respect of the year ended 31 December 2024. While free cash flow and revenue performance were below threshold, PBT performance was between threshold and target and the customer based strategic objective was met in full.
- Further details in respect of the annual bonus performance assessment are set out on page 120.

Restricted Share Awards

- RSAs granted to Jon Lewis and Tim Weller in April 2022, which were due to vest in April 2025, lapsed in full post year end following the application of the total shareholder return (TSR) underpin.
- RSAs were granted under the Capita Executive Plan in May 2024 at 125% of salary for the new CEO. This reflects a reduction compared to the former CEO's RSA level given the new CEO's lower salary (£700,000 versus £748,000 paid to the former CEO) and lower award as a percentage of salary (i.e. 125% of salary versus 150% of salary). RSAs were granted in September 2024 at 50% of salary for the new CFO which was a pro-rated from the normal 100% of salary award level to reflect his mid-year appointment. The former CEO and CFO were not eligible to receive 2024 RSAs. Further details of the 2024 RSAs are set out in the annual report on remuneration.

Total remuneration

- The committee is satisfied that total remuneration paid to the executive directors in respect of 2024 was appropriate in the context of the shareholder and broader stakeholder experience.

Use of discretion

The committee retains the right to exercise discretion to override formulaic outcomes and ensure that the level of bonus and/or share award payable is appropriate. It may also use its judgement to adjust outcomes to ensure that any payments made reflect overall Company performance and stakeholder experiences more generally. Where discretion is exercised, the rationale for this discretion will be fully disclosed to shareholders in the relevant annual report. A summary of the discretion exercised by the committee over the last five years, is set out below:

	2020	2021	2022	2023	2024
Annual bonus	In light of the impact of Covid-19, the annual bonus plan was withdrawn for 2020 for the executive directors (plus the executive committee and selected senior managers) before the targets were agreed.	No committee discretion exercised.	Annual bonus awards for the CEO and CFO for the year ended 31 December 2022 were reduced from 69% to 60% of the maximum, see page 115 of the 2022 annual report.	No committee discretion exercised (albeit it should be noted that the committee accepted management's proposal not to pay an annual bonus for 2023).	No committee discretion exercised.
Share awards	2020 LTIP award levels were reduced by around 70% compared with normal grant levels. In addition, and to reflect underlying financial and operational performance, the committee applied downward discretion when assessing the vesting of the 2018 LTIP.	2021 RSA levels were reduced from the normal policy grant level by around 17%.	The 2022 RSA level for the CEO was reduced from the normal award level of 150% of salary to 100% of salary, see page 116 of the 2022 annual report.	No committee discretion exercised.	No committee discretion exercised.

Board changes in 2024

Adolfo Hernandez replaced Jon Lewis as CEO and executive director on 17 January 2024. The remuneration arrangements relating to Jon Lewis's retirement and the appointment of Adolfo Hernandez are presented on page 114 of last year's Annual Report and Accounts.

As per the announcement on 2 May 2024 in respect of Tim Weller's retirement, Tim stepped down as CFO and an executive director on 9 August 2024. Pablo Andres was appointed CFO designate and an executive director on 15 July 2024 and was appointed CFO on 9 August 2024. The remuneration arrangements relating to Tim Weller's retirement and the appointment of Pablo Andres are set out on page 123.

Jack Clarke was appointed as a non-executive director on 9 October 2024. Jack was also appointed chair of the audit and risk committee succeeding Brian McArthur-Muscroft who remains an independent non-executive director. Nneka Abulokwe was appointed chair of the responsible business (RB) committee in March 2024.

Remuneration for 2025

The committee's intended approach to the implementation of the policy for 2025 is set out below.

Fixed remuneration

- No base salary increases will be awarded to the executive directors during 2025.
- No significant changes will be made to benefit provision and executive directors will continue to receive a workforce-aligned pension allowance (5% of salary) in line with other employees.

Annual bonus for 2025

- Maximum annual bonus potential will continue to operate at 200% (CEO) and 150% (CFO) of salary.
- The financial performance metrics will continue to be based on profit before tax, free cash flow and revenue targets (weighted 40%, 50% and 10% respectively) and totalling 80% of bonus potential. The remaining 20% will be based on strategic/individual objectives incorporating customer, colleague, AI growth and leadership targets.

Restricted Share Awards

The 2025 RSAs to be granted to executive directors in 2025 will:

- be set at a maximum of 125% of salary for the CEO and 100% of salary for the CFO;
- vest after three years from the grant date, subject to continued employment, satisfactory individual performance and a positive assessment of performance against the underpins (including three-year TSR to be positive). No shares can normally be sold until at least six years from grant, other than those required to settle any taxes.

The actual number of shares under award will be determined just prior to the date of grant and those details and the underpins that will apply to the awards will be set out in the RNS issued immediately following grant.

Shareholder views

The committee engaged with Capita's major shareholders and the main representative bodies in advance of the 2024 AGM in respect of the renewal of the remuneration policy and our major shareholders confirmed that they were supportive. As such, no changes were made to the proposals following consideration of the feedback received and the committee was pleased with the high level of shareholder support in respect of the remuneration-related resolutions at the 2024 AGM.

Employee engagement and workforce strategy

In 2024, our new CEO Adolfo Hernandez placed significant emphasis on engaging with our colleagues globally. Through regular site visits, which included colleague/CEO forums and more regular use of Viva Engage, all colleagues got an improved opportunity to feedback to the CEO and executive team directly. Adolfo and the executive team regularly communicated with all employees through newsletters, emails, Viva Engage and our first ever global townhalls (held virtually). Also included were the announcement of our 2023 financial results, our CMD and mid-year trading update – all of which our colleagues were invited to join. Employees are able to submit any questions about the company, including in relation to the directors' remuneration policy and report, pay and benefits, both online and during live employee briefings.

The committee has an established process of engaging with the workforce on how executive remuneration aligns with wider company pay policy, in compliance with the Code. The purpose and content of the sessions are clearly articulated and publicised to encourage a wide range of attendees and questions. A session was held with the chairs and co-chairs of the Capita employee network groups and members of the leadership council in 2024. In addition, a further session was held with a cross-section of employees from different levels, divisions and territories within the Capita Group. Both sessions were chaired by Georgina Harvey and covered: the work of the committee; executive pay in the UK and at Capita; how executive remuneration is linked to performance; wider workforce pay policy and how this is linked to Capita executive pay policy including how each element of the remuneration package cascades down the business; transparency on pay within Capita and future pay strategy. These sessions provide an opportunity for questions and answers and the provision of feedback is encouraged. Further workforce engagement sessions will take place during 2025 following a similar structure although it is proposed that sessions will be held face to face where possible and a separate further session with the senior leadership team is also planned.

Following the decision to change the constitution of the Board from January 2024, there is no longer an employee non-executive director. The Board agreed that it would be appropriate to consider a wider level of engagement with colleagues including site visits to meet with local management and colleagues at Capita's businesses. Nneka Abulokwe was appointed as the designated non-executive director to engage with our colleagues in February 2024. Details of the work she has undertaken in this role during 2024 is set out in the Responsible Business section of the Annual Report on page 48.

The committee takes a keen interest in wider workforce strategy on pay and development. During 2024, the committee has received presentations on progress in establishing a global reward framework for Capita. This has been a multi-year project and the Capita career path framework for all global colleagues was completed during the year. Further detail is included in the Responsible Business section of the Annual Report on page 43. The committee acknowledges the significant improvements made in the wider workforce pay environment at Capita in recent years and will continue to monitor the ongoing strategy as part of the annual committee agenda.

The committee considers that our remuneration policy approved by shareholders at the 2024 AGM continues to remain appropriate and was pleased with the level of support it received at the 2024 AGM.

I hope you find this report to be clear and helpful in understanding our remuneration practices and that you will be supportive of the advisory vote to approve the annual report on remuneration.

Finally, I would like to thank our shareholders for their ongoing support.

**Georgina Harvey, Chair
Remuneration Committee**

4 March 2025

Directors' remuneration policy

This part of the remuneration report sets out a summary of our remuneration policy which was approved by shareholders at the 2024 AGM. The full policy approved by shareholders at the 2024 AGM is presented in the Annual Report and Accounts 2023. No changes to the policy are proposed for 2025. The information provided in this section of the remuneration report is not subject to audit.

Responsibilities and activities of the Remuneration Committee

The committee is responsible for determining and agreeing with the Board the remuneration policy for the executive directors, executive team members, and the Chief General Counsel and Company Secretary role, including setting the overarching principles, parameters and governance framework and determining each remuneration package. In addition, the committee reviews remuneration for the wider workforce and related policies and the alignment of incentives and rewards with culture. The committee also sets the Chairman's fee.

In setting the remuneration policy for the executive directors, executive team members and the Chief General Counsel and Company Secretary role, the committee ensures that the arrangements are in the best interest of both the Group and its shareholders, by taking into account the following general principles:

- To ensure total remuneration packages are simple and fair in design so that they are valued by participants;
- To ensure that total remuneration strongly reflects performance;

Remuneration policy table

The following table sets out the key aspects of the policy.

Base salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
To attract and retain talent by ensuring base salaries are sufficiently competitive	Normally reviewed annually. The committee may award salary increases at other times of the year if it considers it to be appropriate. The review takes into account: • Salaries in similar companies and comparably-sized companies • Remuneration policy • Economic climate • Market conditions • Group performance • The role and responsibility of the individual director • Employee remuneration across the broader workforce.	There is no prescribed maximum monetary annual increase to base salaries. Any annual increase in salaries is at the discretion of the committee, taking into account the factors stated in this table and the following principles: • Salaries would typically be increased at a rate consistent with the average salary increase (in percentage of salary terms) for the broader workforce. • Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). • Larger increases may also be considered appropriate if a director has been initially appointed to the Board at a lower than typical salary.	Individual and business performance are considerations in setting base salaries.

- To balance performance-related pay between: the achievement of financial performance objectives and delivering sustainable performance; creating a clear connection between performance and reward; and providing a focus on sustained improvements in profitability and returns; and
- To provide a material proportion of remuneration in shares, allowing senior management to build a significant shareholding in the business and, therefore, aligning management with shareholders' interests and the Group's performance, without encouraging excessive risk taking.

Consideration of shareholder views

The Company is committed to maintaining good communications with shareholders. It considers the AGM to be an opportunity to communicate with shareholders, giving them the opportunity to raise any issues or concerns they may have. In addition, the committee seeks to engage directly with major shareholders and the main representative bodies, should any material changes be proposed to the policy.

Consideration of our people

When determining executive director remuneration policy and practices, the committee reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture to ensure that workforce pay and conditions are taken into account when setting the pay of executive directors and senior management.

Benefits

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Designed to be consistent with benefits available to employees in the Group.	Benefits may include car allowance, private medical insurance, travel and property hire. Executive directors can also participate in all-employee share plans. The committee has discretion to add additional benefits which are not currently provided, such as relocation expenses.	Benefit provision varies between different executive directors. While there is no maximum level set by the committee, benefits provision will be set at a level the committee considers appropriate and be based on individual circumstances. Participation in the Company's HMRC-approved all-employee share plan will be limited by the maximum level prescribed by HMRC.	Not performance-related.

Pension

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Consistent with benefits available to employees in the Group.	Pension contributions are paid into the Group's defined contribution scheme and/or as a cash allowance.	5% of salary.	Not performance-related.

Annual bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Performance measures are selected to focus executives on delivery of the Group's business plan for the financial year.	The bonus measures and targets are reviewed annually to ensure that bonus opportunity and performance measures are appropriately stretching and continue to support the business plan. Performance against targets is reviewed following completion of the final accounts for the period under review. 50% of any bonus earned (net of tax) is normally delivered in shares deferred for three years, with the remainder delivered in cash or deferred shares at the executive director's discretion. An additional payment may be made at the time of vesting in respect of dividends that would have accrued on deferred shares during the deferral period. Malus and clawback provisions apply to all annual bonus and deferred bonus share awards for a period of up to three years after the determination of the annual bonus.	200% of salary.	Performance is normally measured over a one-year period relative to challenging targets for selected measures of Group financial, strategic and/or individual performance. The majority of the bonus will be determined by measure(s) of Group financial performance. A sliding scale is set for each Group financial measure: 50% of the bonus will be paid at target performance, increasing to 100% for maximum performance. Any bonus payout is ultimately at the discretion of the committee, and the amount of any bonus that would be determined based on performance may be reduced if the committee believes this better reflects the underlying performance of Capita over the relevant period.

Restricted share awards

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Designed to reward and retain executives over the longer term, while aligning their interests with those of shareholders. To link reward to longer-term performance. To encourage share ownership.	Awards normally vest after three years from grant and, once vested, shares may not normally be sold until at least six years from the grant date (other than to pay relevant taxes). Dividends or dividend equivalents may accrue over the vesting period and any holding period but only to the extent awards vest. Malus and clawback provisions apply to awards for a period up to the fifth anniversary of grant.	125% of salary.	Vesting will be subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against one or more underpins. In addition, the committee may reduce the extent to which an award vests if it believes this better reflects the underlying performance of Capita over the relevant period.

Shareholding guidelines

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
To align interests of management and shareholders and promote a long-term approach to performance and risk management.	Shareholding guidelines require executive directors to reach a specified shareholding. Executive directors are required to retain 100% of any shares from deferred bonus awards, RSAs (or LTIPs as granted under the previous policy) on vesting (net of tax) until the guideline level is achieved. Post-cessation guidelines apply to share awards granted following the 2020 AGM. In determining the relevant number of shares to be retained post cessation, shares acquired from own purchases, any buyout awards and share awards granted prior to the 2020 AGM will not be counted.	In employment: 300% of salary (CEO); 200% of salary (CFO). Post cessation: 100% of the relevant guideline between cessation and the second anniversary of cessation (or the actual shareholding if the guideline has not been met at cessation).	Not performance-related.

Non-executive director (NED) fees

Purpose and link to strategy	Operation	Maximum opportunity	Performance framework
Market competitive fees are set to attract and retain non-executive directors with the required skills, experience and knowledge so that the Board can effectively carry out its responsibilities.	Reviewed periodically by the Board. Fee levels set by reference to market rates, taking into account the individual's experience, responsibilities, time commitment and pay decisions for the broader workforce. NED fees comprise payment of an annual basic fee and additional fees for further Board responsibilities such as: • Senior independent director • Audit and Risk Committee chair • Remuneration Committee chair • The Chairman of the Board receives an all-inclusive fee. Additional fees/allowances may also be paid for intercontinental travel for business purposes where appropriate. No NED participates in the Group's incentive arrangements or pension plan or receives any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a NED may receive grossed-up costs of travel as a benefit.	As per the executive directors, there is no prescribed maximum monetary annual increase. Fees are limited to an aggregate annual sum of £1m increased only to take account of the effect of inflation as measured by the retail price index or such index as the directors consider appropriate or such other amount as the Company may by ordinary resolution decide.	Not performance-related.

The annual bonus performance measures are Group financial, strategic or individual measures which are selected annually to be consistent with key priorities for the Group.

Targets are normally set on sliding scales that take account of internal strategic planning and external market expectations for the Company.

Only modest rewards are available for achieving threshold performance with maximum rewards requiring substantial outperformance of challenging strategic plans approved at the start of each year.

The committee operates share-based arrangements for the executive directors in accordance with their respective scheme rules, the Listing Rules and the HMRC rules where relevant. The committee, consistent with market practice and the scheme rules, retains discretion over a number of areas relating to the operation and administration of the plans. These include (but are not limited to) the following:

- Who participates
- The form in which the award is granted and settled (eg shares, nil cost options, cash)
- The timing of the grant of award and/or payment
- The size of an award (up to individual and plan limits) and/or a payment
- Discretion relating to the measurement of any performance target/underpin and pro-rating of awards in the event of a 'good leaver' scenario or a change of control or restructuring of the Company
- Determination of whether or not a person is characterised as a good leaver (in addition to any specified categories) for incentive plan purposes
- Adjustments required in certain circumstances (eg share capital variation, rights issues, demerger, corporate restructuring, special dividends)
- The ability to vary or substitute any performance condition(s)/underpins if circumstances occur which cause it to determine that the original condition(s) have ceased to be appropriate, provided that any such variation or waiver is fair, reasonable and not materially less difficult to satisfy than the original condition (in its opinion). In the event that the committee were to make an adjustment of this sort, a full explanation would be provided in the next remuneration report.

In all cases, the committee retains absolute discretion to override formulaic outcomes in the bonus, RSA and any other remuneration arrangements (eg to ensure that any payouts reflect underlying Company performance and the broader stakeholder experience).

The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes payments includes the committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted. The committee retains discretion to make minor amendments to the policy set out in this policy report (for regulatory, exchange control, tax or

administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Malus and clawback

Malus and clawback provisions apply to all incentive awards granted to executive directors. These provisions permit the committee to reduce or recover bonus awards (including deferred shares) for up to three years after the determination of the annual bonus and to reduce or recover RSA awards (and LTIP awards granted under the previous policy) up to the fifth anniversary of grant. The potential circumstances in which malus or clawback provisions can be applied include:

- material misstatement of a Group company's financial results
- a participant deliberately misleads relevant parties regarding financial performance
- serious misconduct or conduct which causes significant financial loss
- overpayments due to material abnormal write-offs of an exceptional basis
- an error was made, or inaccurate or misleading information was used to determine the value of an award
- reputational damage
- material failure of risk management
- corporate failure or the occurrence of an insolvency event.

Application of our remuneration policy

When determining executive director remuneration policy and practices, the committee reviews workforce remuneration and related policies, and the alignment of incentives and rewards with culture.

Share awards are granted to senior management in order to encourage a high level of employee share ownership, albeit remuneration is more heavily weighted towards long-term variable pay for executive directors than other employees. This is to ensure that there is a clear link between the value created for shareholders and the remuneration received by the executive directors. The committee did not consult with employees formally in respect of the design of the policy, although the employee non-executive director who attended the committee by invitation during 2023 was involved in the committee's discussions.

Directors' recruitment and promotions

The committee takes into account the need to attract, retain and motivate the best person for each position, while at the same time ensuring a close alignment between the interests of shareholders and management.

If a new executive director were to be appointed on a permanent basis, the committee would seek to align their remuneration package with other executive directors in line with the policy table. However, flexibility would be retained to make buyout awards or payments in respect of remuneration arrangements and contractual terms forfeited on leaving a previous employer. In such circumstances, the committee would look to replicate the arrangements being forfeited as closely as possible and, in doing so, would take account of relevant factors including the nature of the remuneration and contractual terms, performance conditions and the time over which they would have vested or been paid.

If appropriate, a new appointee's incentives in their year of joining may be subject to different targets than for other executive directors. The committee may also agree that the Company will meet certain relocation and incidental expenses, as it considers appropriate.

The maximum level of variable remuneration which may be granted (excluding awards to compensate for remuneration arrangements and contractual terms forfeited on leaving the previous employer) to new executive directors in the year of recruitment shall be limited to 325% of salary (the maximum limit permitted within the policy table).

The initial notice period for a service contract may be up to 24 months, which is longer than that stated in the policy of a 12-month notice period, provided it reduces to 12 months within a short space of time.

For an internal appointment or an appointment following the Company's acquisition of or merger with another company, any incentive amount awarded in respect of a prior role may be allowed to vest on its original terms, or adjusted as relevant to take into account the appointment. Any other ongoing remuneration obligations or terms and conditions existing prior to appointment may continue.

The committee retains discretion to make appropriate remuneration decisions outside the standard policy to meet the individual circumstances of recruitment when:

- An interim appointment is made to fill an executive director role on a short-term basis.
- Exceptional circumstances require that the Chairman or a non-executive director takes on an executive function on a short-term basis.

In the event of the appointment of a new non-executive director, remuneration arrangements will normally be in line with the structure set out in the policy table for non-executive directors. However, the committee (or the Board as appropriate) may include any element listed in the policy table or any other element which the committee considers is appropriate given the particular circumstances excluding any variable elements, with due regard to the best interests of shareholders.

Directors' service agreements and payments for loss of office

The committee regularly reviews the contractual terms of the service agreement to ensure these reflect best practice.

The service contracts for executive directors are for an indefinite period and provide for a 12-month notice period. They do not include provisions for predetermined compensation on termination that exceed 12-months' salary, pension and benefits. There are no arrangements in place between the Company and its directors that provide for compensation for loss of office following a takeover bid. All directors are appointed subject to annual re-election at the annual general meeting.

In circumstances of termination on notice, the committee will determine an equitable compensation package, having regard to the particular circumstances of the case. The committee reserves the right to make payments in connection with a director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with his cessation of office or employment.

The committee has discretion to require notice to be worked or to make payment in lieu of notice or to place the director on garden leave for some or all of the notice period. Any payment in lieu of notice will be reduced for any period of time worked post notice being given or received.

The annual bonus may be payable for a good leaver (as defined in the plan rules) in respect of the period of the bonus plan year worked by the director; there is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked. Bonus payments would normally be paid at the normal payment date.

On cessation, an executive director's share plan entitlements will be determined in accordance with the rules of the relevant plan.

Unvested deferred share awards will normally lapse on the earlier of notice being given/received and cessation. However, the committee has discretion to allow awards to instead continue to vest in full on the normal vesting date (or earlier at the discretion of the committee) for a good leaver (as defined in the relevant plan rules).

In respect of RSAs/LTIPs, unvested awards will normally lapse on the earlier of notice being given/received and cessation. However, the committee has discretion to allow awards to instead continue to vest on the normal vesting date (or earlier at the discretion of the committee) to the extent any performance conditions/underpins attached to the relevant award are satisfied at vesting. In such cases awards will, other than in exceptional circumstances, be scaled back on a time pro-rated basis and post-vesting holding periods would normally apply.

In the event of a change of control, all unvested LTIP awards/RSAs would (unless rolled over) vest, to the extent that any performance conditions/underpins attached to the relevant awards have been achieved. Awards would normally be subject to time pro-rating (unless the committee determines otherwise).

Unvested deferred share awards would vest in the event of a change of control (unless rolled over). Shares held within the share ownership plan will be removed from the plan or exchanged for replacement shares in accordance with the scheme rules and HMRC guidelines.

Non-executive directors' terms of engagement

Non-executive directors are appointed by letter of appointment for an initial period of three years. Each appointment is terminable by three months' notice on either side. At the end of the initial period, the appointment may be renewed by mutual consent, subject to annual re-election at the AGM.

Inspection of service agreements/letters of appointment

The service agreements and non-executive directors' letters of appointment are available for inspection during normal business hours at the Company's registered office, and available for inspection at the AGM.

Annual report on remuneration

This part of the remuneration report has been prepared in accordance with The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and paragraphs 9.8.6R and 9.8.8 of the Listing Rules. The annual report on remuneration will be put to an advisory shareholder vote at the 2025 AGM. The information on pages 118 to 126 has been audited as indicated.

FIT Remuneration LLP (FIT) was appointed by the committee during 2020 to provide independent advice on executive remuneration matters. During the year, the committee received independent and objective advice from FIT primarily on market practice, governance updates, the operation of the remuneration policy, shareholder/proxy feedback, remuneration-related disclosure within the accounts and the retirement of Tim Weller and appointment of Pablo Andres as CFO. FIT's fees were £55,741 (excluding VAT) during 2024 for its services (charged on a time plus expenses basis). The fees were considered appropriate for the work undertaken. No other services were provided to the Group by FIT.

FIT is a founding member of the Remuneration Consultants Group and, as such, operates voluntarily under the code of conduct in relation to executive remuneration consulting in the UK. The committee considers FIT's advice on remuneration to be independent and objective, and there is no connection with the Company or individual directors.

The committee also consulted with the CEO, CFO, the Chief People Officer and the Group Reward Director to provide further information to the committee on the performance and proposed remuneration for the executive directors and other senior management, but not in relation to their own remuneration.

The work of the committee is detailed in the annual statement.

Shareholder voting at the AGM

At the 2024 AGM, shareholder voting in respect of the resolution to approve the remuneration report for the year ended 31 December 2023 and the 2024 remuneration policy is presented below.

	Votes cast for	Votes cast against	Abstentions ¹
Directors' remuneration report, excluding the directors' remuneration policy, for the year ended 31 December 2023	986,401,044	38,263,345	1,591,360
	96.27%	3.73%	
	1,016,454,099	8,251,055	1,550,595
Directors' remuneration policy (2024 AGM)	99.19%	0.81%	

1. A vote abstained is not a vote in law and is not counted in the calculation of the proportion of votes 'for' and 'against' a resolution.

Policy implementation for 2025

Details of the committee's intended approach to the implementation of the policy for 2025 is set out in the annual statement.

Fees for the Chairman, senior independent director and non-executive directors

A summary of the fees for 2025 are set out in the table below. Fee levels are unchanged other than for Nneka Abulokwe who was appointed responsible business (RB) committee chair and designated non-executive director for colleague engagement during 2024 with an associated fee increase for the additional duties, and Brian McArthur-Muscroft who stepped down as audit committee chair during 2024.

	Annual fee from 1 January 2025
David Lowden, Chairman	£290,000
Georgina Harvey, Senior Independent Director and Remuneration Committee Chair	£85,500
Jack Clarke, Audit and Risk Committee Chair	£75,000
Nneka Abulokwe, Responsible Business Committee Chair and designated non-executive director for colleague engagement	£80,000
Neelam Dhawan	£64,500
Brian McArthur-Muscroft	£64,500

Directors' remuneration earned in 2024 – single-figure table (audited)

The table below summarises directors' remuneration received in 2024 (with prior year comparators).

		Base salary and fees £	Benefits ¹ £	Pension £	Annual bonus £	RSA £	Buy-out Awards £	Total remuneration £	Total fixed remuneration £	Total variable remuneration £
David Lowden	2024	290,000	1,046	–	–	–	–	291,046	291,046	–
	2023	290,000	1,876	–	–	–	–	291,876	291,876	–
Adolfo Hernandez ^{2,4}	2024	669,565	20,033	33,478	392,000	–	1,611,836	2,726,912	723,076	2,003,836
	2023	–	–	–	–	–	–	–	–	–
Pablo Andres ^{3,4}	2024	208,696	929	7,500	91,800	–	–	308,925	217,125	91,800
	2023	–	–	–	–	–	–	–	–	–
Georgina Harvey	2024	85,500	132	–	–	–	–	85,632	85,632	–
	2023	85,500	567	–	–	–	–	86,067	86,067	–
Jack Clarke ⁵	2024	17,120	0	–	–	–	–	17,120	17,120	–
	2023	–	–	–	–	–	–	–	–	–
Nneka Abulokwe ⁶	2024	73,375	483	–	–	–	–	73,858	73,858	–
	2023	64,500	567	–	–	–	–	65,067	65,067	–
Neelam Dhawan ⁷	2024	64,500	16,000	–	–	–	–	80,500	80,500	–
	2023	64,500	8,520	–	–	–	–	73,020	73,020	–
Brian McArthur-Muscroft ⁸	2024	75,000	104	–	–	–	–	75,104	75,104	–
	2023	75,000	567	–	–	–	–	75,567	75,567	–
Former Directors										
Jon Lewis ^{9,11}	2024	33,244	878	1,622	–	0	–	35,784	35,784	0
	2023	748,000	19,475	37,400	0	0	–	804,875	804,875	0
Tim Weller ^{10,11}	2024	330,028	12,146	16,501	169,386	0	–	528,061	358,675	169,386
	2023	545,000	17,703	27,250	0	0	–	589,953	589,953	0
John Cresswell ¹²	2024	–	–	–	–	–	–	–	–	–
	2023	16,125	1,325	–	–	–	–	17,450	17,450	–
Claire Miles ¹³	2024	1,251	–	–	–	–	–	1,251	1,251	–
	2023	40,897	311	–	–	–	–	41,208	41,208	–
Janine Goodchild ¹⁴	2024	–	–	–	–	–	–	–	–	–
	2023	64,500	1,021	–	–	–	–	65,521	65,521	–

- Benefits include all taxable benefits as defined by paragraph 11(1) of the regulations. This includes private medical insurance, company car allowance, work travel and the value of matching share awards under the UK all-employee share scheme.
- Adolfo Hernandez was appointed CEO on 17 January 2024. Base salary, benefits, pension and bonus for 2024 are shown from the date of appointment. The Buy-out Awards granted to Adolfo in March 2024 are presented at face value as at the grant date given that the vesting of each tranche is contingent on continued service only. Further details of the buy-out awards are presented on page 121.
- Pablo Andres was appointed as a director and CFO designate on 15 July 2024. Base salary, benefits, pension and bonus for 2024 are shown from the date of appointment as a director. He succeeded Tim Weller as CFO on 9 August 2024. Pablo does not receive a car allowance in line with Capita's policy for new hires.
- The value of the RSAs granted to the executive directors, the vesting of which are subject to both continued service and performance underpins, will be disclosed in the year ending just prior to the normal vesting date.
- Jack Clarke was appointed as a non-executive director and Chair of the Audit and Risk Committee (replacing Brian McArthur-Muscroft) on 9 October 2024. Fees for 2024 are shown from 9 October 2024 and reflect his appointment as a chair of a committee from his appointment date.
- Nneka Abulokwe was appointed Chair of the RB committee and designated non-executive director for workforce engagement in early 2024. Fees for 2024 reflect her appointment as a chair of a committee from 27 February 2024.
- Neelam Dhawan is based outside the UK and receives an allowance for physical attendance at a Board meeting. This is shown in the benefits column.

- Brian McArthur-Muscroft stepped down from the role of Chair of the Audit and Risk Committee on 9 October 2024 and was replaced by Jack Clarke. He retained the chair fee until the end of 2024 reflecting a handover period.
- Jon Lewis stepped down as a director and CEO on 17 January 2024 and was replaced by Adolfo Hernandez. Base salary, benefits and pension for 2024 are shown up to the date of stepping down. Jon Lewis was not eligible for an annual bonus under the Group annual bonus plan for 2024.
- Tim Weller stepped down as a director and CFO on 9 August 2024 and was replaced by Pablo Andres. Base salary, benefits and pension for 2024 are shown up to the date of stepping down with annual bonus calculated on a pro-rata basis.
- Details of the performance assessment and vesting of the 2022 RSA awards held by Jon Lewis and Tim Weller are set out on page 120. RSAs granted to the former executive directors in March 2023 with performance underpins, will be disclosed in the year ending just prior to the normal vesting date.
- John Cresswell stepped down as a non-executive director on 31 March 2023. Fees for 2023 are shown from 1 January 2023 to 31 March 2023.
- Claire Miles was appointed as a non-executive director on 12 May 2023. Fees for 2023 are shown from 12 May 2023 to 31 December 2023. Claire stepped down from the Board on 31 December 2023 following her appointment as CEO of Stagecoach. She was paid up to 6 January 2024 in line with the terms of the notice period in her service contract. These fees are included in the table above and include a small amount in respect of accrued annual leave.
- Janine Goodchild stepped down as employee non-executive director on 31 December 2023.

Directors' remuneration report *continued*

Annual bonus for 2024 (audited)

The annual bonus for 2024 was based on a combination of profit before tax (PBT), free cash flow and revenue targets, weighted 40%, 50% and 10% respectively (totalling 80% of maximum bonus) and a customer objective (20% of maximum bonus).

For each performance measure, 25% of bonus was payable for achieving the threshold target, 50% was payable for achieving target performance, with 100% of the bonus payable for achieving the stretch target. Based on performance against the targets set, 9.28% of the maximum 80% available for the financial measures was earned as follows:

Financial targets (80% of the bonus)

	Weighting (% of maximum bonus)	Threshold target (25% vests)	Target (50% vests)	Stretch (100% vests)	Actual performance	Achievement against financial performance weighting
Adjusted PBT	32% (40% of potential)	£48m	£60m	£72m	£50m	29%
Free cash flow excluding business exits	40% (50% of potential)	£(110)m	£(100)m	£(90)m	£(122)m	0%
Adjusted Revenue	8% (10% of potential)	£2,582m	£2,605m	£2,736m	£2,369m	0%
Financial measures	80% of maximum total award					9.28% of maximum total award

1. The Adjusted PBT outturn above excludes costs that have complied with the criteria to be treated as exceptional costs.

Strategic objective (20% of the bonus)

The strategic objective for 2024 was focused on improvement in the cNPS and represented 20% of the total bonus opportunity for each director.

Objective and weighting (% of maximum bonus)	Threshold	Target	Maximum	Actual	Achievement against strategic performance weighting
Customer (20%) – cNPS Deliver improvement in customer net promoter score (cNPS) for Capita Group by the end of 2024	Maintain score at 2023 level (+16)	+4 point improvement	+8 point improvement	+12 point improvement	100% of max

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Summary of total 2024 bonus awards

	Adolfo Hernandez		Pablo Andres		Tim Weller	
	% of maximum	% of salary	% of maximum	% of salary	% of maximum	% of salary
Total financial	9.28%	18.56%	9.28%	13.92%	9.28%	16.24%
Strategic	20%	40%	20%	30%	20%	35%
Total (%)	29.28%	58.56%	29.28%	43.92%	29.28%	51.24%
Total bonus (£)		392,000		91,800		169,386

Following a review of performance by the committee post year end, annual bonuses of 58.56% of salary for the CEO, 43.92% of salary for the CFO and 51.24% of salary for the former CFO were awarded (on a pro-rata basis according to date of appointment/stepping down). The total bonus in £ shown above is the actual amount awarded calculated pro-rata. Consistent with the shareholder approved remuneration policy, 50% of the bonus awards will be deferred into Capita plc shares for three years.

Restricted Share Awards due to vest in 2025 (audited)

RSAs were granted under the Capita Executive Plan in April 2022 as follows:

Name of director	Number of shares awarded
Jon Lewis	3,481,985
Tim Weller	2,537,008

Vesting of the 2022 RSAs in April 2025 was subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against the following underpins:

underpin 1: Capita's TSR over the three years ended 31 December 2024 must be positive for any RSAs granted to executive directors to vest; and

underpin 2: the committee must be satisfied with the underlying performance of Capita and that there have been no environmental, social or governance issues resulting in material reputational damage. If this is not deemed to be met, the committee will consider a reduction to the final vesting level of the RSAs (including to nil).

Given that Capita's share price has fallen over the three years ended 31 December 2024 (ie TSR has been negative), the 2022 RSAs lapsed in full post year end.

RSAs granted in 2024 (audited)

RSAs were granted under the Capita Executive Plan in May 2024 and September 2024 respectively as follows:

Name of director	Number of shares awarded	Face value of RSA	Percentage of salary
Adolfo Hernandez	6,433,823	£875,000	125%
Pablo Andres	1,241,721	£225,000	50% ¹

1. Pro-rated from the normal 100% of salary award to 50% of salary reflecting the CFO's mid-year appointment in July 2024.

Tim Weller was not eligible to receive an RSA in 2024 given his impending retirement.

Award levels reflect the continued operation of a TSR underpin. RSAs will normally vest after three years from grant subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against the following two underpins:

- underpin 1: Capita's TSR over the three years ending 31 December 2026 must be positive for any RSAs granted to executive directors to vest; and
- underpin 2: the committee must be satisfied with the underlying performance of Capita and that there have been no environmental, social or governance issues resulting in material reputational damage. If this is not deemed to be met, the committee will consider a reduction to the final vesting level of the RSAs (including to nil).

Once vested, shares received may not normally be sold until at least six years from the grant date (other than to pay relevant taxes).

Buy-out awards granted in 2024 (audited)

On 19 March 2024, Adolfo Hernandez was granted a buy-out award (Buy-Out Award) to compensate for the forfeiture of incentive arrangements held with his previous employer. Details of the Buy-Out Award, which is comprised of five tranches with vesting subject to continuous service, is set out below:

Tranche	Shares under award	Face value at date of grant ¹	Normal vesting date ²
1	2,509,709	£335,799	Vested August 2024
2	2,497,467	£334,161	The dealing day immediately following the date on which the Company announces its results for FY 2024
3	1,897,585	£253,897	The dealing day immediately following the date on which the Company announces its results for H1 2025
4	1,885,343	£252,259	The dealing day immediately following the date on which the Company announces its results for FY 2025
5	3,256,501	£435,720	The dealing day immediately following the date on which the Company announces its results for H1 2026
Total	12,046,605	£1,611,836	

1. Based on the closing share price on the date of grant.

2. Following grant, the committee extended the vesting periods for each tranche of the Buy-Out awards by linking the vesting dates to the relevant interim/final results announcement to avoid tranches vesting during closed periods.

Directors' interests and shareholding guidelines (audited)

The CEO and CFO are expected to build and hold 300% and 200% of salary in shares in the Company respectively. The guidelines include shares held beneficially and also shares, on a net of tax basis in respect of: deferred annual bonus (DAB) awards deferred over the three-year period; RSAs which are not subject to performance conditions/performance underpins; and share awards which have vested but not yet been exercised. Share awards subject to performance conditions/underpins are excluded.

	Beneficially held interests at 31 December 2024	Beneficially held interests at 31 December 2023	Interests in share incentive schemes, awarded without performance conditions at 31 December 2024	Interests in share incentive schemes, awarded without performance conditions at 31 December 2023	Interests in share incentive schemes, awarded subject to performance conditions/underpins at 31 December 2024	Interests in share incentive schemes, awarded subject to performance conditions at 31 December 2023	Interests in share option schemes where performance/ vesting conditions have been met but not exercised at 31 December 2024	Interests in share option schemes where performance/ vesting conditions have been met but not exercised at 31 December 2023	Percentage of shareholding target requirement at 31 December 2024 ¹
David Lowden	500,000	250,000	–	–	–	–	–	–	–
Adolfo Hernandez	3,159,709	–	9,536,896	–	6,433,823	–	–	–	54.8%
Pablo Andres	1,850,000	–	–	–	1,241,721	–	–	–	28.8%
Georgina Harvey	6,000	6,000	–	–	–	–	–	–	–
Jack Clarke	0	–	–	–	–	–	–	–	–
Nneka Abulokwe	74,324	–	–	–	–	–	–	–	–
Neelam Dhawan	0	–	–	–	–	–	–	–	–
Brian McArthur-Muscroft	0	–	–	–	–	–	–	–	–
Jon Lewis ²	2,731,025	2,730,255	2,069,612	2,069,612	8,395,971 ³	8,395,971	265,500	265,500	–
Tim Weller ²	826,728	818,240	1,093,053	1,093,053	3,870,308	4,953,003	–	–	–

1. Calculated using the closing share price on 31 December 2024 (14.02p).

2. Beneficially held interests and interests in share awards are shown at the date of their resignation from the Board (on 17 January 2024 for Jon Lewis and 9 August for Tim Weller). Outstanding RSAs are subject to time pro-rating at the time of vesting.

3. This figure includes 2,169,100 shares in respect of the RSA 2021 which did not formally lapse until the end of the three year performance period in May 2024, ie after Jon's resignation date.

Although Capita does not have a formal policy on hedging shares, executive and non-executive directors attest annually they have not pledged any shares held in the Company.

Unvested Share awards (audited)

Year of grant:	DAB ¹		RSA ²			Buy-out Award ³
	2023	2024	2022	2023	2024	2024
Adolfo Hernandez	–	–	–	–	6,433,823	9,536,896
Pablo Andres	–	–	–	–	1,241,721	–
Jon Lewis ⁴	868,456	1,201,156	3,481,985	2,744,886	–	–
Tim Weller ⁴	327,276	765,777	2,537,008	1,333,300	–	–

1. Deferred Annual Bonus awards relate to the deferred element of an individual's annual bonus. Awards normally vest over 3 years subject to continued service.

2. There are no performance targets attached to the RSAs. However, vesting is subject to: (i) continued employment; (ii) satisfactory personal performance during the relevant vesting periods; and (iii) a positive assessment of performance against the following two underpins: (i) Capita's TSR over the three financial years ending prior to the relevant vesting date must be positive for any RSAs granted to executive directors to vest; and (ii) the committee must be satisfied with the underlying performance of Capita and that there have been no environmental, social or governance issues resulting in material reputational damage. If this is not deemed to be met, the committee will consider a reduction to the final vesting level of the RSAs (including to nil).

3. Buy-out Awards vest in tranches based on continued service. Further details of the award and normal vesting dates are set out on page 121.

4. As detailed in the Restricted Share Awards due to vest in 2025 section above, the RSAs granted in 2022 to the former CEO and CFO lapsed in full post year end following the failure to meet the TSR underpin. The RSAs granted in 2023 to the former CEO and CFO will vest on the normal vesting date subject to time pro-rating and the committee's assessment of the relevant underpins.

Satisfaction of options

When satisfying awards made under its share plans, the Company uses newly issued, treasury or market purchased shares as appropriate. The Buy-Out Award may only be satisfied by market purchased shares.

Dilution

All awards are made under plans that incorporate the overall dilution limit of 10% in 10 years. The estimated dilution from existing awards, including executive and all-employee share awards, was approximately 5.6% of the Company's share capital at 31 December 2024.

Executive directors' service agreements

Executive directors	Date of joining the Company	Notice period
Adolfo Hernandez	17 January 2024	12 months
Pablo Andres	15 July 2024	12 months

Executive directors' service agreements

Non-executive directors	Date of joining the Board	Expiry date of current appointment
David Lowden	1 January 2021	9 May 2025
Georgina Harvey	1 October 2019	1 July 2025
Jack Clarke	9 October 2024	8 October 2027
Nneka Abulokwe	1 February 2022	31 January 2028
Neelam Dhawan	1 March 2021	28 February 2027
Brian McArthur-Muscroft	1 June 2022	31 May 2025

Board changes

Retirement of Jon Lewis

Jon Lewis retired as CEO of Capita and stepped down from the Board on 17 January 2024 although he remained an employee until July 2024 to ensure an orderly transition. Details of his remuneration arrangements on stepping down from the Board are set out of page 114 of last years' report.

Appointment of Adolfo Hernandez

Adolfo Hernandez was appointed CEO and executive director on 17 January 2024. Details of his remuneration arrangements on appointment to the Board are set out on page 114 of last years' annual report and accounts.

Retirement of Tim Weller

Tim Weller retired as CFO of Capita plc and stepped down from the Board on 9 August 2024. Tim received his base salary, pension and benefits up to stepping down from the Board and was eligible to receive a pro-rated annual bonus in respect of the year ended 31 December 2024 subject to the performance targets and payable at the normal payment date, with 50% of any award deferred into shares as per the normal deferral policy.

Post stepping down from the Board, Tim continues to receive his base salary, pension and benefits up to the end of his notice period in May 2025. Tim will not be eligible to participate in the Group annual bonus plan for 2025, nor will he be entitled to future RSAs. In respect of Tim's share awards:

- Deferred Annual Bonus (DAB): 327,276 shares granted in 2022 in respect of the 2021 annual bonus, 765,777 shares granted in 2023 in respect of the 2022 annual bonus and shares granted in 2025 in respect of any annual bonus award for 2024 will continue to vest at the normal vesting dates.
- Restricted Share Awards (RSAs): 1,333,300 shares granted under the 2023 RSA will continue to vest on the normal vesting dates, subject to the relevant underpins being met and reduced for time pro-rating. To the extent that any RSAs vest in the future, the net of tax shares will need to be retained for three years post vesting.

For 24 months following cessation, Tim will be required to retain the lower of Capita plc shares equal to 200% of base salary and actual shares held (excluding shares acquired from own purchases).

Tim was reimbursed for legal fees in connection with his retirement amounting to £7,500 plus VAT.

Capita will make no payment to Tim by way of compensation for loss of office on retirement from the Board.

Appointment of Pablo Andres

Pablo Andres was appointed as an executive director and CFO designate on 15 July 2024 and became CFO on 9 August 2024. He was appointed on a base salary of £450,000 which is lower than that of his predecessor (£545,000). Pablo's annual bonus maximum is 150% of salary (pro-rated for 2024), which is also lower than that of his predecessor (175% of salary) and which is subject to performance targets and deferral requirements in line with policy. He is normally entitled to an annual RSA of up to a maximum of 100% albeit he received a 50% of salary RSA in 2024 to reflect his mid-year appointment. Benefits and pension are in line with the shareholder approved policy.

Other Board changes

Jack Clarke was appointed as a non-executive director on 9 October 2024. Jack was also appointed chair of the audit and risk committee succeeding Brian McArthur-Muscroft who remains an independent non-executive director. Nneka Abulokwe was appointed chair of the RB committee in March 2024.

Payments to former directors (audited)

No payments were made to former directors in respect of loss of office.

External appointments for executive directors

Pablo Andres is a non-executive director, chair of the audit and risk committee and chair of the treasury committee at GreenSquareAccord Group. He received and retained fees of £6,464 for the period from 15 July 2024 to 31 December 2024 (a fee of £14,000 per annum). The committee considers that such roles can benefit Capita through broadening knowledge and experience.

Percentage change in remuneration levels

The table below shows the change in base compensation, benefits and annual bonus for the Board directors in the 2020 to 2024 financial years (excluding directors who left Capita before 2023, details for which are set out in previous remuneration reports), compared with the average for all employees of the Company (Capita plc):

	2024			2023			2022			2021			2020		
	Base salary and fees	Taxable benefits ¹⁵	Annual bonus	Base salary/ fees	Taxable benefits ¹⁵	Annual bonus	Base salary/ fees	Taxable benefits ¹⁵	Annual bonus	Base salary/ fees	Taxable benefits ¹⁵	Annual bonus	Base salary/ fees	Taxable benefits ¹⁵	Annual bonus
Executive directors¹															
Adolfo Hernandez ²	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Pablo Andres ³	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Jon Lewis ⁴	0%	-2.94%	–	0%	8.3%	-100%	3.2%	-45%	150%	14.3%	5.1%	100%	-12.5%	-36.9%	–
Tim Weller ⁵	0%	13.1%	100%	0%	-3.8%	-100%	0%	23%	132%	–	–	–	–	–	–
Non-executive directors¹															
David Lowden ⁶	0%	-44.2%	–	0%	123.6%	–	286.7%	100%	–	–	–	–	–	–	–
Georgina Harvey ⁷	0%	-76.7%	–	0%	100%	–	14%	–	–	14.3%	–	–	-12.5%	–	–
Jack Clarke ⁸	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Nneka Abulokwe ⁹	13.8%	-14.8%	–	0%	194%	–	–	–	–	–	–	–	–	–	–
Neelam Dhawan ¹⁰	0%	87.8%	–	0%	-66.7%	–	0%	540%	–	–	–	–	–	–	–
Brian McArthur-Muscroft ⁹	0%	-81.7%	–	0%	100%	–	–	–	–	–	–	–	–	–	–
John Cresswell ¹¹	–	–	–	0%	100%	–	0%	–	–	14.3%	–	–	-12.5%	–	–
Claire Miles ¹²	0%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Janine Goodchild ^{9,13}	–	–	–	0%	100%	–	–	–	–	–	–	–	–	–	–
Employee population ¹⁴	8.5%	-3.5%	100%	5.6%	0.1%	-100%	5%	7.4%	38.1%	2.8%	4.4%	123.2%	5.5%	20.6%	-35.2%

- The percentage change shown for the directors is based on the single figure information disclosed on page 119. The increase in salary/fees shown as the comparative for 2021 is due to the voluntary reduction taken by executive and non-executive directors in 2020 in response to Covid-19.
- Adolfo Hernandez was appointed to the Board on 17 January 2024. Comparative figures for 2024 are therefore unavailable.
- Pablo Andres was appointed to the Board on 15 July 2024. Comparative figures for 2024 are therefore unavailable.
- Jon Lewis stepped down from the Board on 17 January 2024. For comparative purposes, his 2024 base salary and benefits have been annualised to show an approximate percentage change since 2023. He was not eligible for an annual bonus in 2024. As no bonus was awarded in respect of the year ended 31 December 2023 the decrease is shown as -100%. Jon Lewis did not receive a bonus in 2020 as the bonus plan was cancelled in response to Covid-19. The increase in 2021 is therefore shown as 100%.
- Tim Weller stepped down from the Board on 9 August 2024. For comparative purposes, his base salary and benefits have been annualised to show an approximate percentage change since 2023. As no bonus was awarded in respect of the year ended 31 December 2023 the decrease between 2022 and 2023 is shown as -100% and the increase between 2023 and 2024 is therefore shown as 100%. Tim Weller was appointed to the Board on 12 May 2021. Comparative figures for 2021 are therefore unavailable. His salary, benefits and annual bonus for 2021 have been annualised to show an approximate percentage change between 2021 and 2022. The increase in benefits in 2022 is due to a backdated payment for car allowance (£1,342) which was underpaid in 2021.
- David Lowden was appointed Chairman in May 2022. His fee for 2022 has been annualised to show the percentage change between 2021 and 2022 following his change in role which has a significantly increased time commitment and associated fee. His fee for 2023 reflects that there has been no change in his annual fee for the Chairmanship since 2022. David was appointed to the Board during 2021, comparative figures for 2021 are therefore unavailable.
- Georgina Harvey was appointed Senior Independent Director in July 2022. Her fee for 2022 has been annualised to show the percentage change between 2021 and 2022 following her change in role. Her fee for 2023 reflects that there

- has been no change in her annual fee for being a non-executive director, chair of the remuneration committee and Senior Independent Director since 2022.
- Jack Clarke was appointed to the Board during 2024. Comparative figures for 2023 are therefore unavailable.
- Nneka Abulokwe, Brian McArthur-Muscroft and Janine Goodchild were appointed to the Board during 2022. Comparative figures for 2021 are therefore unavailable. Fees for 2022 have been annualised to show that there has been no increase in their annual fee in 2023. The increase for Nneka Abulokwe relates to her appointment as chair of the RB committee.
- Neelam Dhawan was appointed to the Board during 2021. Comparative figures for 2021 are therefore unavailable. Her fee for 2021 has been annualised to show the percentage change since 2021. The increase in benefits in 2022 is due to additional fees payable for physical attendance at board meetings as Neelam is based outside the UK. The reduction in benefits in 2023 is due to fewer meetings attended in person. The increase in benefits in 2024 is due to a greater number of meetings attended in person.
- John Cresswell stepped down from the Board during 2023. Comparative figures for 2024 are therefore unavailable.
- Claire Miles was appointed to the Board during 2023 and stepped down on 31 December 2023 although was paid until the end of her notice period 6 January 2024. Comparative figures for 2023 are therefore unavailable. Her fee for 2024 has been annualised to show the percentage change since 2023.
- Janine Goodchild stepped down from the Board on 31 December 2023. Comparative figures for 2024 are therefore not available.
- The employee population information shown is for UK employees employed in the Capita plc entity. Changes in annual bonus are calculated by reference to the MBP population. As no bonus was paid in respect of the year ended 31 December 2023 the decrease between 2022 and 2023 is shown as -100% and the increase between 2023 and 2024 is therefore shown as 100%.
- Taxable benefits were £0 in 2021 but £839 for David Lowden in 2022. The increases are therefore shown as 100%. Taxable benefits were £0 in 2022 but £567, £567 and £1,021 for Georgina Harvey, Brian McArthur-Muscroft and Janine Goodchild in 2023 respectively. The increases are therefore shown as 100%.

CEO pay ratio

The table below compares the single total figure of remuneration for the CEO¹ with that of the Group's employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of its UK employee population.

Year	Method 25 th percentile pay ratio	50 th percentile pay ratio	75 th percentile pay ratio
2024 Option B	49:1	40:1	27:1
2023 Option B	33:1	23:1	17:1
2022 ² Option B	78:1	57:1	37:1
2021 ² Option B	49:1	38:1	24:1
2020 ² Option B	61:1	44:1	29:1
2019 Option B	41:1	25:1	14:1

1. The single figure for the CEO excludes the value of the buy-out awards due to the one-off nature in 2024.
2. In accordance with the relevant disclosure regulations, the 2020, 2021 and 2022 CEO single figures and associated pay ratios have been updated to reflect LTIP values based on the share prices at the relevant vesting dates.

The 2024 remuneration figures for the employee at each quartile were determined with reference to the financial year ending 31 December 2024. Due to the complexity of Capita's corporate and workforce structure, Option B was used to calculate these figures. The committee believes that this approach provides a fair representation of the CEO to employee pay ratios and is appropriate in comparison to alternative methods, balancing the need for statistical accuracy with internal operational constraints.

A full-time and full-year equivalent total pay and benefits figure for 2024 was calculated for each quartile point employee using the single figure methodology. This was also sense checked against a sample of employees with hourly pay rates either side of the identified individuals to ensure that the appropriate representative employee was selected. No adjustments were made to the total pay and benefits figures (other than the approximate up-rating of pay elements where appropriate to achieve full-time and full-year equivalent values) and no components of pay have been omitted.

The table below sets out the 2024 full-time equivalent salary and total pay and benefits for the three identified quartile point employees:

2024	25 th percentile (P25)	Median (P50)	75 th percentile (P75)
Salary	£23,731	£29,000	£34,465
Total pay and benefits	£23,957	£29,000	£45,154

The committee recognises that the 2024 ratios are higher than last year (c.59% increase). This is primarily because the 2024 single figure includes an annual bonus of £392,000 (annualised) (29.28% of maximum) whereas no annual bonus was awarded in 2023. This outweighs the lower salary awarded to the new CEO.

The pay ratios have fluctuated since reporting commenced in 2019, primarily as a result of variability in incentive outcomes for the CEO.

Capita is committed to offering its employees a competitive remuneration package. Base salaries for employees, including our executive directors, are determined with reference to a range of factors including market practice, experience and performance in role. Due to the nature of his role, the CEO's remuneration package has higher weighting on performance-related pay (including the annual bonus and RSAs) compared to the majority of the workforce. This means the pay ratios are likely to fluctuate depending on the outcomes of incentive plans in each year. The committee also recognises that, due to the nature of the Company's business and the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for employees, the ratios reported above may not be comparable to those reported by other companies. For these reasons, the committee considers that the median CEO pay ratio is representative of the UK employee base.

Gender pay gap reporting

The Company's 2024 gender pay gap data is available on the Company website.

Relative importance of the spend on pay

The table below shows the spend on employee costs in the 2024 and 2023 financial years, compared with dividends:

	2024 £m	2023 £m	% change
Employee costs ¹	1,399.6	1,636.5	-17%
Dividends	–	–	–

1. The reduction in employee benefit expense reflects the reduction in the average number of employees during the year.

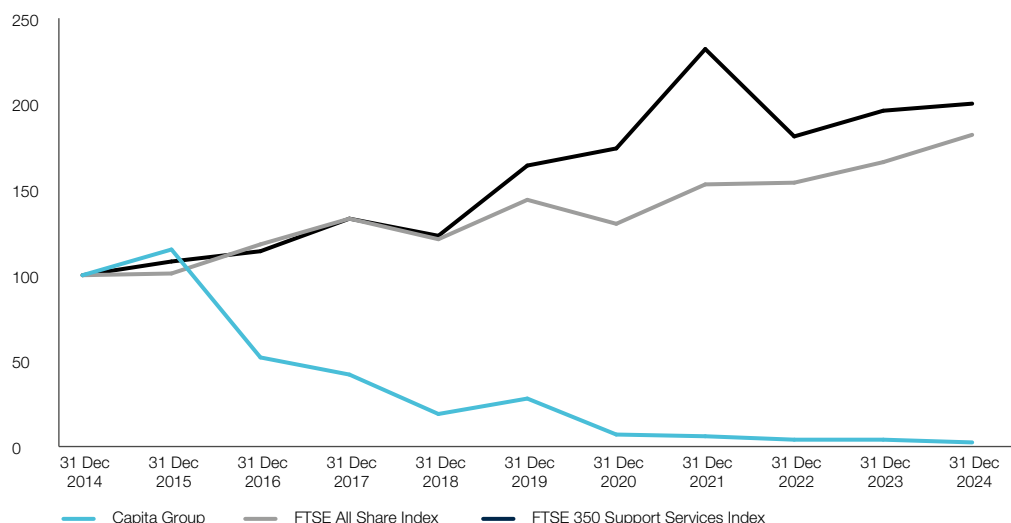
Directors' remuneration report *continued*

Performance graph and CEO pay

The following chart compares the value of an investment of £100 in the Company's shares with an investment of the same amount in the FTSE All-Share Index and the FTSE 350 Support Services Index over the past 10 years, assuming that all dividend income is reinvested. The FTSE 350 Support Services has been chosen as the appropriate comparator as Capita has been a constituent of this index for the majority of the 10 year period.

Total shareholder return rebased at 100

Source: Datastream (a LSEG product)



The total remuneration figures for the CEO for 2024 and the previous nine years are shown in the table below based on the single-figure methodology. The CEO single figure of remuneration for 2024 includes £1,611,836 in respect of buy-out awards granted to Adolfo Hernandez.

The annual bonus payout and LTIP/RSA vesting percentage (in respect of the estimated/actual value at vesting in respect of the year ending just prior to the vest date) are also shown for this year.

Year	CEO – single figure of total remuneration	Annual bonus (vs max opportunity)	Long-term incentive (vs max opportunity)
2024	£2,762,696	29.98%	0%
2023	£804,875	0%	0%
2022	£1,799,964	60%	15%
2021	£1,185,415	24.8%	12.5%
2020	£1,196,582	0%	60%
2019	£789,678	0%	0%
2018	£2,014,209	85%	0%
2017	£741,376	0%	0%
2016	£682,958	0%	0%
2015	£2,520,428	50%	71.4%

Note: the vesting percentages for the long-term incentives are averaged between the LTIP and the DAB vesting rates for 2015. Figures for 2015–2016 are based on remuneration for Andy Parker. Figures for 2017 are based on remuneration paid to Andy Parker as CEO until 15 September 2017, to Nick Greatorex as interim CEO from 16 September 2017 to 30 November 2017, and to Jon Lewis as CEO from 1 December 2017. The single figure of remuneration for 2024 reflects amounts paid to Jon Lewis to 17 January 2024 and Adolfo Hernandez from 17 January 2024 (including £1,611,836 in respect of buyout awards). The annual bonus potential for 2024 reflects Adolfo's annual bonus award while the long-term incentive reflects the fact that the 2022 RSA will lapse post year end as a result of the TSR underpin not being met. Where relevant, the CEO single figures have been updated to reflect the value of the LTIPs based on the share price at the vesting date (rather than an estimate of the share price at vesting).

Approval of the directors' remuneration report

The directors' remuneration report was approved by the Board on 4 March 2025.

Georgina Harvey, Chair
Remuneration Committee
 4 March 2025

Directors' report

The Directors present their report, together with the audited accounts for the 52 weeks ended 31 December 2024.

Group activities

Capita is a modern outsourcer that supports clients across the public and private sectors to run complex business process more efficiently. Capita provides people-based services underpinned by market-leading technology to create better consumer experiences. A review of the development of the Group and its business activities during the year is contained in the strategic report on pages 2 to 76. The operational and financial performance of its divisions are detailed on pages 19 to 25.

Results and dividends

The Group's reported profit before tax amounted to £116.6m from continued operations (2023 loss before tax: £106.6m). As previously announced, the directors do not recommend the payment of a final dividend (2023: nil). The total dividend for the year was nil (2023: nil). The employee benefit trust, which holds shares for the purpose of satisfying employee share scheme awards, has waived its right to receive future dividends on shares held within the trust.

Share capital

At 3 March 2025, the number of ordinary shares of 2 1/15 p each (the Ordinary Shares) in issue, fully paid up and quoted on the London Stock Exchange is detailed in the following table:

	Number of shares	% of issued share capital
Issued shares	1,701,273,523	100%
Treasury shares	0	0%
Total voting rights	1,701,273,523	100%
Employee Benefit Trust (EBT) shares ¹	7,174,484	0.4%

1. Shares held in the EBT are used for satisfying employee share options.

During the year ended 31 December 2024, no new ordinary shares were issued and options exercised pursuant to the Company's share schemes were satisfied by the transfer of 9,476,429 shares from the EBT. No new ordinary shares have been allotted under the Company's share option schemes since the end of the financial year to the date of this report. 152,999 shares have been transferred from the EBT to satisfy the exercise of options during the period 1 January 2025 to the date of this report.

The share price at close on 31 December 2024 was 14.02p. The highest share price in the year was 23.00p and the lowest was 12.40p.

The Company was authorised by shareholders at the 2024 AGM to replace the existing authority (as granted by shareholders at the Annual General Meeting held on 11 May 2023) for Directors to allot new shares that represent not more than one third of the issued share capital of the Company. No shares were allotted under that authority during the financial year. The Company is seeking to renew this authority at the forthcoming AGM, within the limits set out in the notice of that meeting. The Company is seeking to renew the authority at the forthcoming AGM, within the limits set out in the notice of that meeting and in line with the recommendations of the Pre-Emption Group.

On 21 May 2024, shareholders granted authority for the Company to purchase up to 170,120,000 ordinary shares. This authority will expire at the conclusion of the 2025 AGM and the Board will seek approval to renew this authority at the 2025 AGM. No shares were purchased during 2024.

2025 AGM – Special Business

In addition to the ordinary business to be conducted at the Company's 2025 annual general meeting to be held on 28 April 2025, (the 2025 AGM) the following resolutions will be proposed:

An ordinary resolution will be proposed to consolidate the Ordinary Shares in a ratio of 15 to 1.

A special resolution will be proposed to cancel the entire amount standing to the credit of the Company's share premium account (the Share Premium Reduction). The Share Premium Reduction is conditional upon the passing of the special resolution by shareholders, the confirmation of the Court, the registration of the Court order by the Registrar of Companies: and the Share Premium Reduction not being prohibited under applicable law or regulation.

Further details of the Special Business to be conducted at the 2025 AGM, including the reasons why these resolutions are considered in the best interest of shareholders, are included in the 2025 AGM Notice.

Rights and restrictions attaching to shares

Under the Company's Articles, holders of ordinary shares are entitled to participate in the receipt of dividends pro rata to their holding. The Board may propose and pay an interim dividend and recommend a final dividend in respect of any accounting period out of the profits available for distribution under English law. A final dividend may be declared by the shareholders in general meeting by ordinary resolution, but no dividend

may be declared in excess of the amount recommended by the Board.

At any general meeting, a resolution put to vote shall be decided on a poll, and every member who is present in person or by proxy shall have one vote for every share of which they are the holder.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Restrictions on transfer of shares

The Company's Articles allow directors, in their absolute discretion, to refuse to register the transfer of a share in certificated form unless the instrument of transfer is lodged, duly stamped, at the registered office of the Company, or at such other place as the directors may appoint and (except in the case of a transfer by a recognised person where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer. They may also refuse to register any such transfer where it is in favour of more than four transferees or in respect of more than one class of shares.

The directors may refuse to register a transfer of a share in uncertificated form in any case where the Company is entitled to refuse (or is exempted from the requirement) under the Uncertificated Securities Regulations to register the transfer.

Major shareholders

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules (DTR) are published via a Regulatory Information Service. At 31 December 2024, the Company had received notification of the following interests in voting rights pursuant to Chapter 5 of the DTR.

Shareholder	Number of shares	% of voting rights at 31 December 2024 ¹	Number of shares direct	Number of shares indirect
Schroders plc	341,205,681	20.06	–	341,205,681
RWC Asset Management LLP	238,112,879	13.99	238,112,879	–
Lombard Odier Asset Management (Europe) Limited	90,267,266	5.31	–	90,267,266

1. Percentages are shown as a percentage of the Company's total voting rights as at the date the Company was notified of the change in holding.

On 3 February 2025, notification in accordance with the DTRs was received from RWC Asset Management LLP that it held indirectly 220,813,701 shares, being 12.97% of voting rights and on 3 March 2025 from Schroders plc that it held indirectly 339,946,970 shares being 19.98% of voting rights.

At 3 March 2025, no further notifications had been received under the DTRs in relation to interests in the Company's shares.

Powers of directors

The business of the Company is managed by the directors who are subject to the provisions of the Companies Act 2006, the Articles of the Company and any directions given by special resolution, including the Company's power to repurchase its own shares.

The Company's Articles may only be amended by a special resolution of the Company's shareholders.

Change of control

All the Company's share schemes contain provisions in relation to a change of control. Outstanding options and awards would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Capita has borrowing facilities provided by banks and has issued loan notes to financial investors. The borrowing facilities contain change of control provisions under which the banks may require immediate repayment in full on a change of control of Capita plc. The loan notes issued by Capita contain similar change of control provisions which are likely to require the Group to offer to prepay the notes in full if there is a change in control of Capita plc.

There are a number of significant client agreements which contain provisions relating to change of control, which in some cases could present a right of termination of the contract.

Appointment, reappointment, and retirement of directors

Directors are appointed and may be removed in accordance with the Articles of Association (Articles) of the Company and the provisions of the Companies Act 2006. All directors are subject to election at the first AGM after their appointment and, in accordance with Provision 18 of the Code, to annual re-election thereafter. A resolution to elect or re-elect each director will therefore be proposed at the AGM on 28 April 2025.

No person, other than a director retiring at the meeting, shall be appointed or reappointed a director of the Company at any general meeting unless they are recommended by the directors.

No person, other than a director retiring at a general meeting as set out above, shall be appointed or reappointed unless between seven and 35 days' notice, executed by a member qualified to vote on the appointment or reappointment, has been given to the Company of the intention to propose that person for appointment or reappointment, together with notice executed by that person of his/her willingness to be appointed or reappointed.

Directors' indemnities

As permitted by its Articles, the Company has indemnified each director in respect of certain liabilities and costs they might incur in the execution of their duties as a director. Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and continue to remain in force. The directors' indemnities will be available for inspection at the AGM together with directors' service contracts.

Conflicts of interests

Under the Companies Act 2006, directors are under an obligation to avoid situations in which their interests can or do conflict, or may possibly conflict, with those of the Company. A policy and procedures are in place for identifying, disclosing, evaluating and managing conflicts so that Board decisions are not compromised by a conflicted director. The Company's Articles give the Board power to authorise matters that give rise to actual or potential conflicts. Procedures are reviewed annually to ensure they are operating effectively.

All conflicts of interest are reviewed annually by the Board and included in year-end attestations by the directors. None of the directors of the Company has a material interest in any contract with the Company or its subsidiary undertakings, other than their contracts of employment.

Employment policies, employee development and engagement

Information on the Group's employment policies, including for disabled persons, and information on employee development, consultation and engagement is included in the responsible business sections on pages 34 to 47 and the engaging with our stakeholders section on pages 48 to 52.

Political donations

The Group did not make any political donations or incur any political expenditure during the year (2023: nil).

Greenhouse gas emissions

Details of the Group's greenhouse gas (GHG) emissions, including metrics and methodology, are set out on pages 56 to 60 of the strategic report.

Going concern and viability statement

The viability statement is detailed in full on pages 75 and 76. The directors have assessed the viability of the Group over the three-year period to 31 December 2027, taking into account the Group's current position and the potential impact of the principal risks set out in the strategic report. Based on this assessment, the directors have a reasonable expectation that the Group and Parent Company will be able to continue in operation and meet their liabilities as they fall due over the period of the viability assessment.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 76. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described on pages 27 to 33. In addition, section 4 in the financial statements on pages 199 to 212 includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

In determining the appropriate basis of preparation of the financial statements for the year ending 31 December 2024, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements.

The Board monitors closely the Group's funding position throughout the year, including monitoring compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. In addition, to support the going concern assumption, the Board conducts a robust assessment of the Group's financial projections for the foreseeable future, considering also the committed facilities available to the Group. The Board has considered risks to the projections under a severe but plausible downside. This includes the potential adverse financial impacts resulting from the following risks: revenue growth falling materially short of plan; operating margin expansion not being achieved; targeted cost savings delayed and/or not delivered; unforeseen operational issues leading to contract losses and cash outflows, sustained interest rates at current levels; non-availability of the Group's non-recourse trade receivables financing facility; and unexpected financial costs linked to incidents such as data breaches and/or cyber attacks.

The Board has considered the mitigations, under the direct control of the Group, that could be implemented to address the financial impact should these risks materialise. These mitigations include, but are not limited to, reductions or delays in capital investment, and substantially reducing (or removing in full) bonus and incentive payments. The Board has also assumed that the intended renewal or extension of the Group's revolving credit facility by 31 December 2025 to meet the requirements of the March 2025 private placement loan notes is successful.

The Board has concluded that the Group and Parent Company will continue in operation and meet their liabilities as they fall due over the period to 30 June 2026.

Accordingly, the directors have formed the judgement that it is appropriate to prepare the consolidated financial statements on the going concern basis. The Board's assessment is set out in more detail in Section 1 of the consolidated financial statements.

Directors' statement of disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware: and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Anti-bribery and corruption

Capita has a Group-wide anti-bribery and corruption policy, which complies with the Bribery Act 2010. Procedures are reviewed periodically to ensure continued effective compliance in Group businesses around the world.

Election to apply FRS 101 – reduced disclosure framework

The Parent Company continues to apply UK GAAP in the preparation of its individual financial statements in accordance with FRS 101 and these are contained in section 1 of the financial statements on pages 160 to 162. FRS 101 applies IFRS as adopted by the UK with certain disclosure exemptions. No objections have been received from shareholders.

Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.1.8R of the DTRs, this directors' report and the strategic report on pages 2 to 74 comprise the management report.

Strategic report

The Company is required to prepare a fair review of the business of the Group during the financial year ended 31 December 2024 and of the position of the Group at the end of the financial year, and a description of the principal risks and uncertainties facing the Group (known as a strategic report).

The purpose of the strategic report is to enable shareholders to assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company). The Company has chosen, in accordance with section 414C (11) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its strategic report that would otherwise be required to be disclosed in this Directors' report.

The information that fulfils the requirements of the strategic report can be found on pages 2 to 74 and includes an indication of future likely developments in the Company, details of important events and the Company's business goals, strategy and business model.

Additional disclosures

Other information that is relevant to the Directors' report, and which is incorporated by reference into this report, can be located as follows:

	Pages
Events after the balance sheet date	222
Future developments	8 to 18
Research and development	27 to 33
Financial instruments and financial risk management	199 to 212
Greenhouse gas emissions	54 to 58
Corporate governance report, including the corporate governance statement as required by Rule 7.2.1 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.	84 to 89
Colleague engagement	48
Stakeholder engagement	48 to 51
Section 172 statement	48 to 52

For the purposes of LR 6.6.1R, and 6.6.6R the following information is located as set out below:

Listing Rule	Subject	Pages
6.6.1 (1)	Capitalisation of interest	207
6.6.1 (11–12)	Shareholder waiver of dividends	127
6.6.6 (8)	Climate-related financial disclosures consistent with TCFD	59 to 67

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and Accounts and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable and, in respect of the Parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;

- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Claire Denton,
Chief General Counsel and
Company Secretary
 4 March 2025

Financial statements



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KPMG LLP’s Independent Auditor’s Report

To the members of Capita plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Capita plc give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2024, and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Capita plc (“the Company”) for the year ended 31 December 2024 (FY24) included in the Annual Report and Accounts, which comprise:

Group	Parent Company (Capita plc)
The consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes, including the accounting policies in section 1 to 6 of the Group financial statements.	The company balance sheet, company statement of changes in equity and the related notes, including the accounting policies in section 7 to the Parent Company financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit and Risk Committee (“ARC”).

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Going concern remains a Key Audit Matter. The Group completed its Portfolio disposal programme and disposal of Capita One in the year, and has issued £94.2m equivalent of US private placement loan notes post year-end. However, the Group generated a significant cash outflow in FY24, and budgeted performance in FY25 continues to be underpinned by the ongoing major restructuring programme to reduce costs and to make the Group more efficient. The key risk factor for the Group is the ability to generate cash backed profit, which is currently accentuated by a low win rate of new and expanded scope contracts. Consistent with FY23, the risk is focused on the judgement taken in reaching the conclusion of no material uncertainty, and the adequacy of the accompanying disclosures.

There continues to be a significant difference between the Group's market capitalisation (based upon the share price at the reporting date, and adjusted for the fair value of net debt and surplus assets), and the sum-of-the-parts recoverable amount of the cash generating units ('CGUs') of the Group, determined using the Fair Value Less Costs of Disposal ('FVL COD') method. In FY23, the significant risk associated with goodwill impairment was specific to the Experience group of CGUs. However, during FY24, the Group has reassessed the composition of its cash generating units, and reallocated the goodwill previously assigned to the Experience group of CGUs to two new groups of CGUs, being Contact Centre and Pension Solutions. Following this reassessment, in FY24, the focus of our procedures was the Contact Centre group of CGUs. There has been a £75.1m impairment of goodwill allocated to the Contact Centre group of CGUs, and this remains sensitive to changes in the underlying assumptions, such as planned revenue growth and the benefits of the cost reduction programme not being achieved.

The risks associated with recoverability of contract fulfilment assets ('CFAs') and recognition and measurement of onerous contract provisions both remain stable. We continue to perform procedures over capitalisation of CFAs. We continue to identify this as a significant risk, however due to the fact that there are limited CFAs that have been recognised on new major contracts in the financial year, there has been less audit effort spent on this in our current year audit and, therefore, it is not separately identified in our report this year.

For the Parent Company, recoverability of investments in, and amounts due from, its subsidiaries remains a Key Audit Matter, owing to the materiality of these balances and the estimation uncertainty of the underlying cash flow forecasts used to determine recoverable amount and expected credit losses.

The revenue recognition Key Audit Matter from previous periods has been removed. We continue to identify this as a significant risk and perform procedures over revenue recognition. However, less audit effort has been spent on this, as a result of a reduced volume of new contract wins and contract modifications in the year, and therefore is no longer identified as a Key Audit Matter.

In the prior year, we had introduced a new Key Audit Matter related to the March 2023 cyber incident, to reflect the considerable audit effort for assessing the identification, measurement and disclosure of actual and potential costs. We continue to perform procedures in respect of this, however, the relative audit effort has reduced as a result of a lack of substantial developments in the current year, and therefore we have not assessed this to be a Key Audit Matter for FY24.

Key Audit Matters	Vs FY23	Item
Going Concern	↔	4.1
Goodwill impairment for the Contact Centre cash generating unit	Not applicable	4.2
Recoverability of contract fulfilment assets and recognition and measurement of onerous contract provisions	↔	4.3
Recoverability of the Parent Company's investments in, and amounts due from, its subsidiaries	↔	4.4

Audit and risk committee interaction During the year, the ARC met 5 times. KPMG are invited to attend all ARC meetings and are provided with an opportunity to meet with the ARC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the ARC in section 6, including matters that required particular judgement for each. The matters included in the Audit and Risk Committee Chair's report on page 99 are materially consistent with our observations of those meetings.

Our independence We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 December 2010. The period of total uninterrupted engagement is for the 15 financial years ended 31 December 2024.

The Group engagement partner is required to rotate every 5 years. As these are the third set of the Group's financial statements signed by Ian Griffiths, he will be required to rotate following the FY26 audit.

The average tenure of component engagement partners is 3 years, with the shortest being 1 and the longest being 5.

Total audit fee	£5.3m
Audit related fees (including interim review)	£300k
Other services	£1.0m
Non-audit fee as a % of total audit and audit related fee %	18%
Date first appointed	18 August 2010
Uninterrupted audit tenure	15 years
Next financial period which requires a tender	2030
Tenure of Group engagement partner	3 years
Average tenure of component engagement partners	3 years

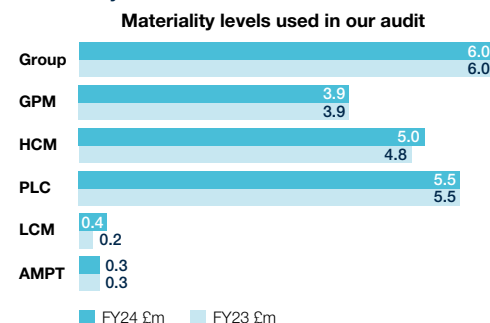
Materiality (Item 6 below) The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £6.0m (FY23: £6.0m) and for the Parent Company financial statements as a whole at £5.5m (FY23: £5.5m).

Consistent with FY23, we determined that Group revenue of £2,421.6m, normalised by excluding revenue in relation to business exits of £52.5m as disclosed in note 2.8, remains the benchmark for the Group, of which our materiality represents 0.25% (FY23: 0.21%). This reflects the continuing volatility in profit before tax from continuing operations, with revenue providing a more stable measure year on year. Revenue is also a significant focus for management and external stakeholders.

Materiality for the Parent Company financial statements was determined by reference to Company total assets and represents 0.18% of the Company's total assets (FY23: 0.17%).

Materiality levels used in our audit



Group Group Materiality
GPM Group Performance Materiality
HCM Highest Component Materiality
PLC Parent Company Materiality
LCM Lowest Component Materiality
AMPT Audit Misstatement Posting Threshold

Group scope (Item 7 below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our overseas component auditors around the world.

In total, we identified 123 components, having considered our evaluation of Key Audit Matters, the existence of common risk profile across entities, the Group's operational structure and our ability to perform audit procedures centrally. We performed audit procedures on 15 components.

In addition, for the remaining components for which we performed no audit procedures, we performed analysis at an aggregated Group level to re-examine our assessment that there was not a reasonable possibility of a material misstatement in these components.

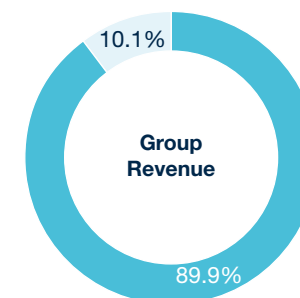
We consider the scope of our audit, as communicated to the Audit and Risk Committee, to be an appropriate basis for our audit opinion.

As noted by the Audit and Risk Committee on page 99, the Group's internal system of controls is undergoing a programme of improvement. The developing nature of the control environment outlined by the ARC is consistent with our own audit findings in previous and the current year.

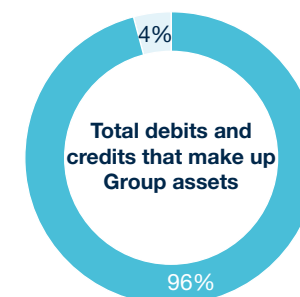
Therefore, given these findings, we planned to not rely on either manual or automated controls and performed a predominately substantive audit for relevant processes. We used data and analytics to support our audit of areas such as revenue and purchases. Given that we do not rely on IT controls, a direct testing approach was used over the completeness and reliability of data used in these routines.

Coverage of Group financial statements

Group Revenue: Our audit procedures covered 89.9% of Group revenue:



We performed audit procedures in relation to components and consolidation adjustments that overall accounted for the following percentages:



The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of planning our audit. This included the business sectors the Group operates in, the assets and liabilities the Group holds on its balance sheet, and the ways in which the Group maintains and develops its client relations and supplier engagement and manages its people.

As part of our audit, we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. Taking into account the nature of the Group's operations, our assessment is that the climate related risks to the Group's business, strategy and future results did not have a significant impact on our Key Audit Matters.

We have also read the Board's Task Force on Climate-related Financial Disclosure (TCFD) statement in the front half of the annual report and accounts and considered consistency with the financial statements and our audit knowledge.

3. Going concern, viability and principal risks and uncertainties

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern from the date of approval of the financial statements to 30 June 2026 ("the going concern period").

Going concern

An explanation of how we evaluated management's assessment of going concern is set out in the related Key Audit Matter in section 4.1 of this report.

Our conclusions

Our conclusions based on those procedures described in section 4.1 of this report are:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in section 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period; and
- The related statement under the UK Listing Rules set out on page 75 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Summary of our conclusions

We found the Directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Corporate governance report on page 84 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risk management and internal control disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 75 under the UK Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key Audit Matters

What we mean

Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters, in decreasing order of audit significance, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Going concern (group and parent company)

Financial Statement Elements	Our assessment of risk vs FY23	Our findings
Going concern disclosures with no material uncertainties – section 1 to the Group financial statements	 Our assessment is that the risk is similar to FY23. The risk continues to be focused on the judgement taken in reaching the conclusion of no material uncertainty, and adequacy of the accompanying disclosures.	FY24: We found the Group's judgement that there was no material uncertainty to be disclosed, to be balanced (FY23: balanced). We found the going concern disclosure in section 1 without any material uncertainty to be proportionate. (FY23: proportionate).
Description of the Key Audit Matter Subjective Judgement The Group completed its Portfolio disposal programme during FY24, with the final disposal in January 2024, to generate cash proceeds. The Group also completed a subsequent disposal of Capita One in September 2024 and has issued £94.2m equivalent of US private placement loan notes post year-end. Despite this, the Group generated a significant cash outflow in FY24. Performance in the going concern assessment period is underpinned by forecast revenue growth, as well as the continued delivery of a major restructuring programme to reduce costs and to make the Group more efficient. Consistent with FY23, the risk is focused on the judgement taken in reaching the conclusion of no material uncertainty.	Our response to the risk We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures to address the risk included: Our sector experience: We assessed the projections and assumptions by reference to our knowledge of the business and general market conditions, including the UK political environment, and taking account of the potential risk for management bias. We critically assessed whether the risks and uncertainties associated with the Group's customers, suppliers and workforce have been sufficiently factored in the forecast cash flows. We considered the risk factors as set out by the Board in the Principal Risks section of the annual report and accounts, and where relevant, assessed whether these were sufficiently taken into consideration in the projections prepared to support the base case and the downside risks applied.	

4.1 Going concern (group and parent company) *continued*

Description of the Key Audit Matter	Our response to the risk
Disclosure quality The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Parent Company's business model and how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations from the date of approval of these financial statements through to 30 June 2026 (the 'going concern period'). The risks most likely to adversely affect the Group's and Parent Company's available financial resources and compliance with covenants over this period include, but are not limited to, the following: • An inability to achieve the revenue and operating profit growth targets in the Group's business plan. • The inability to achieve, or delays related to, cost savings under the Group's restructuring programme. • Adverse impact from inflationary pressures, such as interest rates. • Refinancing risk in relation to the requirements of the 2025 Loan Notes. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Test of detail: We critically assessed the cash flow forecasts by considering the appropriateness of key assumptions used in preparing those projections, with a specific focus on the revenue growth and assumptions of cost savings derived from the Group's restructuring programme. We evaluated these via enquiries with each of the divisional Finance Directors, the Chief Executive Officer, and Chief Financial Officer, and inspected the Board's plans and associated papers. We benchmarked the key assumptions behind the cashflow forecasts against third party evidence, including forecasts of inflation, interest rate, and wage growth. Historical comparisons: We assessed the ability of the Group to accurately forecast by comparing historical results to past forecasts for key assumptions, such as revenue growth and cost reduction. We assessed the most recent years' performance against budget, including sales growth and cost reductions and challenged the assumptions over the going concern period based on historical performances. Funding assessment: We read the loan notes and revolving credit facility (RCF) agreements to understand the terms including covenant requirement and any restrictions of use of funds. We re-performed the key financial covenants calculations for 30 June 2025 and 2026 and 31 December 2025. We considered the adjustments made by the Group in the adjusted EBITDA for the covenant calculations, considering the appropriateness compared to the loan agreements and historical accepted practice with the current lenders. In addition, we inspected the loan agreements that set out the proposed items to be excluded in the adjusted EBITDA definition and compared these against the items included in the covenant calculations. We evaluated the refinancing risk, including a renewal or extension of the RCF within the going concern assessment period. This included consideration of the previous RCF extensions secured and potential factors which remain outside of the Group's control, including debt market conditions at the time of the fund raising. Sensitivity analysis: We critically challenged the downside sensitivities to ensure that these represented severe but plausible scenarios based on our knowledge of the business, the associated risk exposure and we considered the most recent trading results to form a holistic view of the Group. Evaluating Directors' intent: We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks in the severe but plausible scenario materialise, which included reductions in bonus and incentive payments, and capex investment, taking into account the extent to which the Directors can control the timing and outcome of these. This included consideration of the nature and quantum of historical cost savings delivered and the feasibility of implementing these over the going concern period. Stress scenario: We also developed a more stressed scenario than the severe but plausible scenario prepared by the Directors based upon our knowledge of the business and the identified risks. In response, the Directors identified additional mitigations that they would take to maintain covenant compliance throughout the going concern period. We assessed the plausibility of these additional mitigations, including consideration of whether these mitigations were within the control of the Directors and could be implemented in the timeframe required. Assessing transparency: We assessed whether the matters included in the going concern disclosure give a full and accurate description of the Directors' assessment, including the judgements made, identified risks and mitigating actions.

4.1 Going concern (group and parent company) *continued***Communications with Capita plc's Audit and Risk Committee**

Our discussions with and reporting to the Audit and Risk Committee included:

- Our evaluation of whether the Going Concern period of assessment is appropriate
- Our assessment of the risk and potential mitigations included in the Group's downside case, including the Directors' intent and the extent to which mitigating actions are within their control, should risks materialise
- Our assessment of the Group's historical forecasting accuracy and current performance

Areas of particular auditor judgement

We identified the following as the area of particular auditor judgement:

- The level of severity in the downside assumptions and the quantum of the proposed mitigations. This included whether the proposed mitigations are executable based on intent of the Directors, and could be implemented in the timeframe required.

Our findings

We found the Group's judgement that there was no material uncertainty to be disclosed, to be balanced (FY23: balanced).

We found the going concern disclosure in section 1 without any material uncertainty to be proportionate (FY23: proportionate).

Further information in the Annual Report and Accounts: See the ARC Report on page 99 for details on how the ARC considered Going Concern as an area of significant attention and page 160 for the accounting policy on Going Concern.

4.2 Goodwill impairment for the Contact Centres cash generating unit**Financial Statement Elements**

	FY24	FY23
Impairment charge in Contact Centre CGU	£75.1m	n/a
Carrying amount of goodwill in the Contact Centre CGU	£72.3m	n/a

Our findings

FY24: Mildly Cautious

Description of the Key Audit Matter**Forecast-based impairment assessment**

We consider the carrying value of goodwill and goodwill impairment allocated to the Contact Centre group of cash generating units ('Contact Centre CGU') to be a significant audit risk of error. We also identified a fraud risk related to the estimation of the recoverable amount of the Contact Centre CGU goodwill because of the inherent uncertainty involved in forecasting and discounting future cash flows, which creates a potential for management bias given previous market guidance communications. This reflects the inherent uncertainty involved in forecasting future cash flows, which are the basis of the assessment of recoverability.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures to address the risk included:

Tests of detail: We tested the principles and integrity of the Group's discounted cash flow model. We compared the cash flows used in the impairment model to the output of the Group's budgeting process. We evaluated whether the additional risk adjustments made to the forecast cash flows were reasonable from the perspective of a market participant, taking into account the understanding we obtained about the Contact Centre business area through our audit.

4.2 Goodwill impairment for the Contact Centres cash generating unit *continued*

Description of the Key Audit Matter

In FY23, the focus of our key audit matter was in respect of the Experience CGU. However, during FY24, the Directors have reassessed the composition of its cash generating units, and determined that the lowest level at which goodwill is now monitored is at a sub-divisional level for Experience. Accordingly, the goodwill has been reallocated to the 2 new CGU's, being Contact Centre and Pension Solutions. Following this reassessment, in FY24, we have identified that the Contact Centre CGU (post impairment goodwill carrying value of £72.3m) is most sensitive to changes in the underlying assumptions, such as planned revenue growth and the benefits of the cost reduction programme not being achieved

In the current year the Group recognised an impairment charge to the Contact Centre CGU goodwill of £75.1m, reflecting the uncertainty in relation to the Contact Centre CGU's ability to achieve revenue targets, given its recent performance. There is also execution and delivery risk associated with the forecast cost savings from the ongoing cost restructuring programme. These may further impact the Contact Centre CGU's activities and performance, and renders forecasting of the underlying cashflows used in determining the fair value less costs of disposal challenging. There also continues to be a significant difference between the Group's market capitalisation (based upon the share price at the reporting date, and adjusted for the fair value of net debt and surplus assets), and the sum-of-the-parts recoverable amount of the CGUs of the Group, determined using the fair value less costs of disposal (FVLCD) method. The recoverable amount of the CGU, and consequently the impairment charge, is therefore subject to a high degree of estimation uncertainty with a range of possible outcomes in excess of our materiality for the financial statements as whole.

Our response to the risk

Our entity experience: We critically assessed the Group's assumptions of forecast revenue and forecast cash savings from the ongoing cost restructuring programme, taking account of strategic plans approved by the Board.

Historical comparison: We assessed the historical accuracy of the forecasts used in the Group's impairment model by considering actual performance against prior year budgets. This included comparing forecast cash flows savings from the ongoing cost restructuring programme to actuals. We also assessed the forecast revenue growth with reference to the most recent results for 2023 and 2024.

Sensitivity analysis: We performed sensitivity and break-even analyses for the key inputs and assumptions.

Comparing valuations: As an overall stand-back test we compared the sum of the discounted cash flows to the Group's market capitalisation and assessed the rationale for the differences. We also compared the implied share price derived from the recoverable amount at the year end to the Company's share price and assessed the reasonableness of the factors identified by the Board to explain the differences. In addition, we considered the valuation of comparable companies.

Assessing transparency: We evaluated the adequacy of the disclosures related to the estimation uncertainty, and assumptions in determining the recoverable amount of the Contact Centre CGU.

4.2 Goodwill impairment for the Contact Centres cash generating unit *continued*

Description of the Key Audit Matter	Our response to the risk
Disclosure quality	
The financial statements (note 3.4) disclose the key assumptions underlying the goodwill impairment calculation and the sensitivity of the calculation to changes in these assumptions for the Contact Centre CGU. There is a risk that the disclosures presented are not sufficient to explain the key assumptions that drive the valuation, and the key sensitivities that the Board has considered.	
Communications with Capita plc's Audit and Risk Committee	
Our discussions with and reporting to the Audit and Risk Committee included: • Our determination of where the significant risk is in 2024, and our conclusions on the appropriateness of the assumptions in the valuation model. • Our views on the disclosures included in the financial statements and the sensitivity of the Contact Centre impairment conclusion to reasonably possible changes in assumptions.	
Areas of particular auditor judgement	
We identified the following as the areas of particular auditor judgement: • Whether the Group's cash flow forecasts for Contact Centre CGU, in particular those in respect of revenue growth and the quantum and timing of the cost savings expected from the delivery of the restructuring programme, fell within an acceptable range. • Adequacy of sensitivity disclosures and the assessment as to what would constitute a reasonably possible downside scenario for the CGU.	
Our findings	
We found the Group's estimated recoverable amount of goodwill for the Contact Centre CGU and the related impairment charge to be mildly cautious, resulting in an impairment charge at the higher end of our acceptable range. We found the Group's disclosures of the related assumptions and sensitivities to be proportionate.	

Further information in the Annual Report and Accounts: See the ARC Report on page 99 for details on how the ARC considered the Carrying amount of goodwill for the Contact Centre CGU as an area of significant attention, page 193 for the accounting policy on goodwill impairment for the Contact Centre CGU and note 3.4 for the financial disclosures.

4.3 Recoverability of contract fulfilment assets and recognition and measurement of onerous contract provisions

Financial Statement Elements			Our assessment of risk vs FY23		Our findings
	FY24	FY23	↔	Risk remains stable vs FY23	FY24: balanced
Non-Current Contract Fulfilment Assets ('CFA')	£257.5m	£257.0m			FY23: balanced
Onerous Contract Provisions ('OCP')	£46.2m	£43.3m			
Description of the Key Audit Matter			Our response to the risk		Our response to the risk
Subjective Judgement					
A contract fulfilment asset is recorded for costs incurred on a contract or an anticipated contract that generate or enhance the resources of the Group that will be used in satisfying future obligations under the contract. Where a contract is not performing as expected, in line with key milestones or not started in line with contractual timelines, the costs capitalised may not be recoverable and an impairment of the asset may need to be recorded. Where no CFA has been recorded, or the CFA has already been fully impaired, there is also a risk that the contract may be onerous, and an onerous contract provision should be recorded. We have identified a risk of fraud in response to potential pressures and incentives on management to not recognise or manipulate impairments of CFAs, or manipulate OCPs, to achieve bonus targets or market consensus. There is inherent uncertainty in forecasting contract profitability over the contract lifetime, which gives rise to estimation uncertainty, and therefore judgement may be required in determining the amounts of CFAs that need to be impaired or OCPs recorded, particularly for contracts in the pre-inflection phase of transformation.			We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures to address the risk included: Our sector and entity experience: We considered the assumptions within the business plans and contract lifetime assessments and whether conditions that could lead to a CFA impairment or OCP have been identified appropriately, particularly on contracts that have had a poor performance in the current year or that are in a pre-inflection phase of transformation. For a selection of contracts, including those identified by the Board as being high risk, we challenged the Group's assessment of whether the associated CFAs should be impaired or OCPs should be recorded. We assessed contract profitability forecasts by analysing historic performance relative to contractual commitments over its full term. This included critically assessing the assumptions over future costs, including projected savings and the actions required to achieve these by comparison to historical cost savings achieved on similar projects. We assessed forecast contract profitability by considering any contract specific key performance indicators that could trigger service credits, together with any contract modifications agreed with the customer in response to the economic environment, or more widely as part of commercial discussions. Benchmarking: We assessed any ongoing impact of inflation and the UK Autumn Budget (in particular changes to employers' National Insurance contributions) on the key assumptions. Our assessment considered the levels of uncertainty contained in the forecasts, the extent to which Company actions alone could mitigate risks, and any dependencies on the customer or other third parties. Assessing transparency: We considered the disclosures in the financial statements to assess whether these provided sufficient detail on judgements taken in respect of recoverability of CFAs, and recognition and measurement of OCPs.		

4.3 Recoverability of contract fulfilment assets and recognition and measurement of onerous contract provisions *continued***Description of the Key Audit Matter**

The effect of these matters is that, as part of our risk assessment, we determined that there is a risk of error in respect of the recoverable amount of non-current contract fulfilment assets and completeness and accuracy of the onerous contract provision, as a result of a high degree of estimation uncertainty, with a potential range of possible outcomes greater than our materiality for the financial statements as a whole.

We continue to perform procedures over capitalisation of CFAs. However, due to the fact that there are limited CFAs that have been recognised on new major contracts in the financial year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Disclosure quality

There is a risk that the disclosures presented are not adequate in explaining the key assumptions and sensitivity of these assumptions applied in assessment of recoverability of CFAs and any onerous contract provisions required.

Communications with Capita plc's Audit and Risk Committee

Our discussions with and reporting to the Audit and Risk Committee included:

- Our assessment of the Group's judgements linked to contracts potentially at risk of becoming onerous, or where an OCP is already held. This included consideration of recoverability of any CFA recognised related to those contracts.
- Adequacy of accompanying disclosures in respect to CFAs and OCPs in notes 2.1 and 3.1.3 to the financial statements.

Areas of particular auditor judgement

We identified the following as the area of particular auditor judgement:

- Assessment of the need for OCPs and/or CFA impairment for contracts potentially at risk, for which profitability is sensitive to forecast assumptions made in respect to remaining expected contract life.

Our findings

We found the Group's estimated recoverable amount and the related impairment charge for CFAs, and the recognised OCPs to be balanced (FY23: balanced).

We found that the Group's disclosures in note 2.1 and 3.1.3 to be proportionate (FY23: proportionate).

Further information in the Annual Report and Accounts: See the ARC Report on page 99 for details on how the ARC considered Recoverability of CFAs and Recognition and Measurement of OCPs as an area of significant attention, page 166 for the accounting policy on assessing recoverability of CFAs and Recognition and Measurement of OCPs and note 2.1 and 3.1.3 for the financial disclosures.

4.4 Recoverability of the parent company's investment in, and amounts due from, its subsidiaries

Financial Statement Elements			Our assessment of risk vs FY23	Our findings
	FY24	FY23	↔	
Investments carrying value after impairment	£978.2m	£996.0m		FY24: Balanced
Impairment charge in Capita Life and Pension Regulated Services	£5.9m	n/a		FY23: Balanced
Amounts receivable from subsidiary companies	£2,025.3m	£2,270.3m		
Description of the Key Audit Matter			Our response to the risk	
Forecast-based assessment			We performed the tests below rather than seeking to rely on the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.	
The carrying amount of the Parent Company's investment in, and amounts due from, its subsidiaries represent 31.6 % and 65.3% (FY23: 30.2% and 68.8%) of its total assets respectively.			Our procedures included:	
The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting future cash flows, especially forecast revenue growth.			Tests of detail: For amounts due from subsidiaries, we first assessed the likely risk of default by the counterparty with reference to the Parent Company's definition of default, being a net liability position. This was based upon the subsidiary's draft balance sheet as utilised within the Group consolidation. For investments, we assessed if there was an indicator of impairment by comparing the carrying amount of the investment with the subsidiary's draft net assets within the Group consolidation, being an approximation of its minimum recoverable amount. Where required, we then proceeded to assess the probability of recovery based upon the entity level discounted cashflow forecasts and the recoverable amount of any indirect subsidiaries. We assessed consistency with the cashflows utilised in the goodwill impairment (where applicable), deferred tax and going concern models. For CLPRS, we also assessed consistency with the assumptions used in determining the related OCPs.	
An impairment of £5.9m has been recognised on the investment in subsidiary in Capita Life and Pension Regulated Services (CLPRS). Uncertainty in relation to the current macro-economic environment and the execution risk associated with delivery of cost savings from the ongoing cost restructuring programme may further impact the Group's activities and performance and renders precise forecasting of the underlying cashflows for all the Group's subsidiaries challenging.			Historical comparison: For the balances identified as at greatest risk of irrecoverability, we assessed the historical accuracy of the forecasts used by considering actual performance against prior year budgets, recognising the impacts of the current macro-economic environment. We assessed the forecast revenue growth with reference to the most recent results for 2022 and 2023. This included comparing forecast cash flows savings from the ongoing cost restructuring programme to actuals.	
The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the recoverable amount of the Parent Company's investment in, and amounts due from, its subsidiaries had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we concluded that, except for the investment in subsidiary in CLPRS, reasonably possible changes to the recoverable amounts would not be expected to result in material impairment or expected credit losses.				

4.4 Recoverability of the parent company's investment in, and amounts due from, its subsidiaries *continued*

Description of the Key Audit Matter	Our response to the risk
Disclosure quality The financial statements (note 7.3.3) disclose the key assumptions underlying the investment impairment calculations and the sensitivity of the calculations to changes in these assumptions. There is a risk that the disclosures presented are not sufficient to explain the key assumptions that drive the valuations, and the key sensitivities that the Board has considered. This is particularly important given the current uncertainty surrounding the macro-economic environment.	Evaluating Directors' intent: We assessed the Directors' intention in respect of the recovery of intercompany debt and assessed whether the cash flows used to assess recoverability were consistent with this intention. Sensitivity analysis: We performed sensitivity analyses for the key inputs and assumptions used in the estimates of the recoverable amounts of certain investments, which included forecast revenue growth. We considered the likelihood of such scenarios materialising and the impact this would have upon the recoverable amount. Assessing transparency: We evaluated the adequacy of the disclosures related to the estimation uncertainty, judgements made and assumptions over the recoverability of the Parent Company's investment in, and amounts due from, its subsidiaries, and the associated sensitivities, with a particular focus on disclosures related to the investment in subsidiary in CLPRS.
Communications with the Capita plc's Audit and Risk Committee Our discussions with and reporting to the Audit and Risk Committee included: • Our conclusions on the appropriateness of the Group's assumptions taken in respect to cash flow forecasts, included the forecast revenue growth assumption for certain investments. • Our assessment of the Group's judgement taken in respect to recoverability of intercompany receivables. Areas of particular auditor judgement We identified the following as the areas of particular auditor judgement: • For investments identified as at greatest risk of irrecoverability, whether the Group's revenue growth and forecast impact of ongoing cost restructuring programme within the cash flow forecasts fell within an acceptable range. Our findings We found the Parent Company's assessment of the recoverability of the investments in, and amounts due from, subsidiaries to be balanced (FY23: balanced). We found the Parent Company's disclosures of the recoverability of investments held by the Parent Company in, and amounts due from, subsidiaries to be proportionate (FY23: proportionate).	

Further information in the Annual Report and Accounts: See the ARC Report on page 99 for details on how the ARC considered the Recoverability of the Parent Company's investment in, and amounts due from its subsidiaries as an area of significant attention, page 230 for the accounting policy on assessing recoverability of the Parent Company's investment in, and amounts due from its subsidiaries, and note 7.3.3 for the financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of Directors, the Audit and Risk Committee, internal audit and inspection of the Group’s documented high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud; • Reading Board and Audit and Risk Committee meeting minutes; • Considering remuneration incentive schemes and performance targets for management and Directors including the short and long-term incentive plans for management remuneration; • Using analytical procedures to identify any unusual or unexpected relationships; and • Using our own forensic specialists to assist us in identifying fraud risks. This included attending the Risk Assessment and Planning Discussion, with the engagement partner and engagement key team members, and assisting with designing relevant audit procedures to respond to the identified fraud risks.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requests to component auditors to report to the Group auditor any instances of fraud that could give rise to a material misstatement at Group level.
Fraud risks	As required by auditing standards, taking into account possible pressures to meet profit targets and market consensus and continued ongoing economic uncertainty, and using our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular: • The risk that Group and component management may be in a position to make inappropriate accounting entries for long-term contracts; and • The risk of bias in accounting estimates and judgements such as contract modifications and terminations • The risk of bias in accounting judgements related to contract liabilities for certain revenue streams in the Pensions Administration business We have identified a fraud risk in response to potential pressures and incentives on management to not recognise or manipulate impairments of CFAs, or manipulate OCPs, to achieve bonus targets or market consensus. We also identified a fraud risk related to the estimation of the recoverable amount of the Contact Centre CGU goodwill because of the inherent uncertainty involved in forecasting and discounting future cash flows, which creates a potential for management bias given previous market guidance communications.
Link to KAMs	Further details in respect of the recoverable amount of goodwill associated with the Contact Centre CGU, and the recoverability of CFAs and recognition and measurement of OCPs are set out in section 4 of this report.
Procedures to address fraud risks	We performed procedures including: • Identifying journal entries and other adjustments to test at the Group level and for selected components, based on risk criteria, and comparing the identified entries to supporting documentation. These included, where relevant, those posted by senior finance personnel and those posted to unusual accounts, including unexpected account combinations of entries to revenue, expenses, cash and borrowings. • Assessing whether the judgement made in accounting estimates are indicative of a potential bias, including those over revenue recognition, recognition of contract liabilities for certain revenue streams in the Pensions Administration business, recoverability of contract assets, going concern and impairment of goodwill.
Actual or suspected fraud discussed with AC	We discussed with the Audit and Risk Committee matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

5. Our ability to detect irregularities, and our response *continued***Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations**

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence; and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. As some of the Group's subsidiaries are regulated, our assessment of risks involved gaining an understanding of the control environment including these entities' procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group auditor any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group level.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/regulation areas	The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of some of the Group's subsidiaries' license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, data protection, employment law, regulatory capital and liquidity (in relation to the financial and regulated nature of certain of the Group's activities in the Life & Pensions and Pension Administration sectors). Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.
Known actual or suspected matters/legislation of particular relevance	In relation to the claim received in relation to the cyber incident in 2023 described in section 6.2 of the financial statements, we have assessed the disclosures against our understanding from inquiries performed with external legal counsel as well as inquiries with the in-house legal team and Chief General Counsel and inspection of relevant documentation.
Context	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£6.0m (FY23: £6.0m) Materiality for the Group financial statements as a whole	What we mean A quantitative reference for the purpose of planning and performing our audit. Basis for determining materiality and judgements applied Materiality for the Group financial statements as a whole was set at £6.0m (FY23: £6.0m). Consistent with FY23, this was determined with reference to a benchmark of normalised Group revenue of £2,369.1m (FY23: £2,642.1m). We normalised Group revenue of £2,421.6m by excluding revenue in relation to business exits disclosed in note 2.8. Use of revenue as the benchmark reflects the continuing volatility in profit before tax from continuing operations, with revenues providing a more stable measure year on year. Revenue is also a significant focus for management and external stakeholders. Our Group materiality of £6.0m was determined by applying a percentage to normalised Group revenue. When using this benchmark, KPMG's approach for listed entities considers a guideline range 0.5% – 1% of the measure. In setting overall Group materiality, we applied a percentage of 0.25% (FY23: 0.23%) to the benchmark which is below the lower end of the expected range. This acknowledges the low historic margin of the Group. Materiality for the Parent Company financial statements as a whole was set at £5.5m (FY23: £5.5m), determined by reference to total Company assets and represents 0.18% of the Company's total assets (FY23: 0.17%).
£3.9m (FY23: £3.9m) Performance materiality	What we mean Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Basis for determining performance materiality and judgements applied Performance materiality for the Group and the Parent Company was set at 65% (FY23: 65%) of materiality for the financial statements as a whole, which equates to £3.9m (FY23: £3.9m) for the Group and £3.6m (FY23: £3.6m) for the Parent Company. We applied this percentage in our determination of performance materiality based on the number and level of identified misstatements and control deficiencies during the prior period.
£0.3m (FY23: £0.3m) Audit misstatement posting threshold	What we mean This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud. This is also the amount above which all misstatements identified are communicated to Capita's Audit and Risk Committee. Basis for determining the audit misstatement posting threshold and judgements applied We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the ARC other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £6.0m (FY23: £6.0m) compares as follows to the main financial statement caption amounts:

	Group Revenue		Group Profit Before Tax		Total Group Assets	
	FY24	FY23	FY24	FY23	FY24	FY23
Financial statement caption	£2,421.6m	£2,814.6m	£116.6m	£(106.6)m	£1,839.0m	£1,997.8m
Group materiality as % of caption	0.25%	0.21%	5.15%	5.63%	0.33%	0.30%

7. The scope of our audit

Group scope

What we mean

How the Group auditor determined the procedures to be performed across the Group.

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the Group auditor, plan to perform audit procedures to address Group risks of material misstatement ("RMMs"). Similarly, the Group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 123 components, having considered our evaluation of Key Audit Matters, existence of common risk profile across entities, Group's operational structure and our ability to perform audit procedures centrally.

Of those, we identified 1 quantitatively significant component which contained the largest percentage of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified 3 components that required special audit consideration, owing to Group risks relating to revenue, contract fulfilment assets and onerous contract provisions present in these components.

In addition, having considered qualitative and quantitative factors, we selected an additional 11 components with accounts contributing to the specific RMMs of the Group financial statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures	Range of materiality applied
Quantitatively significant components	1	£5m
Components requiring special audit consideration	3	£1.6m – £2.5m
Other components where we performed procedures	11	£0.2m – £3.6m
Total	15	

We involved component auditors in performing the audit work on 11 components. We approved the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the Parent Company.

Our audit procedures covered 89.9% of Group revenue.

We performed audit procedures in relation to components and consolidation adjustments that overall accounted for 82% of total profits and losses that make up Group profit before tax, and 96% of total debits and credits that make up Group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 1% of Group revenue, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

Impact of controls on our Group audit

As noted by the Audit and Risk Committee ('ARC') on page 99, the Group's internal system of controls is undergoing a programme of improvement. The developing nature of the control environment outlined by the ARC is consistent with our own audit findings in previous and the current year.

Therefore, given these findings, we planned to not rely on either manual or automated controls and performed a predominately substantive audit for relevant processes. We used data and analytics to support our audit of areas such as revenue and purchases. Given that we do not rely on IT controls, a direct testing approach was used over the completeness and reliability of data used in these routines.

7. The scope of our audit *continued*

Group audit team oversight	What we mean The extent of the Group auditor's involvement in work performed by component auditors. In working with component auditors, we: • Held planning calls with component auditors to discuss the significant areas of the audit relevant to the components, including the Key Audit Matters of recoverability of contract fulfilment assets and recognition and measurement of onerous contract provisions • Issued Group audit instructions to component auditors on the scope of their work, including specifying the procedures to perform in their audit of journals and long-term contracts • Communicated with the UK component auditors in-person as the audit progressed to understand and evaluate their work and organised frequent video conferences with the partners and Directors of the Group and component auditors, including those based overseas. At these meetings the findings reported to us were discussed in more detail, and any further work required by us was then performed by the component auditors. We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed (with a particular focus on audit work performed to address significant risks of fraud related to revenue recognition and management override of controls).
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8. Other information in the annual report

The Directors are responsible for the other information presented in the Annual Report and Accounts together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and Directors' report

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

8. Other information in the annual report *continued***Corporate Governance disclosures****Our responsibility**

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the Directors' statement that they consider that the annual report and accounts and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report and accounts describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report and accounts that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We have nothing to report in this respect.

Other matters on which we are required to report by exception**Our responsibility**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Our reporting

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 130, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company'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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Griffiths
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
4 March 2025

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Consolidated income statement

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Revenue	2.2	2,421.6	2,814.6
Cost of sales		(1,905.1)	(2,222.5)
Gross profit		516.5	592.1
Administrative expenses (including goodwill impairment of £75.1m (2023: £42.2m))	2.3, 2.4, 2.8	(526.4)	(644.1)
Operating loss	2.3, 2.4, 2.8	(9.9)	(52.0)
Share of results in associates and losses on financial assets	2.8	(11.8)	—
Finance income ¹	4.3	10.0	8.7
Finance costs ¹	4.3	(56.3)	(60.9)
Gain/(loss) on disposal of businesses	2.8	184.6	(2.4)
Profit/(loss) before tax	2.4	116.6	(106.6)
Income tax charge	2.6	(36.2)	(74.0)
Total profit/(loss) for the year		80.4	(180.6)
Attributable to:			
Owners of the Company		76.7	(178.1)
Non-controlling interests	4.7	3.7	(2.5)
		80.4	(180.6)
Earnings/(loss) per share	2.7		
– basic		4.54 p	(10.60)p
– diluted		4.41 p	(10.60)p
Adjusted operating profit	2.4	95.9	90.9
Adjusted profit before tax	2.4	50.0	40.9
Adjusted basic earnings/(loss) per share	2.7	2.11 p	(0.20)p
Adjusted diluted earnings/(loss) per share	2.7	2.05 p	(0.20)p

1. Finance income and finance costs have been separately disclosed for the current year, with the prior year re-presented on the same basis. Previously these were presented as net finance expenses.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Total profit/(loss) for the year		80.4	(180.6)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to the income statement			
Actuarial loss on defined benefit pension schemes	5.2	(11.8)	(68.2)
Tax effect on defined benefit pension schemes	2.6	2.8	15.9
Loss on fair value of investments		—	(0.1)
Items that will or may be reclassified subsequently to the income statement			
Exchange differences on translation of foreign operations		0.2	(2.9)
Exchange differences realised on business disposals	2.8.1	—	0.2
Gain/(loss) on cash flow hedges	4.2.4	9.9	(8.5)
Cash flow hedges recycled to the income statement	4.2.4	(2.8)	(2.0)
Tax effect on cash flow hedges	2.6	(1.8)	2.6
Other comprehensive expense for the year net of tax		(3.5)	(63.0)
Total comprehensive income/(expense) for the year net of tax		76.9	(243.6)
Attributable to:			
Owners of the Company		73.2	(241.0)
Non-controlling interests	4.7	3.7	(2.6)
		76.9	(243.6)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

At 31 December 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Property, plant and equipment	3.2	68.5	80.0
Intangible assets	3.3	79.8	90.0
Goodwill	3.4	372.4	495.7
Right-of-use assets	3.5	180.7	208.5
Investments in associates		—	0.2
Contract fulfilment assets	3.1.3	257.5	257.0
Financial assets	4.5	99.0	97.2
Deferred tax assets	2.6	111.6	140.3
Employee benefits	5.2	42.9	32.7
Trade and other receivables	3.1.1	10.0	12.3
		1,222.4	1,413.9
Current assets			
Financial assets	4.5	20.6	28.1
Income tax receivable		7.0	11.6
Disposal group assets held-for-sale	2.8.2	0.1	38.1
Trade and other receivables	3.1.1	335.3	350.7
Cash	4.5.4	253.6	155.4
		616.6	583.9
Total assets		1,839.0	1,997.8
Current liabilities			
Overdrafts	4.5.4	62.2	95.0
Trade and other payables	3.1.2	353.2	425.9
Disposal group liabilities held-for-sale	2.8.2	0.1	9.7
Income tax payable		3.8	1.3
Deferred income	2.2.3	435.4	501.3
Lease liabilities	4.4,4.5	42.9	51.1
Financial liabilities	4.5	88.2	10.8
Provisions	3.6	81.4	101.6
		1,067.2	1,196.7

	Notes	2024 £m	2023 £m
Non-current liabilities			
Trade and other payables	3.1.2	6.7	8.5
Deferred income	2.2.3	30.5	36.2
Lease liabilities	4.4,4.5	305.8	312.3
Financial liabilities	4.5	183.2	267.5
Deferred tax liabilities	2.6	7.0	7.2
Provisions	3.6	37.9	48.6
Employee benefits	5.2	5.0	5.9
		576.1	686.2
Total liabilities		1,643.3	1,882.9
Net assets		195.7	114.9
Capital and reserves			
Share capital	4.6	35.2	35.2
Share premium	4.6	1,145.5	1,145.5
Employee benefit trust shares	4.6	(0.3)	(0.7)
Capital redemption reserve		1.8	1.8
Other reserves		(9.5)	(15.0)
Retained deficit		(972.8)	(1,053.8)
Equity attributable to owners of the Company		199.9	113.0
Non-controlling interests	4.7	(4.2)	1.9
Total equity		195.7	114.9

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Board of directors on 4 March 2025 and signed on its behalf by:

Adolfo Hernandez
Chief Executive Officer

Pablo Andres
Chief Financial Officer

Consolidated statement of changes in equity for the year ended 31 December 2024

	Share capital £m	Share premium £m	Employee benefit trust shares £m	Capital redemption reserve £m	Retained deficit £m	Other reserves £m	Total attributable to the owners of the parent £m	Non-controlling interests £m	Total equity £m
At 31 December 2022	34.8	1,145.5	(4.2)	1.8	(843.2)	(4.5)	330.2	22.5	352.7
Loss for the year	—	—	—	—	(178.1)	—	(178.1)	(2.5)	(180.6)
Other comprehensive expense	—	—	—	—	(52.4)	(10.5)	(62.9)	(0.1)	(63.0)
Total comprehensive expense for the year	—	—	—	—	(230.5)	(10.5)	(241.0)	(2.6)	(243.6)
Share-based payment (note 2.6; note 5.1)	—	—	—	—	5.5	—	5.5	—	5.5
Tax effect of share based payment	—	—	—	—	0.3	—	0.3	—	0.3
Reclassification ²	—	—	—	—	15.9	—	15.9	(15.9)	—
Purchase of non-controlling interest	—	—	—	—	1.4	—	1.4	(1.4)	—
Exercise of share options under employee long-term incentive plans (note 4.6; note 5.1)	—	—	3.9	—	(3.9)	—	—	—	—
Shares issued (note 4.6)	0.4	—	(0.4)	—	—	—	—	—	—
Dividends paid ¹	—	—	—	—	—	—	—	(0.7)	(0.7)
Changes in put-options held by non-controlling interests	—	—	—	—	0.7	—	0.7	—	0.7
At 31 December 2023	35.2	1,145.5	(0.7)	1.8	(1,053.8)	(15.0)	113.0	1.9	114.9
Profit for the year	—	—	—	—	76.7	—	76.7	3.7	80.4
Other comprehensive (expense)/income	—	—	—	—	(9.0)	5.5	(3.5)	—	(3.5)
Total comprehensive income for the year	—	—	—	—	67.7	5.5	73.2	3.7	76.9
Share-based payment (note 2.6; note 5.1)	—	—	—	—	6.0	—	6.0	—	6.0
Tax effect of share based payment	—	—	—	—	(0.2)	—	(0.2)	—	(0.2)
Elimination of non-controlling interest on disposal of businesses (note 2.8.1)	—	—	—	—	—	—	—	(9.1)	(9.1)
Exercise of share options under employee long-term incentive plans (note 4.6; note 5.1)	—	—	1.0	—	(1.0)	—	—	—	—
Parent Company shares purchased (note 4.6)	—	—	(0.6)	—	—	—	(0.6)	—	(0.6)
Dividends paid ¹	—	—	—	—	—	—	—	(0.7)	(0.7)
De-recognition of put-options held by non-controlling interests (note 4.5.2)	—	—	—	—	8.5	—	8.5	—	8.5
At 31 December 2024	35.2	1,145.5	(0.3)	1.8	(972.8)	(9.5)	199.9	(4.2)	195.7

1. No dividends were declared, paid or proposed in 2024 or 2023 on the Parent Company's ordinary shares.

2. During the prior year it was identified that the non-controlling interest (NCI) proportion of a goodwill impairment charge, which was recognised in the year ended 31 December 2018, had not been previously allocated within the result for that year attributable to NCI. The NCI proportion of the impairment has been reclassified to the NCI reserve in the prior year.

Share capital – The balance classified as share capital is the nominal proceeds on issue of the Parent Company's equity share capital, comprising 2 1/15 pence ordinary shares.

Share premium – The amount paid to the Parent Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them less issuance costs.

Employee benefit trust shares – Shares held in the employee benefit trust have no voting rights and no entitlement to a dividend.

Capital redemption reserve – The Parent Company can redeem shares by repaying the market value to shareholders, whereupon the shares are cancelled. Redemption must be from distributable profits. The Capital redemption reserve represents the nominal value of the shares redeemed.

Retained deficit – Net profits/(losses) accumulated in the Group after dividends are paid.

Other reserves – This consists of the foreign currency translation reserve deficit of £11.0m (2023: £11.2m deficit) and the cash flow hedging reserve surplus of £1.5m (2023: £3.8m deficit).

Non-controlling interests (NCI) – This represents equity in subsidiaries not attributable directly or indirectly to the Parent Company.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash generated from operations	2.9	16.0	8.7
Income tax paid ¹		(4.0)	(8.1)
Income tax received ¹		5.1	0.6
Interest received		8.0	6.2
Interest paid		(50.3)	(47.7)
Net cash outflow from operating activities		(25.2)	(40.3)
Cash flows from investing activities			
Purchase of property, plant and equipment	3.2	(16.6)	(28.8)
Purchase of intangible assets	3.3	(33.5)	(32.8)
Proceeds from sale of property, plant and equipment and intangible assets	2.3, 3.2, 3.3	0.3	0.1
Proceeds from disposal of associates and joint ventures		0.3	—
Additions to originated loans receivable		(0.5)	—
Changes to investments at fair value through other comprehensive income		—	(0.1)
Proceeds from sale of investments held at fair value through profit and loss		1.4	—
Capital element of lease rental receipts		5.9	6.0
Deferred consideration from sale of subsidiary companies		20.0	1.9
Total proceeds received from disposal of businesses, net of disposal costs	2.8.1	249.1	96.8
Cash held by businesses when sold	2.8.1	(25.2)	(33.4)
Net cash inflow from investing activities		201.2	9.7

	Notes	2024 £m	2023 £m
Cash flows from financing activities			
Dividends paid to non-controlling interests		(0.7)	(0.7)
Purchase of Parent Company shares by the Employee Benefit Trust	4.6	(0.6)	—
Capital element of lease rental payments	2.9.3	(53.6)	(59.1)
Proceeds on issue of private placement loan notes	2.9.3	—	103.5
Cost of cross-currency swaps	2.9.3	—	(1.6)
Repayment of private placement loan notes	2.9.3	—	(121.0)
Proceeds from cross-currency interest rate swaps	2.9.3	3.4	8.5
Repayment of other finance	2.9.3	—	(0.5)
Debt financing arrangement costs	2.9.3	—	(5.4)
Net cash outflow from financing activities		(51.5)	(76.3)
Increase/(decrease) in cash and cash equivalents		124.5	(106.9)
Cash and cash equivalents at the beginning of the year		67.6	177.2
Effect of exchange rates on cash and cash equivalents		(0.7)	(2.7)
Cash and cash equivalents at 31 December		191.4	67.6
Cash and cash equivalents comprise:			
Cash	4.5.4	253.6	155.4
Overdrafts	4.5.4	(62.2)	(95.0)
Cash, net of overdrafts, included in disposal group assets and liabilities held-for-sale	2.8.2	—	7.2
Total		191.4	67.6

Cash generated from operations excluding business exits	2.9.2	16.2	26.5
Free cash flow excluding business exits	2.9.2	(122.3)	(123.6)

1. Income tax paid and income tax received have been separately disclosed for the current year, with the prior year re-presented on the same basis. Previously these were presented as net income tax paid.

The accompanying notes are an integral part of these consolidated financial statements.

Section 1: Basis of preparation

This section sets out the Group's accounting policies relating to these consolidated financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

This section also includes details of new accounting standards, amendments and interpretations including their effective dates and explanation on the expected impact to the financial position and performance of the Group.

For ease of reference, this symbol has been used to denote any accounting policies included within the notes to these consolidated financial statements:



Denotes accounting policies

These financial statements consolidate those of Capita plc (the Company or the Parent Company) and all of its subsidiaries (the Group). Capita plc is a public limited company incorporated in England and Wales whose shares are publicly traded. The principal activities of the Group are given in the strategic report on pages 19 to 25.

These consolidated financial statements of Capita plc for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 4 March 2025.

These consolidated financial statements are presented in British pounds sterling and all values are rounded to the nearest tenth of a million (£m) except where otherwise indicated.

Statement of compliance

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards (UK-IFRS) and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group at 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to the Group until control is transferred out of the Group. Where there is a loss of control of a subsidiary, these consolidated financial statements include the results for that part of the reporting year during which Capita plc had control and the profit or loss on disposal is calculated as the difference between the fair value of the consideration received and the carrying amount of the net assets (including goodwill) disposed of. Losses applicable to the non-controlling interests in subsidiaries are attributed to the non-controlling interests even if that results in the non-controlling interests having a deficit balance.

Investments in associates are accounted for using the equity method. Under the equity method, the investment in the entity is stated as a one line item at cost plus the investor's share of retained post-acquisition profits or losses and other changes in net assets less any impairment.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2024, the Board is required to consider whether the Group and Parent Company can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts, key uncertainties, sensitivities, and mitigations as set out below.

Accounting standards require that 'the foreseeable future' for going concern assessment covers a period of at least twelve months from the date of approval of these financial statements, although those standards do not specify how far beyond twelve months a Board should consider. In its going concern assessment, the Board has considered the period from the date of approval of these financial statements to 30 June 2026 ('the going concern period'), which aligns with a period end and covenant test date for the Group.

The base case financial forecasts used in the going concern assessment are derived from the 2025-2027 business plan as approved by the Board in February 2025.

The going concern assessment considers the Group's sources and uses of liquidity and covenant compliance throughout the period under review. The value of the Group's committed revolving credit facility (RCF) was £250.0m at 31 December 2024.

Financial position at 31 December 2024

As detailed further in the Chief Financial Officer's review in the strategic report, at 31 December 2024 the Group had net debt of £415.2m (2023: £545.5m), net financial debt (pre-IFRS 16)¹ of £66.5m (2023: £182.1m), available liquidity¹ of £397.2m (2023: £282.3m) and was in compliance with all debt covenants (refer to note 4.1.2 to the consolidated financial statements).

Board assessment

Base case scenario

Under the base case scenario, the Group's transformation programme and completion of the Portfolio non-core business disposal programme in January 2024 together with the disposal of Capita One in September 2024, has simplified and strengthened the business and facilitates further efficiency savings enabling sustainable growth in revenue, profit and cash flow over the medium term, whilst acknowledging the expected free cash outflow for 2025. When combined with available committed facilities, this allows the Group to manage scheduled debt repayments. The most material sensitivities to the base case are the risk of not delivering the planned revenue growth and further efficiency savings being delayed or not delivered from the Group's previously announced cost reduction programme.

The base case projections used for going concern assessment purposes reflect business disposals completed up to the date of approval of these financial statements. The liquidity headroom assessment in the base case projections reflects the Group's existing committed financing facilities, including the £94.2m of US private placement loan notes issued in March 2025 (refer to note 6.3), debt redemptions, and the intended renewal or extension of the Group's RCF by 31 December 2025 to meet the requirements of the 2025 US private placement loan notes. The base case financial forecasts demonstrate liquidity headroom and compliance with all debt covenant measures throughout the going concern period to 30 June 2026.

¹. Refer to alternative performance measures in section 8.2 to the financial statements.

Section 1: Basis of preparation *continued*

Severe but plausible downside scenario

In considering severe but plausible downside scenarios, the Board has taken account of the potential adverse financial impacts resulting from the following risks:

- revenue growth falling materially short of plan;
- operating margin expansion not being achieved;
- targeted cost savings delayed or not delivered;
- unforeseen operational issues leading to contract losses and cash outflows;
- sustained interest rates at current levels;
- non-availability of the Group's non-recourse trade receivables financing facility; and
- unexpected financial costs linked to incidents such as data breaches and/or cyber-attacks.

The likelihood of simultaneous crystallisation of the above risks is considered by the directors to be low. Nevertheless, in the event that simultaneous crystallisation were to occur, the Group would need to take action to ensure there is sufficient headroom for debt covenant purposes. In its assessment of going concern, the Board has considered the mitigations, under the direct control of the Group, that could be implemented including, but not limited to, reductions or delays in capital investment, and substantially reducing (or removing in full) bonus and incentive payments. The Board has also assumed that the intended renewal or extension of the Group's RCF by 31 December 2025 to meet the requirements of the March 2025 private placement loan notes is successful. Taking these considerations into account, the Group's financial forecasts, in a severe but plausible downside scenario, demonstrate sufficient liquidity headroom and compliance with all debt covenant measures throughout the going concern period to 30 June 2026.

Adoption of going concern basis

Reflecting the forecasts, coupled with the Board's ability to implement appropriate mitigations should the severe but plausible downside materialise, the Group and Parent Company continues to adopt the going concern basis in preparing these consolidated financial statements. The Board has concluded that the Group and Parent Company will be able to continue in operation and meet their liabilities as they fall due over the period to 30 June 2026.

Foreign currency translation

The functional and presentation currency of Capita plc and its UK subsidiaries is the British pound sterling (£). Transactions in foreign currencies are initially recorded at the functional currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate ruling at the balance sheet date. All differences are taken to the consolidated income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the consolidated income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also taken directly to equity. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of overseas operations include the euro, Indian rupee, South African rand, Polish zloty and the US dollar. At the balance sheet date, the assets and liabilities of the overseas operations are retranslated into the presentation currency of Capita plc at the exchange rate ruling on the balance sheet date and their income statements are translated using the weighted average exchange rate for the year.

The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign operation, the deferred cumulative foreign currency translation difference recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on whether they are current or non-current.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the balance sheet date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the balance sheet date; or
- Does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Recoverable amount of non-current assets

At each balance sheet date, the Group assesses whether there is any indication that a non-current asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's, or cash-generating unit's, fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Consideration of climate change

The impact of climate change has been considered in the preparation of these consolidated financial statements across a number of areas, including our evaluation of the critical accounting estimates and assumptions which are detailed below, consistent with the risks and opportunities set out in the strategic report on pages 59 to 67. None of these risks had a material effect on the critical accounting estimates and assumptions or on the consolidated financial statements of the Group.

The following areas were considered during the preparation of these consolidated financial statements:

- contract judgements made on the Group's major contracts including contract fulfilment assets;
- going concern and viability of the Group over the relevant respective period;
- cash flow forecasts used in the impairment assessments of non-current assets including the Group's intangible assets such as customer contracts and goodwill;
- carrying value and useful economic lives of property, plant and equipment;
- deferred tax asset recognition; and
- the valuation of assets held within the Group's pension schemes.

Section 1: Basis of preparation *continued*

As current legislation stands, there is currently no material short or medium-term¹ impact expected from climate change on the Group. The Group will continue to monitor its climate strategy and the impact that policies or changes in legislation may have on the estimates the Group makes, and any subsequent impact on assets and liabilities recognised and presented in its consolidated financial statements.

1. As defined in the Task Force on Climate-related Financial Disclosures section of the Strategic Report

Significant accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires the directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the presented periods. Although these judgements and assumptions are based on the directors' best knowledge of the amount, events or actions, actual results may differ.

As described in note 2.1, given the level of judgement and estimation involved in assessing the future profitability of contracts, it is reasonably possible that outcomes within the next financial year may be different from management's assumptions which could require a material adjustment to the carrying amounts of contract fulfilment assets and onerous contract provisions.

Judgements

The key areas where significant accounting judgements have been made and which have the most significant effect on the amounts recognised in the consolidated financial statements, are summarised below and set out in more detail in the related note(s):

- Contract accounting (note 2.1):
 - Revenue recognition;
- Capitalisation of contract fulfilment assets (note 3.1.3); and
- Adoption of the going concern basis of preparation (section 1).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are summarised below and set out in more detail in the related note. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are incorporated into the assumptions when they occur:

- Contract accounting (note 2.1):
 - Impairment of contract fulfilment assets;
 - Carrying value of onerous contract provisions;
- Deferred tax asset recognition (note 2.6);
- Impairment of goodwill in respect of the Contact Centre group of cash generating units (note 3.4); and
- Measurement of defined benefit pension obligations (note 5.2).

For ease of reference, the symbols below have been used to denote significant accounting judgements and/or significant accounting estimates and assumptions where they occur within the notes to these consolidated financial statements:

J Denotes significant accounting judgements

E Denotes significant accounting estimates and assumptions

New standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year. In addition, the Group has adopted the new, and amendments to, standards listed below. These amendments were either not applicable or not material to the Group or Parent Company.

International Accounting Standards (IAS/IFRS)	Effective date
Classification of liabilities as current or non-current and non-current liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

New standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has issued the following standards, amendments and interpretations with an effective date after the date of these consolidated financial statements. These are effective for annual reporting periods beginning on or after the date indicated:

International Accounting Standards (IAS/IFRS)	Effective date
Lack of Exchangeability - Amendments to IAS 21	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments - IFRS 9 and IFRS 7 ¹	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11 - Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹	1 January 2026
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7 ¹	1 January 2026
Presentation and Disclosure of Financial Statements - IFRS 18 ¹	1 January 2027
Subsidiaries without Public Accountability: Disclosures - IFRS 19 ¹	1 January 2027

1. The effective date is based on the standard or amendment issued by the IASB and are still subject to adoption by the UK Endorsement Board.

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from their effective dates.

Section 2: Results for the year

This section contains notes related to the financial performance of the Group. These include:

- 2.1 Contract accounting
- 2.2 Revenue including segmental revenue
- 2.3 Operating profit
- 2.4 Adjusted operating profit and adjusted profit before tax
- 2.5 Segmental information
- 2.6 Taxation
- 2.7 Earnings/(loss) per share
- 2.8 Business exits and assets held-for-sale
- 2.9 Cash flow information

AP

Denotes accounting policies

J

Denotes significant accounting judgements

E

Denotes significant accounting estimates and assumptions

Key highlights

Reported revenue

£2,421.6m

(2023: £2,814.6m)

Reported operating loss / margin

£(9.9)m / (0.4)%

(2023: loss £52.0m)

(2023: (1.8)%)

Net cash flow from operating activities

£(25.2)m

(2023: £(40.3)m)

Reported basic earnings/(loss) per share (EPS)

4.54p

(2023: (10.60)p)

Adjusted revenue¹

Aim: Achieve low to mid-digit revenue growth per annum in the medium-term

£2,369.1m

(2023: £2,575.8m)

Adjusted operating profit / margin¹

Aim: Achieve adjusted operating profit margin of between 6% and 8% in the medium-term

£95.9m / 4.0%

(2023: profit £90.9m)

(2023: 3.5%)

Free cash flow excluding business exits¹

Aim: Achieve sustainable, long-term positive free cash flow growth generation

£(122.3)m

(2023: £(123.6)m)

Adjusted basic earnings/(loss) per share (EPS)¹

Aim: Achieve long-term growth in EPS

2.11p

(2023: (0.20)p)

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

Section 2: Results for the year *continued*

In 2024 the decline in the Group's adjusted revenue¹ year-on-year reflected the impact of losses in prior years, the cessation of lower margin service lines, and the reduction in volumes in the Contact Centre telecommunications vertical.

Public Service revenue reduction reflects the continued impact of previously announced contract losses, delayed mobilisations of two contracts won in 2023, the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract, and a more focused approach to bidding which impacted current year revenue and profit. These factors offset additional volumes in our contract with Transport for London and the benefit from indexation.

In Experience, the revenue reduction in the Contact Centre business reflects the one-off benefit from the Virgin Media O2 contract transition in 2023, the impact of prior year contract losses, and lower volumes in the Telecommunications vertical. The revenue growth in the Pensions Solutions business reflects volume increases across a number of clients, including the Pension Insurance Corporation contract, and the benefit from indexation. The revenue reduction in the Regulated Services business reflects the one-off benefit from the prior year commercial settlement and the progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pensions business.

Adjusted operating profit¹ improved year-on-year reflecting the benefit from the ongoing cost reduction programme, more than offsetting the impact of the revenue trends noted above and the non repeat of one-offs from the prior year.

Cash generated from operations excluding business exits¹ decreased, as expected, driven by the impact of mobilisation delays, a more sustainable approach to working capital management, and an increase in cash costs to deliver the cost reduction programme, partly offset by a reduction in the direct cash cost of the 2023 cyber incident and pension deficit contributions.

Free cash flow excluding business exits¹ in 2024 was a marginally lower outflow than in the prior year. This reflects the reduction in cash generated from operations noted above, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

The Group had a cash inflow of £14.1m (2023: £15.0m outflow) arising from those businesses sold in the year, offset by an additional outflow from pension deficit payments triggered as a result of these disposals totalling £14.5m (2023: £16.3m outflow).

Revenue

Adjusted revenue¹ reduced by 8.0% year-on-year as a result of the following:

- **Capita Public Service:** revenue reduction driven by the continued impact of previously announced contract losses, such as Scottish Wide Area Network and Electronic Monitoring, the delayed mobilisations of two contracts won in 2023, the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract, and a more focused approach to bidding impacted the current year. These factors are partly offset by additional volumes in the division's contract with Transport for London, and the benefit from indexation;
- **Capita Experience:**
 - **Contact Centre:** revenue reduction reflecting the one-off benefit from the Virgin Media O2 contract transition in the prior year, the impact of prior year contract losses, and lower volumes in the Telecommunications vertical which we expect to remain subdued in 2025;
 - **Pension Solutions:** revenue growth reflecting volume increases across a number of clients, including Pension Insurance Corporation contract, and the benefit from indexation; and

- **Regulated Services:** revenue reduction reflecting the one-off benefit from the prior year commercial settlement, and the progress being made on contract exits as we resolve legacy issues and look to exit the closed book Life & Pension business.

For additional information, which does not form part of these consolidated financial statements, the Chief Financial Officer's review in the strategic report includes information in respect of the changes.

Operating profit

Adjusted operating profit¹ improved by £5.0m year-on-year to a profit of £95.9m. This is driven by the following:

- **Capita Public Service:** strong improvement reflects the successful implementation of the cost reduction programme, offset by the flow through of previously announced contract losses, and the double digit profit impact from the conclusion of project work in 2023 and the impact of Ofgem's price control determination on the Smart DCC contract;
- **Capita Experience:**
 - **Contact Centre:** non-repeat of the 2023 one-off noted above, the flow through of revenue decline, lower volumes with our telecommunications vertical, and continued investment in technology; partially offset by an underlying margin improvement from lower overheads, including reduced property footprint, from delivery of the cost reduction programme;
 - **Pension Solutions:** improved profit driven by savings from the cost reduction programme and volume growth;
 - **Regulated Services:** the one-off benefit from the prior year, the agreed exit of three clients resulting in reduced profit in 2024, and the 2023 and 2024 benefit from accelerated deferred income recognition; and
- **Capita plc:** reflects benefits from the cost reduction programme.

Profit before tax

Adjusted profit before tax¹ increased year-on-year to £50.0m (2023: £40.9m) reflecting the above improvements in adjusted operating profit¹ and reduced net finance costs excluded from adjusted profit of £45.9m (2023: £50.0m). Lower net finance costs reflect reduced debt levels following proceeds received for business exits in the year and as a result of cost reduction initiatives.

Reported results

Adjusted profit before tax¹ excludes a number of specific items so users of these consolidated financial statements can more clearly understand the financial performance of the Group. Reported profit before tax was £116.6m (2023: loss £106.6m). The year-on-year improvement has arisen from: a gain on business disposals in 2024 compared with a loss in 2023; and a reduction in costs related to the cyber incident in 2023 and the costs to deliver the cost reduction programme; partially offset by an increase in goodwill impairment. A reconciliation of the adjusted profit before tax¹ to reported profit before tax is detailed in note 2.4.

Reported operating loss for the year was £9.9m (2023: loss £52.0m). Details of items charged/credited in arriving at the reported operating loss can be found in note 2.3.

For additional information, which does not form part of these consolidated financial statements, the Chief Financial Officer's review in the strategic report includes information in respect of the changes.

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

Section 2: Results for the year *continued*

Taxation

The adjusted income tax charge for the year was £10.3m (2023: charge £47.4m). The reduction is mainly as a result of the changes in the accounting estimate of recognised deferred tax assets which had less of an impact in 2024 compared to 2023, and a lower current income tax charge as a result of fewer current year losses to be carried forward.

The reported income tax charge for the year of £36.2m comprises a current tax charge of £17.8m, reflecting non-deductible goodwill impairments and non-taxable gains on business exits, plus a deferred tax charge of £18.4m arising from changes in the accounting estimate of recognised deferred tax assets and business exits. The prior period charge of £74.0m reflected the changes in the accounting estimate of recognised deferred tax assets, unrecognised current year tax losses and non-deductible goodwill impairment. The reduction in the reported income tax charge reflects the reduction in the adjusted tax charge noted above, and a smaller change in the accounting estimate of recognised deferred tax assets.

Earnings per share

Adjusted basic earnings per share¹ increased to 2.11p (2023: loss per share 0.20p) reflecting the increase in adjusted operating profit¹, reduction in the net finance costs excluded from adjusted profit, and the adjusted current tax charge of £10.3m compared to the adjusted tax charge of £47.4m in the prior year.

The increase from a reported basic loss per share to a reported basic earnings per share reflects the swing to a reported profit before tax, compounded by the reduction in the reported income tax charge.

Dividend

The Board is not recommending the payment of a final dividend (2023: £nil). The prioritised order the Board applies in respect of capital allocation is to:

1. make the operating and capital investment needed to deliver its strategy;
2. ensure the Group is optimally financed from a debt and leverage perspective in line with its medium-term target;
3. recommence dividend payments once the Group is sustainably generating positive free cash flow; and
4. at a point in the future, when the Group either organically or inorganically generates sufficient surplus funds, contemplate alternative investor returns above a traditional dividend stream.

Cash flow

Operating cash flow excluding business exits¹ and operating cash flow conversion¹ reduced in 2024 driven by the following:

- **Public Service:** operating cash conversion¹ impact by the delayed mobilisation and more sustainable approach to working capital management;
- **Experience:**
 - **Contact Centre:** operating cash flow excluding business exits¹ reduced reflecting the decline in EBITDA. 2023 also included a benefit of payment phasing on the new Virgin Media O2 contract which did not recur in 2024;
 - **Pension Solutions:** improvement in operating cash conversion¹ driven by improved billing cycles;
 - **Regulated Services:** decline in operating cash conversion¹ reflects the decline in operating cash flow excluding business exits¹ due to the one-offs in the prior year, including receipt on a contract termination; and
- **Capita plc:** the movement in the usage of the Group's non-recourse trade receivables financing facility, and a more sustainable approach to working capital management.

	Notes	2024 £m	2023 £m
Adjusted operating profit ¹ to free cash flow excluding business exits ¹			
Adjusted operating profit¹	2.4	95.9	90.9
Add: depreciation/amortisation and impairment of property, plant and equipment, right-of-use assets and intangible assets	2.5	90.2	105.6
Adjusted EBITDA		186.1	196.5
Working capital	2.9	(105.6)	(107.7)
Non-cash and other adjustments	2.9	(8.5)	(6.1)
Operating cash flow excluding business exits¹		72.0	82.7
Adjusted operating cash conversion¹		39 %	42 %
Pension deficit contributions	2.9	(6.3)	(30.0)
Cyber incident	2.9	(5.0)	(20.1)
Cost reduction programme	2.9	(44.5)	(6.1)
Cash generated from operations excluding business exits¹		16.2	26.5
Net capital expenditure	2.9	(49.5)	(52.6)
Interest/tax paid	2.9	(41.3)	(45.1)
Net capital lease payments	2.9	(47.7)	(52.4)
Free cash flow excluding business exits¹		(122.3)	(123.6)

Operating cash flow excluding business exits¹ reflects the impact of mobilisation delays and a more sustainable approach to working capital.

Cash generated from operations excluding business exits¹ reflects the above operating cash flow excluding business exits¹, the direct cash flow impact of the cyber incident (£5.0m), and the cash cost of delivering the cost reduction programme (£44.5m). The £6.3m of pension deficit contributions are in accordance with the deficit funding contribution schedule previously agreed with the scheme trustees as part of the 2020 triennial valuation. In aggregate, including accelerated pension deficit contributions resulting from business disposals, the Group has made pension deficit contributions of £20.8m in the year. Given the healthy funding position of HPS in its latest funding valuation (as at 31 March 2023), and the Group having paid all outstanding deficit contributions in 2024, there are no further agreed deficit contributions to be paid at this time.

Free cash flow excluding business exits¹ for the year ended 31 December 2024 was an outflow of £122.3m (2023: outflow £123.6m) reflecting the reduction in cash generated from operations, partly offset by lower net capital lease payments, following the rationalisation of our property estate, and lower tax outflows.

For additional information, which does not form part of these consolidated financial statements, the Chief Financial Officer's review in the strategic report includes information in respect of the changes.

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

Section 2: Results for the year *continued*

2.1 Contract accounting

At 31 December 2024, the Group had the following results and balance sheet items related to long-term contracts:

	Notes	2024 £m	2023 £m
Long-term contractual revenue	2.2	1,871.7	2,104.0
Contract fulfilment assets (non-current)	3.1.3	257.5	257.0
Accrued income	3.1.1	132.7	138.3
Deferred income		465.9	537.5
Onerous contract provisions		46.2	43.3

Background

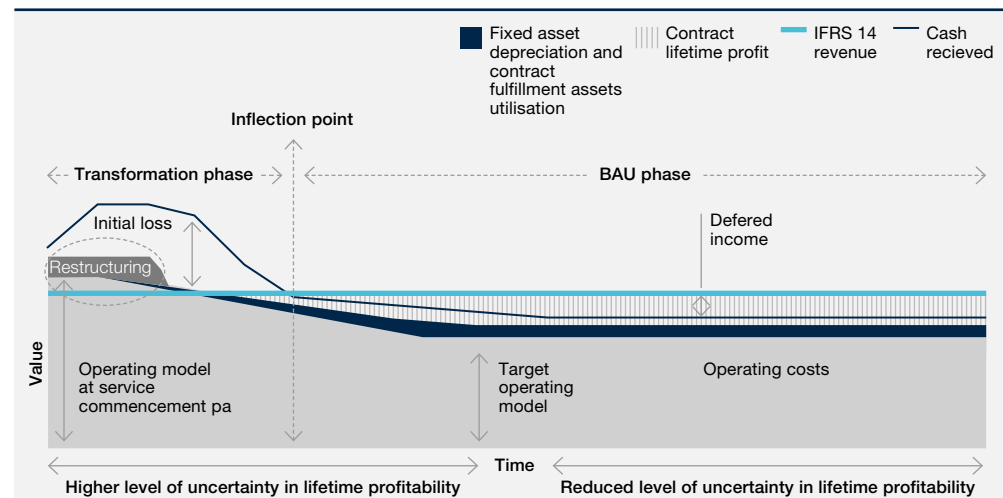
The Group operates diverse businesses. The majority of the Group's revenue is from contracts greater than two years in duration (long-term contractual), representing 77% of Group revenue in 2024 (2023: 75%).

These long-term contracts can be complex in nature given the breadth of solutions the Group offers and the transformational activities involved. Typically, Capita takes a customer's process and transforms it into a more efficient and effective solution which is then operated for the customer. The outcome is a high quality solution that addresses a customer's needs and is delivered consistently over the life of the contract.

The Group recognises revenue on long-term contracts as the value is delivered to the customer, which is generally evenly over the contract term, regardless of any restructuring and transformation activity required to deliver the services to the customer. Capita will often incur greater costs during contract transformation phases with costs diminishing over time as the target operating model is implemented and efficiencies realised. This results in lower profits or losses in the early years of contracts and potentially higher profits in later years as the transformation activities are successfully completed and the target operating model fully implemented (the business as usual (BAU) phase). The inflection point is when the contract becomes profitable.

Non-current contract fulfilment assets are recognised for those costs qualifying for capitalisation. The utilisation of these assets is recognised over the contract term. The timing of cash receipts from customers typically matches when the costs are incurred to transform, restructure and run the service. This results in income being deferred and released when the Group delivers against its obligations to provide services and solutions to its customers.

An example, showing the revenue, cost, profit and cash flow of a typical long-term contract lifecycle is as follows:



E Significant accounting estimates and assumptions

Due to the size and complexity of some of the Group's contracts, there are significant judgements to be applied, specifically in assessing: (i) the recoverability of non-current contract fulfilment assets; and (ii) the completeness of onerous contract provisions. These judgements are dependent on assessing the contract's future profitability and give rise to a key source of estimation uncertainty. It is possible that outcomes within the next financial year may be different from management's assumptions and could require a material adjustment to the carrying amounts of contract fulfilment assets and onerous provisions.

J Significant accounting judgements

Significant judgement is exercised by management regarding when to recognise revenue from variations or scope changes on long-term contracts. There is a risk that revenue may be recognised whilst uncertainties exist over contractual terms and ongoing negotiations with clients. These uncertainties could impact the timing and/or transaction price and therefore the overall amount of revenue to be recognised. Judgement is also required when customers request scope changes to determine if there is a contract modification or a contract termination followed by a new contract. Contract terminations can lead to the immediate recognition of any deferred income being held for recognition in future periods. Refer to note 2.2 for the Group's accounting policies.

Section 2: Results for the year *continued*

2.1 Contract accounting continued

Assessing contract profitability

In assessing a contract's future lifetime profitability, management must estimate forecast revenue and costs to both transform and run the service over the remaining contract term. The ability to accurately forecast the outcomes involves estimates in respect of: costs to be incurred; cost savings to be achieved; future performance against any contract-specific key performance indicators (KPIs) that could trigger variable consideration or service credits; outcome of any commercial negotiations; and impact of inflation on the cost base and the indexation of revenue.

The level of uncertainty in the estimated future profitability of a contract is directly related to the stage in the life-cycle of the contract and the complexity of the performance obligations. Contracts in the transformation stage are considered to have a higher level of uncertainty because of:

- the ability to accurately estimate the costs to deliver the transformed process;
- the dependency on the customer to agree to the specifics of the transformation: for example, where they are involved in certifying that the new process or, the new technical solution, designed by Capita meets their specific requirements;
- the requirement to deliver the key transformation milestones in accordance with timelines agreed with the customer; and
- the assumptions made to forecast expected savings in the target operating model.

Those contracts which are in BAU tend to have a much lower level of uncertainty in estimating future profitability.

Recoverability of non-current contract fulfilment assets and completeness of onerous contract provisions

Management first assesses whether contract assets are impaired and then further considers whether an onerous contract exists. For half and full year reporting, the Audit and Risk Committee specifically reviews the material judgements and estimates, and the overall approach to this assessment in respect of the Group's major contracts, including comparison against previous forecasts.

The major contracts are rated by management according to their financial risk profile, which is linked to the level of uncertainty over future assumptions. During 2024 the process to determine which major contracts the Audit and Risk Committee review was updated to provide better focus, and at half year, the Audit and Risk Committee review those in the high or medium risk categories, and at full year those material by virtue of their size relative to the Group are also reviewed if not already identified.

An assessment of which contracts are major contracts is performed twice a year. Other contracts are reported to the Audit and Risk Committee as deemed appropriate. These contracts are collectively referred to as 'major contracts' in the remainder of this note.

In the following paragraphs, the amounts disclosed for the current period are only in respect of those major contracts that the Audit and Risk Committee have reviewed (ie those major contracts which are in the high or medium risk categories or material by virtue of their size relative to the Group). The prior year amounts in relation to major contracts are as previously presented, and as such reflect the major contracts reviewed by the Audit and Risk Committee for that year end. The prior period amounts are therefore not directly comparable to those disclosed for the current year.

The major contracts contributed £1.0 billion (2023: £1.1 billion) or 42% (2023: 42%) of Group adjusted revenue. Non-current contract fulfilment assets at 31 December 2024 were £257.5m (2023: £257.0m), of which £119.3m (2023: £125.1m) relates to major contracts with ongoing transformational activities. The remainder relates to contracts post transformation and includes non-major contracts.

As noted above, the major contracts, both pre- and post-transformation, are rated according to their financial risk profile. For those that are in the high and medium rated risk categories the associated non-current contract fulfilment assets were, in aggregate, £67.8m at 31 December 2024 (2023: £52.8m). The recoverability of these assets is dependent on no significant adverse change in the key contract assumptions arising. The balance of deferred income associated with these contracts was £95.9m at 31 December 2024 (2023: £109.5m) and is forecast to be recognised as performance obligations continue to be delivered over the life of the respective contracts. Onerous contract provisions associated with these contracts were £35.3m at 31 December 2024 (2023: £37.3m).

Following these reviews, and reviews of smaller contracts across the business, as outlined in note 3.1.3, non-current contract fulfilment asset impairments of £0.7m (2023: £3.4m) were identified and recognised within adjusted cost of sales, of which £nil (2023: £nil) relates to non-current contract fulfilment assets added during the period. Additionally, net onerous contract provisions of £18.0m (2023: £9.4m), were identified and recognised in adjusted cost of sales with a further £4.1m (2023: £nil) excluded from adjusted cost of sales as part of business exits.

Given the quantum of the relevant contract assets and liabilities, and the nature of the estimates noted above, management has concluded it is reasonably possible, that outcomes within the next financial year may be different from management's current assumptions and could require a material adjustment to the carrying amounts of contract fulfilment assets and onerous contract provisions. However, as noted above, £119.3m (2023: £125.1m) of non-current contract fulfilment assets relates to major contracts with ongoing transformational activities; and, £67.8m (2023: £52.8m) of non-current contract fulfilment assets and £35.3m (2023: £37.3m) of onerous contract provisions relate to the highest and medium rated risk category. Due to the level of uncertainty, combination of variables and timing across numerous contracts, it is not practical to provide a quantitative analysis of the aggregated judgements that are applied, and management do not believe that disclosing a potential range of outcomes on a consolidated basis would provide meaningful information to a user of the financial statements. Due to commercial sensitivities, the Group does not specifically disclose the amounts involved in any individual contract.

Certain major transformation contracts have key milestones during the next twelve months and an inability to meet these key milestones could lead to reduced profitability and a risk of impairment of the associated contract fulfilment assets. These include contracts with the City of London Police, BBC, Transport for London, Health Assessment Advisory Services and the Civil Service Pension Scheme.

Additional information, which does not form part of these consolidated financial statements, on the results and performance of the underlying divisions including the outlook on certain contracts is set out in the divisional performance review in the strategic report.

Section 2: Results for the year *continued*

2.2 Revenue including segmental revenue

AP Accounting policies

Revenue

The Group operates a diverse range of businesses and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15 *Revenue from Contracts with Customers*.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognised either when the performance obligation in the contract has been performed ('point-in-time' recognition) or 'over-time' as control of the performance obligation is transferred to the customer.

For all contracts, the Group determines if the arrangement with a customer creates enforceable rights and obligations. This assessment results in certain Master Service Agreements (MSA) or Frameworks not meeting the definition of a contract under IFRS 15 and as such the individual call-off agreements, linked to the MSA, are treated as individual contracts.

The Group enters into contracts which contain extension periods, where either the customer or both parties can choose to extend the contract or there is an automatic annual renewal, and/or termination clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that these clauses have when determining the appropriate contract term. The term of the contract impacts both the period over which revenue from performance obligations may be recognised and the period over which non-current contract fulfilment assets are expensed.

For contracts with multiple components to be delivered such as transformation, transitions and the delivery of outsourced services, management applies judgement to consider whether those promised goods and services are:

- (i) distinct – to be accounted for as separate performance obligations;
- (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or,
- (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At a contract's inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed key performance indicators (KPIs). Such amounts are only included based on the expected value, or the most likely outcome method, and only to the extent that it is highly probable that no revenue reversal will occur.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are already agreed.

After the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative standalone selling prices and recognises revenue when (or while) those performance obligations are satisfied.

The Group infrequently sells standard products with observable standalone prices due to the specialised services required by customers, consequently the Group applies judgement to determine an appropriate standalone selling price. More frequently, the Group sells customers bespoke solutions, and in these cases the Group typically uses the expected cost-plus margin or a contractually stated price approach to estimate the standalone selling price of each performance obligation.

The Group may offer price step downs during the life of a contract, but with no change to the underlying scope of services to be delivered. In general, any such variable consideration, price step down or discount is included in the total transaction price to be allocated across all performance obligations unless it relates to only one performance obligation in a contract.

For each performance obligation to be recognised over-time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method, the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. This is a faithful depiction of the transfer of services since the service delivered to the customer is unchanged. Where the output method is used, in particular for long-term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimations of: user numbers; service activity levels; or fees collected.

When transfer of control is most closely aligned to Group efforts in delivering the service, the input method is used to measure progress and revenue is recognised in direct proportion to costs incurred. This is a faithful depiction of the transfer of services because costs (or other inputs) most accurately reflect the incremental benefits received by the customer from efforts to date.

If performance obligations in a contract do not meet the over-time criteria, the Group recognises revenue at a point-in-time when the service or good is delivered.

Contract modifications

The Group's contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new, or changes existing, enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a) prospectively as an additional performance obligation (this is typically when new distinct goods or services are provided on an existing contract);
- b) prospectively as a termination of the existing contract and creation of a new contract;
- c) as part of the original contract using a cumulative catch up (this is typically where the modification changes the services provided to date); or,
- d) as a combination of (b) and (c).

In respect of contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over-time, the modification will always be treated under either (a) or (b); (d) may arise when a contract has a part-termination and a modification of the remaining performance obligations.

Section 2: Results for the year *continued*

2.2 Revenue including segmental revenue continued

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end because management needs to determine if a modification has been approved and if it either creates new, or changes existing, enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken through an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management uses judgement to estimate the change in total transaction price. Importantly, any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur. For example, if pricing is subject to indexation based on an external metric (such as the Consumer Price Index (CPI) or the Retail Price Index (RPI)) then the revenue related to the indexation will only be recognised once the relevant indexation is confirmed. Future indexation will not be recognised because it is not highly probable that a significant reversal of an indexation adjustment will not occur.

Principal versus agent

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent because more than one party is involved in providing the goods and services to the customer. The Group is a principal if it controls a promised good or service before transferring that good or service to the customer. The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably: the discretion the Group has in establishing the price for the specified good or service; whether the Group has inventory risk; and whether or not the Group is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement particularly in relation to certain service contracts. An example is the provision of certain recruitment and learning services where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent, revenue is recorded on a net basis, recognising only the commission or fee earned as revenue.

Licences

Software licences delivered by the Group can either be right to access (active) or right to use (passive) licences, which determines the timing of revenue recognition. The assessment of whether a licence is active or passive involves judgement.

The key determinant of an active licence is whether or not the Group is required to undertake continuing activities that significantly affect the licensed intellectual property (or the customer has a reasonable expectation that it will do so) and the customer is, therefore, exposed to positive (or negative) impacts resulting from those changes. Where the Group is responsible for any maintenance, continuing support, updates and upgrades, then the sale of the initial software is not distinct. All other licences which have significant standalone functionality are treated as passive licences.

When software upgrades are sold as part of the software licence agreement (ie software upgrades are promised to the customer), the Group applies judgement to assess whether the software upgrades are distinct from the licence (ie a separate performance obligation). If the upgrades are considered fundamental to the ongoing use of the software by the customer, the upgrades are not considered distinct and not accounted for as a separate performance obligation.

For each contract that includes a separate licence performance obligation, the Group considers all the facts and circumstances in determining whether the licence revenue is recognised over-time (active) or at a point-in-time (passive) from the go-live date of the licence.

Deferred and accrued income

The Group's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and/or services being provided. This can include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance. The long-term service contracts tend to have higher cash flows early in the contract to cover transformational activities.

Where payments received are greater than the revenue recognised up to the balance sheet date, the Group recognises a deferred income contract liability for this difference. Where payments received are less than the revenue recognised up to the balance sheet date, the Group recognises an accrued contract income asset for this difference.

At each balance sheet date the Group assesses whether accrued income may be impaired by applying the simplified approach permitted by IFRS 9 (as with trade receivables). Where applicable, accrued income is reduced by appropriate allowances for expected credit losses calculated using this approach.

Financing component

If the timing of payments agreed with the customer provides the Group or the customer with a significant benefit of financing the transfer of good or services, the amount of consideration is adjusted for the effects of the time value of money. The Group does not make an adjustment for the time value of money in the following circumstances:

- (i) when the Group expects, at contract inception, that the period between the entity transferring the good or service and the customer paying for it will be one year or less; or
- (ii) when the Group receives consideration upfront as part of a transformation phase, this receipt is for reasons other than for financing and the overall consideration that the customer pays is no different as a result of paying this consideration upfront.

There were no contracts with significant financing components in 2024 (2023: none).

Contract types

The Group disaggregates revenue from contracts with customers by contract type, because management believe this best depicts how the nature, amount, timing, and uncertainty of the Group's revenue and cash flows are affected by economic factors. Categories are: long-term contractual – greater than two years; short-term contractual – less than two years; and transactional. The years being measured from the service commencement date.

Long-term contractual – greater than two years

The Group provides a range of services under contracts with a duration of more than two years. The nature of contracts or performance obligations within this revenue type includes:

- (i) long-term outsourced service arrangements in the public and private sectors; and
- (ii) active software licence arrangements.

The majority of long-term contractual agreements form part of a series of distinct goods and services because they are substantially the same service; and have the same pattern of transfer, since the series constitutes services provided in distinct time increments (eg daily, monthly, quarterly or annually), and therefore treats the series as one performance obligation.

Section 2: Results for the year *continued*

2.2 Revenue including segmental revenue continued

Short-term contractual – less than two years

The nature of contracts or performance obligations within this revenue type includes:

- (i) short-term outsourced service arrangements in the public and private sectors; and
- (ii) software maintenance contracts.

The Group has assessed that maintenance and support (ie on-call support, remote support) for software licences is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract if the customer has a passive licence. These recurring services are substantially the same because the nature of the promise is for the Group to 'stand ready' to perform maintenance and support when required by the customer. Each day of 'standing ready' is distinct from each subsequent day and is transferred in the same pattern to the customer.

Transactional (point-in-time) contracts

The Group delivers a range of goods or services in all reportable segments that are transactional services for which revenue is recognised at the point-in-time when control of the goods or services has transferred to the customer. This may be at the point of physical delivery of goods or services and acceptance by the customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria. The nature of contracts or performance obligations within this revenue type includes:

- (i) provision of computing hardware goods;
- (ii) passive software licence agreements;
- (iii) commission received as agent from the sale of third-party software; and
- (iv) fees received in relation to the delivery of professional services.

Master service arrangements (MSA) or Frameworks

MSA or individual call-off agreements are classified as short-term contractual if they include a notice period with committed volumes, otherwise they are classified as transactional (point-in-time) contracts.

2.2.1 Segmental revenue

The Group's operations are managed separately according to the nature of the services provided, with each segment representing a strategic business offering a different package of client services across the markets the Group serves. Capita plc is a reconciling item and not an operating segment. A description of the service provision for each segment can be found in the strategic report on pages 19 to 25. Inter-segmental pricing is based on set criteria and is either charged on an arm's length basis or at cost.

The tables opposite present revenue for the Group's operating segments as reported to the Chief Operating Decision Maker ('CODM'). The Group comprises two trading divisions – Capita Public Service and Capita Experience – and in prior periods the CODM viewed these as two operating segments because the CODM reviewed operating results to assess their performance and make decisions about allocation of resources at this level. Capita Public Service goes to market through three subdivisions – Local Public Service; Defence, Learning, Fire and Security; and Central Government – however, the CODM views these subdivisions as one operating segment. Capita Experience also comprises three subdivisions – Contact Centre; Pension Solutions; and Regulated Services. Following the completion of the exit of the non-core businesses in the Portfolio division, and the review of the Group's strategy conducted in 2024, the CODM now reviews the operating results for each of these three subdivisions in this division separately, and therefore each subdivision is now an operating segment. Comparative information has also been re-presented to reflect the change in operating segments and to reflect businesses exited during 2024.

Adjusted revenue, excluding results from businesses exited in both years (adjusting items), was £2,369.1m (2023: £2,575.8m), a decline of 8.0% (2023: increase 1.1%).

Year ended 31 December 2024	Notes	Capita Public Service £m	Capita Experience			Total adjusted £m	Adjusting items £m	Total reported £m
			Contact Centre £m	Pension Solutions £m	Regulated Services £m			
Continuing operations								
Long-term contractual		1,148.4	408.4	127.9	148.7	1,833.4	38.3	1,871.7
Short-term contractual		162.0	220.3	51.1	—	433.4	9.5	442.9
Transactional (point-in-time)		76.8	22.2	—	3.3	102.3	4.7	107.0
Total segment revenue		1,387.2	650.9	179.0	152.0	2,369.1	52.5	2,421.6
Trading revenue		1,409.9	676.7	179.8	153.8	2,420.2	51.8	2,472.0
Inter-segment revenue		(22.7)	(25.8)	(0.8)	(1.8)	(51.1)	0.7	(50.4)
Total adjusted segment revenue		1,387.2	650.9	179.0	152.0	2,369.1	—	2,369.1
Business exits – trading	2.8	—	—	—	—	—	52.5	52.5
Total segment revenue		1,387.2	650.9	179.0	152.0	2,369.1	52.5	2,421.6

Year ended 31 December 2023								
Continuing operations								
Long-term contractual		1,148.0	550.2	120.5	203.3	2,022.0	82.0	2,104.0
Short-term contractual		195.9	231.2	49.8	1.6	478.5	24.9	503.4
Transactional (point-in-time)		56.0	16.2	—	3.1	75.3	131.9	207.2
Total segment revenue		1,399.9	797.6	170.3	208.0	2,575.8	238.8	2,814.6
Trading revenue		1,422.2	830.8	170.7	209.4	2,633.1	267.1	2,900.2
Inter-segment revenue		(22.3)	(33.2)	(0.4)	(1.4)	(57.3)	(28.3)	(85.6)
Total adjusted segment revenue		1,399.9	797.6	170.3	208.0	2,575.8	—	2,575.8
Business exits – trading	2.8	—	—	—	—	—	238.8	238.8
Total segment revenue		1,399.9	797.6	170.3	208.0	2,575.8	238.8	2,814.6

Section 2: Results for the year *continued*

2.2 Revenue including segmental revenue continued

Geographical location

The Group generates revenue largely in the UK and Europe. The table below presents revenue by geographical location.

	2024				2023			
	United Kingdom £m	Rest of Europe £m	Other £m	Total £m	United Kingdom £m	Rest of Europe £m	Other £m	Total £m
Revenue	2,150.3	271.3	—	2,421.6	2,526.0	282.5	6.1	2,814.6

2.2.2 Order book

The tables below show the order book for each division, categorised into long-term contractual (contracts with length greater than two years) and short-term contractual (contracts with length less than two years). The length of the contract is calculated from the service commencement date. The figures represent the aggregate amount of currently contracted transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied. Revenue expected to be recognised upon satisfaction of these performance obligations is as follows:

Order book 31 December 2024	Capita Experience				Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	
Long-term contractual	2,843.1	426.1	431.2	226.1	3,926.5
Short-term contractual	80.3	218.5	10.1	5.3	314.2
Total	2,923.4	644.6	441.3	231.4	4,240.7

Order book 31 December 2023	Capita Portfolio £m	Capita Experience				Total £m
		Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	
Long-term contractual	—	3,381.1	1,236.3	444.3	430.6	5,492.3
Short-term contractual	37.2	164.9	163.3	17.5	7.4	390.3
Total	37.2	3,546.0	1,399.6	461.8	438.0	5,882.6

The table below shows the expected timing of revenue to be recognised from long-term contractual orders at 31 December 2024:

Time bands of expected revenue recognition from long-term contractual orders	Capita Experience				Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	
< 1 year	807.6	182.9	84.3	95.0	1,169.8
1–5 years	1,545.3	225.0	168.2	120.1	2,058.6
> 5 years	490.2	18.2	178.7	11.0	698.1
Total	2,843.1	426.1	431.2	226.1	3,926.5

The Contact Centre order book reduction reflects two European telecommunications contracts that were extended in the period with the contracts being recognised as framework contracts. This resulted in £388.1m being derecognised from the order book.

Prior year comparative information is not presented for the expected timing of revenue recognition because it is a forward looking disclosure and therefore management does not believe that such disclosure provides meaningful information to a user of the consolidated financial statements.

The order book represents the consideration that the Group will be entitled to receive from customers when the Group satisfies its remaining performance obligations under the contracts. However, the total revenue that will be earned by the Group will also include non-contracted volumetric revenue, future indexation linked to an external metric, new wins, scope changes, and anticipated contract extensions. These elements have been excluded from the above tables because they are not contracted. Additionally, revenue from contract extensions is excluded from the order book unless they are pre-priced extensions whereby the Group has a legally binding obligation to deliver the performance obligations during the extension period. The total revenue related to pre-priced extensions for major contracts included in the tables above amounted to £309.0m (2023: £513.8m¹). The amounts presented do not include orders for which neither party has performed, and each party has the unilateral right to terminate a wholly unperformed contract without compensating the other party.

Of the £3.9 billion (2023: £5.5 billion) revenue to be earned on long-term contracts, £3.1 billion (2023: £3.4 billion¹) relates to major contracts. This amount excludes revenue that will be derived from frameworks, non-contracted volumetric revenue, non-contracted scope changes and future unforeseen volume changes from these major contracts, which together are anticipated to contribute an additional £0.8-£1.0 billion (2023: £0.5-£0.7 billion¹) of revenue to the Group over the life of these contracts.

The Group performs various services for a number of UK Government ministerial departments and considers these individual ministerial departments to be separate customers due to the limited economic integration between each ministerial department. Revenues of £325.8m from one customer in Capita Public Service represented more than 10% of the Group's total revenues (2023: £317.6m from one customer from the Capita Public Service division represented more than 10% of the Group's total revenues).

1. The prior year amounts in relation to major contracts are as previously presented, and as such reflect the major contracts reviewed by the Audit and Risk Committee for that year end (refer to note 2.1). Consequently, the prior year amounts are not directly comparable to those disclosed for the current period.

2.2.3 Deferred income

The Group's deferred income balances solely relate to revenue from contracts with customers. Revenue recognised in the reporting period that was included in the deferred income balance at the beginning of the period was £492.2m (2023: £599.0m).

Movements in the deferred income balances were driven by transactions entered into by the Group in the normal course of business during the current and prior year, other than accelerated revenue recognised of £9.2m (2023: £9.9m), which primarily related to an early termination of contracts in the Regulated Services business in Capita Experience.

Section 2: Results for the year *continued*

2.3 Operating profit

2.3.1 Items charged/(credited) to reported operating profit

	Notes	2024 £m	2023 £m
Depreciation of property, plant and equipment	3.2	24.2	31.2
Depreciation of right-of-use assets	3.5	42.3	48.3
Impairment of property, plant and equipment	3.2	1.8	10.8
Impairment of right-of-use assets	3.5	0.2	15.7
Amortisation of intangible assets	3.3	23.4	29.3
Impairment of intangible assets	3.3	9.1	0.9
Impairment of goodwill	3.4	75.1	42.2
Impairment of disposal group assets held-for-sale	2.8	—	18.1
Loss on sale of property, plant and equipment and intangibles	2.9.1	1.7	0.7
Income from foreign exchange differences		0.1	5.1
Contract fulfilment asset utilisation, impairment and derecognition	3.1.3	68.3	84.5
Contract termination gains		—	6.0
The net of: accelerated deferred income unwind, and contract fulfilment asset utilisation		9.0	9.8
Onerous contract provisions (net of additions, releases and unwinding of discount and changes in the discount rate)		22.1	9.4

Contract termination gains: customer contracts usually contain provisions to compensate the Group for exit costs and future profits in the event of early termination. During 2024 there were no contract termination gains recognised and recorded as income during the year (2023: £6.0m in the Regulated Services business in Capita Experience).

The net of: accelerated deferred income unwind and contract fulfilment asset utilisation: during 2024 the Group recognised a gain of £9.0m related to the net of accelerated deferred income unwinds and non-current contract fulfilment asset utilisation on contract exits. This primarily related to closed book Life & Pensions contracts within the Regulated Services business in Capita Experience, where the early exit of two contracts were agreed (2023: £9.8m gain primarily related to the Regulated Services business in Capita Experience where a contract was terminated earlier than planned).

Onerous contract provisions: during 2024 the Group recognised a net loss of £22.1m related primarily to onerous contract provisions (refer to note 3.6) in the Regulated Services business in Capita Experience (2023: £9.4m net loss related to contracts in the Regulated Services business in Capita Experience).

2.3.2 Fees payable to auditors

The amounts included in the table below relate to fees payable to KPMG LLP and its associates:

	2024 £m	2023 £m
Audit and audit-related services		
The audit of the Parent Company and the Group's consolidated financial statements	4.6	4.5
The audit of the financial statements of the Group's subsidiary companies	0.7	0.9
Total audit and audit-related services	5.3	5.4
Non-audit services		
Other assurance services	1.0	0.2
Audit-related assurance services	0.3	0.3
Total non-audit services	1.3	0.5
Total audit and non-audit services	6.6	5.9

The non-audit fees in respect of 2024 related to the review of interim results, ISAE 3402 assurance reporting on controls operated by a subsidiary, ISAE 3000 assurance reporting over non-financial metrics reported within the Annual Report and Accounts, and services as reporting accountant for the disposal of Capita One Limited.

In respect of 2023, the non-audit fees related to the review of interim results, ISAE 3402 assurance reporting on controls operated by a subsidiary, and ISAE 3000 assurance reporting over non-financial metrics reported within the Annual Report and Accounts.

Section 2: Results for the year *continued*

2.4 Adjusted operating profit and adjusted profit before tax

AP Accounting policies

IAS 1 *Presentation of Financial Statements* permits an entity to present additional information for specific items to enable users to better assess the entity's financial performance.

The Board has adopted a policy to disclose separately those items that it considers are outside the underlying operating results for the particular year under review and against which the Group's performance is assessed internally. In the Board's judgement, these need to be disclosed separately by virtue of their nature, size and/or incidence, for users of the consolidated financial statements to obtain an understanding of the financial information and the underlying performance of the Group. In general, the Board believes that alternative performance measures (APMs) are useful for investors because they provide further clarity and transparency of the Group's financial performance and are closely monitored by management to evaluate the Group's operating performance to facilitate financial, strategic and operating decisions. Accordingly, these items are also excluded from the discussion of divisional performance in the strategic report. This policy is kept under review by the Board and the Audit and Risk Committee. Refer to Section 8.2 for further details of the Group's APMs.

The Board considers APMs to be helpful to the reader, but notes that APMs have certain limitations, including the exclusion of significant recurring and non-recurring items, and may not be directly comparable with similarly titled measures presented by other companies.

Those items excluded from the adjusted income statement are: business exits; amortisation and impairment of acquired intangibles; impairment of goodwill; certain mark-to-market valuation changes that impact net finance costs/income; the costs associated with the cyber incident in March 2023, and the costs associated with the cost reduction programme.

The items below are excluded from the adjusted results:

	Notes	Operating profit/(loss)		Profit/(loss) before tax	
		2024 £m	2023 £m	2024 £m	2023 £m
Reported		(9.9)	(52.0)	116.6	(106.6)
Amortisation and impairment of acquired intangibles	3.3	0.2	0.2	0.2	0.2
Impairment of goodwill	3.4	75.1	42.2	75.1	42.2
Net finance costs	4.3	—	—	0.1	2.2
Business exits	2.8	1.6	20.8	(170.9)	23.2
Cyber incident		1.0	25.3	1.0	25.3
Cost reduction programme		27.9	54.4	27.9	54.4
Adjusted		95.9	90.9	50.0	40.9

- Adjusted operating profit increased by 5.5% (2023: increased 36.5%) and adjusted profit before tax increased by 22.2% (2023: increased 13.5%). Adjusted operating profit of £95.9m (2023: profit £90.9m) was generated on adjusted revenue of £2,369.1m (2023: £2,575.8m) resulting in an adjusted operating margin of 4.0% (2023: 3.5%).
- The tax charge on adjusted profit before tax is £10.3m (2023: £47.4m charge) resulting in adjusted profit after tax of £39.7m (2023: £6.5m loss).
- The adjusted operating profit and adjusted profit before tax for 2023 has been re-presented for the impact of business exits during 2024 and the change in adjusting items. This has resulted in adjusted operating profit decreasing from £106.5m to £90.9m and adjusted profit before tax decreasing from £56.5m to £40.9m.

Amortisation and impairment of acquired intangible assets: the Group recognised acquired intangible amortisation of £0.2m (2023: £0.2m). These charges are excluded from the adjusted results of the Group because they are non-cash items generated from historical acquisition related activity. The charge is included within administrative expenses.

Impairment of goodwill: the Group carries on its balance sheet significant amounts of goodwill which are subject to annual impairment testing and when any indicators of impairment are identified. Any impairment changes are reported separately because they are non-cash items generated from historical acquisition related activity. The charge is included within administrative expenses.

Net finance costs: net finance costs excluded from adjusted profits relate to movements in the mark-to-market value of forward foreign exchange contracts to cover anticipated future costs and therefore have no equivalent offsetting transaction in the accounting records, also refer to note 4.2.2.

Business exits: the trading result of businesses exited, or in the process of being exited, and the gain or loss on disposals are excluded from the Group's adjusted results. Note 2.8 provides further detail regarding which income statement line items are impacted by business exits.

Cyber incident: The Group has incurred exceptional costs associated with the March 2023 cyber incident. These costs comprise specialist professional fees, recovery and remediation costs and investment to reinforce Capita's cyber security environment. A charge of £1.0m, net of insurance receipts, has been recognised in the year ended 31 December 2024 (2023: charge of £25.3m). Cumulatively the net costs incurred total £26.3m and are included within administrative expenses. Further insurance receipts are anticipated but did not meet the criteria for recognition at 31 December 2024. Refer to note 6.2 contingent liabilities.

Cost reduction programme: The Group implemented a multi-year cost reduction programme in November 2023 to deliver savings of £60m by Q1 2024. The programme was extended in March 2024, to deliver further savings of £100m by mid-2025. In December 2024, reflecting on the progress made ahead of schedule with £140m annualised savings already delivered, and increased confidence in the level of efficiencies that can be delivered, the cost reduction target increased from £160m up to £250m by the end of 2025.

The Group exercises judgement in assessing whether the actions being taken to deliver these savings are exceptional as opposed to business as usual, and therefore whether or not the costs to deliver the savings should be excluded from the Group's adjusted results. The assessment considers the nature of the activity being undertaken, in particular, whether it was anticipated in the original bid to win a customer contract. Investment in new technology that supports the delivery of customer contracts are considered business as usual and are not excluded from the Group's adjusted results.

A charge of £27.9m (2023: £54.4m) has been recognised in the year ended 31 December 2024 for the costs to deliver the cost reduction programme. This includes redundancy and other costs of £30.5m (2023: £23.3m) to deliver a significant reduction in headcount, partly offset by a credit of £2.6m reflecting the successful exit of a number of properties which had been provided for in the previous year (2023: charge of £31.1m arising from the rationalisation of the Group's property estate with impairment of right-of-use assets and property, plant & equipment, and provisions in respect of onerous property costs). The cumulative cost recognised since the commencement of the cost reduction programme is £82.3m (2023: £54.4m), which is included within administrative expenses.

Refer to note 2.9.1 for the cash flow impact of the above.

Section 2: Results for the year *continued*

2.5 Segmental information

The Group's operations are managed separately according to the nature of the services provided, with each segment representing a strategic business offering a different package of client outcomes across the markets the Group serves. Capita plc is a reconciling item and not an operating segment. A description of the services provided by each segment can be found in the strategic report on pages 19 to 25. The tables below present profit for the Group's operating segments as reported to the Chief Operating Decision Maker as detailed in note 2.2.1. For segmental reporting, the costs of the central functions have been allocated to the segments using appropriate drivers such as adjusted revenue, adjusted profit or headcount. Comparative information has been re-presented to reflect the change in operating segments and to reflect businesses exited during 2024. Information on segmental revenue can be found in note 2.2.

Year ended 31 December 2024	Notes	Year ended 31 December 2024								Year ended 31 December 2023							
		Capita Public Service £m	Capita Experience Contact Centre £m	Pension Solutions £m	Regulated Services £m	Capita plc £m	Total adjusted £m	Adjusting items £m	Total reported £m	Capita Public Service £m	Capita Experience Contact Centre £m	Pension Solutions £m	Regulated Services £m	Capita plc £m	Total adjusted £m	Adjusting items £m	Total reported £m
Adjusted operating profit/(loss)	2.4	89.1	(5.9)	28.1	12.6	(28.0)	95.9	—	95.9	69.6	(4.0)	25.9	33.1	(33.7)	90.9	—	90.9
Cost reduction programme	2.4	(11.3)	(5.3)	(0.8)	(0.5)	(10.0)	—	(27.9)	(27.9)	(7.0)	(35.9)	(0.5)	(0.9)	(10.1)	—	(54.4)	(54.4)
Business exits – trading	2.8							6.4	6.4							12.2	12.2
Total trading result		77.8	(11.2)	27.3	12.1	(38.0)	95.9	(21.5)	74.4	62.6	(39.9)	25.4	32.2	(43.8)	90.9	(42.2)	48.7
Non-trading items:																	
Business exits – non-trading	2.8						—	(8.0)	(8.0)						—	(33.0)	(33.0)
Other adjusting items	2.4						—	(76.3)	(76.3)						—	(67.7)	(67.7)
Operating profit/(loss)							95.9	(105.8)	(9.9)						90.9	(142.9)	(52.0)
Interest income	4.3								10.0								8.7
Interest expense	4.3								(56.3)								(60.9)
Share of results in associates and losses on financial assets	2.8								(11.8)								—
Gain/(loss) on business disposal	2.8								184.6								(2.4)
Profit/(loss) before tax									116.6								(106.6)
Supplementary Information																	
Depreciation and amortisation	3.2	35.8	39.3	6.0	5.2	1.7	88.0	1.9	89.9	40.3	45.5	5.3	6.7	3.6	101.4	7.4	108.8
Impairment of property, plant and equipment, intangible, right-of-use assets and goodwill	3.3	0.7	0.9	—	0.6	—	2.2	84.0	86.2	1.5	2.5	—	0.1	0.1	4.2	65.4	69.6
Non-current contract fulfilment assets utilisation, impairment and derecognition	3.1.3	57.2	5.1	3.9	0.8	—	67.0	1.3	68.3	57.8	6.1	4.3	5.6	—	73.8	10.7	84.5
Net onerous contract provisions	2.3	—	0.3	—	17.7	—	18.0	4.1	22.1	—	1.6	—	7.8	—	9.4	—	9.4

Geographical location

The table below presents the carrying amount of non-current assets (excluding deferred tax, financial assets and employee benefits) by the geographical location of those assets.

	2024				2023			
	United Kingdom £m	Europe £m	Other £m	Total £m	United Kingdom £m	Europe £m	Other £m	Total £m
Non-current assets	922.6	25.0	21.3	968.9	1,112.6	14.1	17.0	1,143.7

Section 2: Results for the year *continued*

2.6 Taxation

AP Accounting policies

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

E Significant accounting judgements and assumptions

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there may be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised during the year in which the change occurs.

Sensitivities and additional information relating to deferred tax assets/liabilities are provided in note 2.6.2.

Section 2: Results for the year *continued*

2.6 Taxation continued

2.6.1 Income tax charge

The reported income tax charge for the period is £36.2m on reported profit before tax of £116.6m (2023: reported income tax charge of £74.0m on reported loss of £106.6m), and an adjusted income tax charge for the period of £10.3m on adjusted profit before tax of £50.0m (2023: adjusted tax charge of £47.4m on adjusted profit of £40.9m). This includes £0.2m (2023: £nil) relating to Pillar Two current income taxes. The most significant reconciling items, explaining the difference from the standard UK corporation tax rate of 25.0% for the period (2023: 23.5%) are non-taxable profits on disposal of businesses, non-deductible impairments, changes in the accounting estimate of recognised deferred tax assets and unrecognised losses, and other temporary differences carried forward.

The forecast future adjusted effective tax rate, before and assuming no material changes to tax laws in the jurisdictions in which Capita operates, is expected to be broadly similar to the UK corporation tax rate, with an increase for taxable profits in higher tax rate jurisdictions.

The major components of the income tax charge are set out below:

Consolidated income statement	2024			2023		
	Total reported £m	Included in adjusted profit £m	Not included in adjusted profit £m	Total reported £m	Included in adjusted profit ¹ £m	Not included in adjusted profit ¹ £m
Current income tax						
Current income tax charge/(credit)	15.3	13.6	1.7	26.2	26.4	(0.2)
Adjustment in respect of prior years	2.5	2.5	—	4.0	4.0	—
Deferred tax						
On origination and reversal of temporary differences	19.5	(4.7)	24.2	43.9	17.1	26.8
Effect of changes in tax rate on deferred tax balances	—	—	—	(0.4)	(0.4)	—
Adjustment in respect of prior years	(1.1)	(1.1)	—	0.3	0.3	—
Total charge	36.2	10.3	25.9	74.0	47.4	26.6

1. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude the businesses classified as business exits during 2024 from adjusted profit. Refer to note 2.8.

Consolidated statement of comprehensive income and consolidated statement of changes in equity	2024 £m	2023 £m
Deferred tax movement on cash flow hedges	1.8	(2.6)
Deferred tax movement in relation to actuarial changes on defined benefit pension schemes	7.0	3.3
Current income tax movement on defined benefit pension scheme contributions	(9.8)	(19.2)
Deferred tax movement in relation to share-based payments	0.2	(0.1)
Current income tax deduction on the exercise of share options	—	(0.2)
Total credit	(0.8)	(18.8)

The reconciliation between the total tax charge and the accounting profit multiplied by the UK weighted average corporation tax rate is as follows:

		Total tax		Current tax	
		2024 £m	2023 £m	2024 £m	2023 £m
Profit/(loss) before tax		116.6	(106.6)	116.6	(106.6)
Notional charge/(credit) at UK corporation tax rate of 25.0% (2023: 23.5%)		29.2	(25.1)	29.2	(25.1)
Adjustments in respect of current income tax of prior years	a	2.5	4.0	2.5	4.0
Adjustments in respect of deferred tax of prior years	b	(1.1)	0.3	—	—
Non-deductible expenses/(non-taxable income) – adjusted		5.0	0.2	5.0	0.2
Non-deductible expenses – business exit	c*	2.7	4.9	2.7	4.9
Non-deductible expenses – specific items		—	1.7	—	1.7
(Profit)/loss on disposal of businesses	d*	(46.1)	0.6	(46.1)	0.6
Pillar Two income taxes	2.6.4	0.2	—	0.2	—
Non-deductible goodwill impairment	e*	18.7	9.9	18.7	9.9
Difference in rate recognition of temporary differences		—	(0.4)	—	—
Tax provided on unremitted earnings	f	(0.5)	0.2	—	—
Attributable to different tax rates in overseas jurisdictions	g	(0.5)	(4.3)	(0.1)	(2.9)
Movement in unrecognised temporary differences	2.6.2	26.1	82.0	—	—
Fixed asset temporary differences		—	—	4.2	5.7
Current tax impact on other temporary differences		—	—	(3.5)	(0.4)
Carry forward of losses in current period	h	—	—	5.0	31.6
At the effective total tax rate of 31.0% (2023: (69.4)%) and the effective current tax rate of 15.3% (2023: (28.3)%)	i	36.2	74.0	17.8	30.2
Tax charge reported in the income statement		36.2	74.0	17.8	30.2

* These £(24.7)m (2023: £15.4m) of reconciling items relate to the reported tax charge only, with no impact on the adjusted tax charge. Further details are given below.

- a The £2.5m prior year charge adjustment includes: (i) £1.1m charge which has a corresponding impact within deferred tax of prior years; and, (ii) a £1.4m charge to adjust for finalisation of submitted tax returns and withholding tax claims in Ireland for which there is no opposite deferred tax credit in relation to the temporary difference true-up because these are unrecognised.
- b Adjustments in respect of deferred tax of prior years mainly relate to £1.1m of charges which have a corresponding impact within current income tax of prior years.
- c* Business exit: relates to non-deductible closure costs associated with the sale of entities. Refer to note 2.8 for further details.
- d* Relates to the gain/loss on disposal of entities in the current year. Refer to note 2.8.1 for further details.
- e* Relates to the goodwill impairments as detailed further in note 3.4.
- f Movement on the deferred tax liability recognised on the unremitted earnings of those subsidiaries affected by withholding taxes.
- g Mainly relates to withholding tax and tax payable at rates which are lower than the UK such as Switzerland and Ireland.
- h Relates to the carry forward of losses and non-deductible interest in the period.
- i The current tax charge of £17.8m (2023: £30.2m) results in an effective current tax rate of 15.3%, which is different from the UK statutory rate of tax of 25% predominantly due to a non-taxable gain on the profit on disposal of businesses during the year, non-deductible goodwill impairment, unrecognised losses and interest disallowance carried forward, and expenses not deductible for tax purposes, including non-qualifying depreciation and capital related costs. The impact of differing overseas tax rates is covered in footnote g.

Section 2: Results for the year *continued*

2.6 Taxation continued

2.6.2 Deferred tax

Deferred tax relates to the following:

	At 1 January £m	Credited/(charged) to			At 31 December £m
		Income statement £m	OCI and changes in equity £m	Other movements ² £m	
Deferred tax assets					
Fixed assets which qualify for tax relief	87.2	(8.5)	—	(0.9)	77.8
Provisions and other temporary differences	11.3	(1.3)	(1.8)	—	8.2
Pension schemes	1.8	(3.4)	(7.0)	—	(8.6)
Share-based payments	1.5	—	(0.2)	—	1.3
Tax losses ¹	36.7	(6.0)	—	—	30.7
	138.5	(19.2)	(9.0)	(0.9)	109.4
Jurisdictional netting	1.8				2.2
Net deferred tax assets	140.3	(19.2)	(9.0)	(0.9)	111.6
Deferred tax liabilities					
Acquired intangibles	(0.1)	—	—	—	(0.1)
Contract fulfilment assets	(0.2)	0.1	—	—	(0.1)
Unremitted earnings	(5.1)	0.7	—	(0.2)	(4.6)
	(5.4)	0.8	—	(0.2)	(4.8)
Jurisdictional netting	(1.8)				(2.2)
Net deferred tax liabilities	(7.2)	0.8	—	(0.2)	(7.0)
Net deferred tax	133.1	(18.4)	(9.0)	(1.1)	104.6

1. Mainly trading losses available to shelter future profits and deferred interest.

2. Other movements includes business disposals.

The main movement in the net deferred tax asset is the income statement tax charge arising on the change in the accounting estimate of deferred tax.

On 6 April 2024, it was announced that the free-standing tax charge that applies to authorised surplus payments to sponsoring employers of a registered defined benefit pension scheme will reduce from 35% to 25%. This was substantively enacted retrospectively from 11 March 2024. Therefore, for the purpose of recognising deferred tax on the pension scheme surplus, withholding tax at 25% (2023: 35%) would apply for any surplus being refunded to the Group at the end of the life of the scheme. Corporation tax at 25% would apply for any surplus expected to unwind over the life of the scheme. Management have concluded that the corporation tax rate should apply to the recognition of deferred tax on the pension scheme surplus, reflecting the Group's intention regarding the manner of recovery of the asset.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The recoverability of deferred tax assets is supported by the deferred tax liabilities against which the reversal can be offset and the expected level of future taxable profits available to offset the assets when they reverse.

The recognition of deferred tax assets at 31 December 2024 has been based on the forecast accounting profits in the 2025-2027 business plan approved by the Board. This is the same plan used to derive forecast cash flows for the goodwill impairment test (refer to note 3.4). A long-term growth rate of 1.6%, as used for impairment test purposes, has been applied to the years beyond 2027. A reducing probability factor has also been applied to future profits for the potential decrease in reliability of forecasts extrapolated for later years, such that profits beyond seven years of the balance sheet date have not been considered probable for the purpose of assessing deferred tax asset recognition.

Unused tax losses make up a significant proportion of the temporary differences available to be utilised in future periods. These losses mainly arose due to the historic adoption of IFRS 15, previous Covid-19 related downward pressures on profits and tax deductible restructuring costs, cyber costs and pension contributions. Based on the forecast accounting profits, management have concluded that some of the deductible temporary differences and unused tax losses are not recognisable due to uncertainty in their recoverability. There is a decrease in the amounts previously recognised in respect of deferred tax assets and an increase in unrecognised temporary differences arising during the year. The impact of this is a debit to the income statement of £18.4m, and a debit to OCI and changes in equity of £9.0m. This is included in the movement in unrecognised temporary differences of £26.1m in the tax reconciliation table in section 2.6.1 above, which also includes unrecognised current year temporary differences (mainly losses) of £5.7m. The reported income statement charge includes £26.0m change in the deferred tax asset estimate due to the reduction in future taxable profits on disposal of taxable subsidiaries, reflected in the tax arising on business exits (see note 2.8).

Deferred tax asset recognition depends on the reliability of management's forecasts and the assumptions that underlie them. Management have considered the severe but plausible downsides applied to the base-case projections for assessing going concern and viability, to gauge sensitivity and identify a reasonable possible alternative result. This scenario identified a further potential reduction in recognised deferred tax assets of approximately £7.6m.

Section 2: Results for the year *continued*

2.6 Taxation continued

2.6.2 Deferred tax continued

The Group has unrecognised tax losses and other temporary differences that are available for offset against future taxable profits of the companies in which the losses or other temporary differences arose but have not been recognised because their recoverability is uncertain. The table below shows the amounts split between UK and non-UK jurisdictions.

	2024 £m Gross Amount	2023 £m Gross Amount
UK:		
Tax losses	667.6	628.7
Other temporary timing differences	239.2	140.2
	906.8	768.9
Non-UK:		
Tax losses	64.0	67.4
Other temporary timing differences	12.4	11.2
	76.4	78.6
Total	983.2	847.5

The £135.7m increase in unrecognised tax losses and other temporary differences reflects the decrease in amounts previously recognised in respect of deferred tax assets, and unrecognised temporary differences arising during the year due to: deferred interest; tax deductible cost reduction programme expenses; and pension contributions.

Assets have no time expiry, but some losses are subject to specific loss restriction rules. £41.8m (2023: £28.8m) of the losses were incurred by companies acquired by the Group and are not a result of the Group's trading performance.

Dividends received from subsidiaries are largely exempt from UK tax but may be subject to dividend withholding taxes levied by the overseas tax jurisdictions in which the subsidiaries operate. The gross temporary differences of those subsidiaries affected by such potential taxes is £45.6m (2023: £48.4m). A deferred tax liability of £4.5m (2023: £5.1m) has been recognised on the unremitted earnings of those subsidiaries affected by such potential taxes because the Group is able to control the timing of reversal and it is anticipating dividends to be distributed. The earnings remitted during the year have resulted in a reduction in the closing deferred tax liability.

2.6.3 Uncertain tax positions

The Group files income tax returns in several jurisdictions and some of these returns are open to, or subject to, tax authority audits or examinations. Tax returns contain matters that could be subject to differing interpretations of applicable tax laws and regulations; and the resolution of tax positions, through negotiations with relevant tax authorities or litigation, can take several years. Tax uncertainties are assessed throughout the year and specifically at the year-end with any associated provisions recognised considering the specific circumstances of each risk, including the merits of technical aspects, previous experience with tax authorities, recent tax law and if relevant, external specialist advice. The Group applies judgement in quantifying uncertainties over income tax treatments in accordance with this criteria.

At 31 December 2024 the net income tax receivable of £3.2m is net of a £3.0m (2023: £3.1m) liability in relation to uncertain tax positions. During 2024 the Group reassessed the uncertain tax provision and adjusted the risk downwards by £0.1m (2023: £0.2m upwards).

Expiry under the statute of limitations, or conclusion of tax audits could result in a release of the provision in the next financial year. While it is difficult to predict the ultimate outcome in some cases, and there are a range of different outcomes, the Group does not currently anticipate that there will be any material impact on the Group's financial position in the next financial year.

2.6.4 Global minimum tax

The Group is within the scope of the Pillar Two top-up tax that applies in the UK. The first period for which a Pillar Two return will be required is the accounting period ending on 31 December 2024.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

It is expected that the Group will pay Pillar Two top-up taxes of £0.2m for the period ended 31 December 2024 in relation to operations in Poland and Switzerland. This is included in the current income tax expenses as shown in note 2.6.1.

Since the stated jurisdictions either have a low tax rate and no material profits are expected; or, an expected effective tax rate close to 15%; it is expected that the Pillar Two top-up tax will continue to have an immaterial impact on the Group tax liability.

2.6.5 Capita's responsible approach to taxation

Capita has an open and positive working relationship with HMRC, has a designated customer compliance manager, and is committed to prompt disclosure and transparency in all dealings with HMRC and overseas tax authorities. The Group does not have a complex tax structure, nor does it pursue aggressive tax avoidance activities. The Group continues to progress well with its legal entity rationalisation programme. The Group has a low-risk rating from HMRC, and has been awarded the Fair Tax Mark for its tax disclosures from 2018 to 2023. The Group has operations in a number of countries outside the UK. All such operations outside the UK are trading operations and pay the appropriate local taxes on these activities. Further detail, regarding Capita's tax strategy can be found on the Policies & Principles area of the Capita website (<https://www.capita.com/our-company/about-capita/policies-and-principles>).

Section 2: Results for the year *continued*

2.7 Earnings/(loss) per share

AP Accounting policies

Basic earnings/(loss) per share are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

		2024 pence	2023 pence
Basic earnings/(loss) per share	– reported	4.54	(10.60)
	– adjusted	2.11	(0.20)
Diluted earnings/(loss) per share	– reported	4.41	(10.60)
	– adjusted	2.05	(0.20)

The following tables show the earnings and share data used in the basic and diluted earnings/(loss) per share calculations:

		2024 £m	2023 £m
Basic earnings/(loss) per share			
Reported profit/(loss) before tax for the period		116.6	(106.6)
Income tax (charge)/credit	2.6.1	(36.2)	(74.0)
Reported profit/(loss) for the period		80.4	(180.6)
Less: Non-controlling interest		(3.7)	2.5
Total profit/(loss) attributable to shareholders		76.7	(178.1)
Diluted earnings/(loss) per share			
Adjusted profit before tax ¹ for the period	2.4	50.0	40.9
Income tax (charge)/credit	2.6.1	(10.3)	(47.4)
Adjusted profit/(loss) for the period		39.7	(6.5)
Less: Non-controlling interest		(4.1)	3.1
Adjusted profit/(loss) attributable to shareholders		35.6	(3.4)

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

	2024 m	2023 m
Weighted average number of ordinary shares (excluding Employee Benefit Trust shares) for basic earnings per share	1,690.4	1,680.9
Dilutive potential ordinary shares:		
Employee share options	50.1	—
Weighted average number of ordinary shares (excluding Employee Benefit Trust shares) adjusted for the effect of dilution	1,740.5	1,680.9

At 31 December 2024 no (2023: 35,795,731) options were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive. Under IAS 33 *Earnings per Share*, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

The earnings per share figures are calculated based on earnings attributable to ordinary equity holders of the Parent Company and therefore exclude non-controlling interest. The earnings per share is calculated on a total reported and an adjusted basis. The earnings per share for business exits and specific items are reconciling items between total reported and adjusted basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the balance sheet date and the date on which these consolidated financial statements were authorised for issue.

Section 2: Results for the year *continued*

2.8 Business exits and assets held-for-sale

AP Accounting policies

Business exits

Business exits are businesses that have been sold, exited during the period, or are in the process of being sold or exited in accordance with the Group's strategy. None of these business exits meets the definition of 'discontinued operations' as stipulated by IFRS 5 *Non-current assets held-for-sale and discontinued operations*, which requires comparative financial information to be restated where the relative size of a disposal or business closure is significant, which is normally understood to mean a reported segment.

However, the trading result of these businesses, non-trading expenses, and any gain/loss on disposal, have been excluded from adjusted results. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to exclude the businesses classified as business exits during 2024.

Assets held-for-sale

The Group classifies a non-current asset (or disposal group) as held-for-sale if its carrying amount will be recovered principally through a sale transaction instead of continued use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

Based on the above requirements, individual businesses will only reach the criteria to be treated as held-for-sale where the disposal is seen to be highly probable and expected to complete within the following twelve months. At 31 December 2024 one business (the Group's mortgage servicing business) was deemed to have met this threshold. At 31 December 2023 one business (the Group's 75% shareholding in Fera Science Limited (Fera)) was deemed to have met this threshold.

2024 business exits

Business exits at 31 December 2024 primarily comprised the following business disposals:

Business	Disposal completed on
Fera	17 January 2024
Capita One	5 September 2024

In addition to the above disposals, as disclosed in the 2023 Annual Report, the Group decided to exit a business in Capita Public Service during 2023. During 2024, the Group decided to exit its corporate venture business (Capita Scaling Partner) in Capita Experience, and a further business from Capita Public Service. The trading results and non-trading expenses of these businesses have also been excluded from adjusted results.

The Capita Scaling Partner business manages the Group's investments in start-up and scale-up companies. Of these investments, during the year, two associates were sold realising a net gain of £0.3m and two other investments were sold realising a loss of £7.4m which are included within 'share of results in associates and losses on financial assets' in the table below. Also included is a net loss of £4.6m in relation

to the revaluation of the remaining Capita Scaling Partner investments and a loss of £0.1m being the share of the results of the associates before they were sold. As set out in note 4.5, following the decision to exit the Capita Scaling Partner business in the first half of the year and the losses realised on disposals in the second half of 2024, the Group has evolved its approach to valuing the remaining investments to take into account recent experiences, and to better reflect expected disposal proceeds. The Group will seek to maximise value from the remaining Capita Scaling Partner investments, which at 31 December 2024 had an aggregate carrying value of £4.8m (2023: £17.8m), including loans receivable by Capita of £0.7m (2023: £0.7m).

Income statement impact	2024			2023 (Re-presented) ¹		
	Trading £m	Non-trading £m	Total £m	Trading £m	Non-trading £m	Total £m
Revenue	52.5	—	52.5	238.8	—	238.8
Cost of sales	(44.5)	—	(44.5)	(160.0)	—	(160.0)
Gross profit	8.0	—	8.0	78.8	—	78.8
Administrative expenses	(1.6)	(8.0)	(9.6)	(66.6)	(33.0)	(99.6)
Operating profit/(loss)	6.4	(8.0)	(1.6)	12.2	(33.0)	(20.8)
Share of results in associates and losses on financial assets	—	(11.8)	(11.8)	—	—	—
Finance costs	(0.3)	—	(0.3)	—	—	—
Gain/(loss) on disposal of businesses	—	184.6	184.6	—	(2.4)	(2.4)
Profit/(loss) before tax	6.1	164.8	170.9	12.2	(35.4)	(23.2)
Taxation	(1.7)	(24.3)	(26.0)	0.3	(27.6)	(27.3)
Profit/(loss) after tax	4.4	140.5	144.9	12.5	(63.0)	(50.5)

1. To enable a like-for-like comparison of adjusted results, the 2023 comparatives have been re-presented to include the businesses classified as business exits during 2024.

Trading revenue and costs represent the trading performance of the above businesses up to the point of being disposed or exited, and in the comparative period also those businesses disposed of during 2023 (being: Resourcing, Security Watchdog, PageOne, Software, Enforcement, and Travel).

Trading expenses primarily comprise payroll costs of £29.4m (2023: £152.4m) and information technology costs of £15.8m (2023: £39.2m), and in the comparative period, the de-recognition of non-current contract fulfilment assets of £8.2m on the early termination of a customer contract for a business in Capita Public Service that was first treated as a business exit in 2023.

Non-trading administrative expenses include: asset impairments of £8.7m (2023: £25.4m); disposal project costs of £1.1m (2023: £5.6m); other costs including staff and redundancy costs of £nil (2023: £2.6m); and, other income of £1.8m (2023: £0.6m). The asset impairments include goodwill within assets held-for-sale of £nil (2023: £18.1m); property, plant and equipment of £0.2m (2023: £7.1m) (refer to note 3.2); intangible assets of £8.5m (2023: £nil) (refer to note 3.3); and, right-of-use-assets of £nil (2023: £0.2m) (refer to note 3.5).

Section 2: Results for the year *continued*

2.8 Business exits and assets held-for-sale continued

2.8.1 Disposals

During 2024 the Group disposed of two businesses: the Group's 75% shareholding in Fera, and Capita One. During 2023 the Group disposed of six businesses: Resourcing, Security Watchdog, PageOne, Software, Enforcement and Travel.

The gain/(loss) arising was determined as follows:

	2024 £m	2023 £m
Property, plant and equipment	—	0.3
Intangible assets	—	8.6
Goodwill	—	3.2
Right-of-use assets	—	0.2
Income tax recoverable and deferred tax assets	—	0.8
Trade and other receivables	—	78.6
Cash and cash equivalents	—	14.6
Disposal group assets held-for-sale ¹	157.8	78.2
Trade and other payables	—	(36.6)
Deferred income	—	(3.9)
Lease liabilities	—	(0.2)
Capita group loan balances	—	(42.7)
Income tax payable and deferred tax liabilities	—	(1.1)
Disposal group liabilities held-for-sale ¹	(82.9)	(33.5)
Net identifiable assets sold	74.9	66.5
Non-controlling interests	(9.1)	—
	65.8	66.5
Sales price:		
received in cash	269.8	68.4
deferred receivable	—	11.4
Less: disposal costs	(19.4)	(15.5)
Net sales price	250.4	64.3
Realisation of cumulative currency translation difference	—	(0.2)
Gain/(loss) on disposal of businesses	184.6	(2.4)

The net cash inflow was determined as follows:

	2024 £m	2023 £m
Net cash inflow		
Proceeds received	269.8	68.4
Less disposal costs:		
income statement charge	(19.4)	(15.5)
change in accrued disposal costs during the year	(1.3)	(8.1)
Settlement of receivables due from disposed businesses:		
disposal of businesses in the period	—	42.7
disposal of businesses classified as held-for-sale	—	9.3
Total proceeds received net of disposal costs paid	249.1	96.8
Total cash held by businesses when sold		
Cash held by businesses when sold	—	(14.6)
Cash held by businesses classified as held-for-sale	(25.2)	(18.8)
Total cash held by businesses when sold	(25.2)	(33.4)
Net cash inflow	223.9	63.4

1. 2024 balances in respect of disposal group assets and liabilities held-for-sale relate to Fera and Capita One which were transferred to held-for-sale on 31 December 2023 and 30 June 2024 respectively, prior to their disposals in 2024. The 2023 balances relate to three businesses (PageOne, Software and Enforcement) that were transferred to held-for-sale on 30 June 2023, and were subsequently sold on 31 July 2023.

Disposal costs of £3.5m, relating to businesses disposed of in the year, were recognised in prior years and are excluded from the above gain on disposal of businesses.

Section 2: Results for the year *continued*

2.8 Business exits and assets held-for-sale continued

2.8.2 Disposal group assets and liabilities held-for-sale

At 31 December 2024, the mortgage servicing business was deemed to have met the threshold to be treated as held-for-sale (2023: the Fera business was deemed to have met the held-for-sale threshold).

	2024 £m	2023 £m
Property, plant and equipment	0.1	5.1
Goodwill	—	15.0
Trade and other receivables	—	3.3
Accrued income	—	6.1
Prepayments	—	1.4
Cash and cash equivalents	—	7.2
Disposal group assets held-for-sale	0.1	38.1
Trade and other payables	—	2.1
Other taxes and social security	—	1.6
Accruals	0.1	1.8
Deferred income	—	3.6
Income tax payable and deferred tax liabilities	—	0.6
Disposal group liabilities held-for-sale	0.1	9.7

2.8.3 Business exit cash flows

Businesses exited and being exited had a cash generated from operations inflow of £14.3m up to the date of exit (2023: cash outflow of £1.5m). A reconciliation of cash generated from/(used) by operations excluding business exits, is included within note 2.9.2.

Section 2: Results for the year *continued*

2.9 Cash flow information

AP Accounting policies

Cash and short-term deposits in the balance sheet comprise cash at bank and in-hand and short-term deposits with an original maturity of three months or less. In the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts and include cash and overdrafts within disposal group assets and liabilities held-for-sale. Cash at bank earns interest at fixed and floating rates based on prevailing bank deposit rates.

2.9.1 Additional cash flow information

	Notes	2024		2023	
		Reported £m	Excluding business exits ¹ £m	Reported £m	Excluding business exits ¹ £m
Cash flows from operating activities:					
Reported operating loss	2.4	(9.9)	(9.9)	(52.0)	(52.0)
Less: business exit operating loss	2.8	—	1.6	—	20.8
Total operating loss		(9.9)	(8.3)	(52.0)	(31.2)
Adjustments for non-cash items:					
Depreciation	3.2 3.5	66.5	66.4	79.5	77.9
Amortisation of intangible assets	3.3	23.4	21.8	29.3	23.7
Share-based payment expense	5.1	6.0	6.0	5.5	5.5
Employee benefits	5.2	8.5	8.5	7.7	7.7
Loss on sale of property, plant and equipment and intangible assets	2.3	1.7	1.7	0.7	0.7
Amendments and early terminations of leases		(6.8)	(6.8)	3.0	3.0
Impairment of assets held-for-sale		—	—	18.1	—
Impairment of non-current assets		86.2	77.5	69.6	62.3
Other adjustments:					
Movement in provisions ²		(31.2)	(29.9)	23.0	15.7
Pension deficit contributions	5.2	(20.8)	(6.3)	(46.3)	(30.0)
Other contributions into pension schemes		(8.4)	(8.4)	(9.2)	(9.2)
Movements in working capital²:					
Trade and other receivables		16.4	18.3	(30.1)	(4.1)
Non-recourse trade receivables financing	3.1.1	(11.8)	(11.8)	(9.2)	(9.2)
Trade and other payables		(65.2)	(60.6)	(8.5)	(5.5)
Deferred income		(33.2)	(46.4)	(77.4)	(80.5)
Contract fulfilment assets (non-current)		(5.4)	(5.5)	5.0	(0.3)
Cash generated from operations		16.0	16.2	8.7	26.5

	Notes	2024		2023	
		Reported £m	Excluding business exits ¹ £m	Reported £m	Excluding business exits ¹ £m
Adjustments for free cash flows:					
Income tax paid ³		(4.0)	(4.0)	(8.1)	(4.2)
Income tax received ³		5.1	5.1	0.6	0.6
Interest received		8.0	7.9	6.2	6.2
Interest paid		(50.3)	(50.3)	(47.7)	(47.7)
Net cash outflow from operating activities		(25.2)	(25.1)	(40.3)	(18.6)
Purchase of property, plant and equipment	3.2	(16.6)	(16.3)	(28.8)	(26.4)
Purchase of intangible assets	3.3	(33.5)	(33.5)	(32.8)	(26.3)
Proceeds from sale of property, plant and equipment and intangible assets		0.3	0.3	0.1	0.1
Capital element of lease rental receipts		5.9	5.9	6.0	6.0
Capital element of lease rental payments		(53.6)	(53.6)	(59.1)	(58.4)
Free cash flow¹		(122.7)	(122.3)	(154.9)	(123.6)

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

2. These movements exclude items that have been adjusted for elsewhere within the cash flow statement. For example, balances transferred to held-for-sale or relate to a business disposal. As such these movements may not directly agree to the year-on-year movements within the balance sheet.

3. Income tax paid and income tax received have been separately disclosed for the current year, with the prior year re-presented on the same basis. Previously these were presented as net income tax paid.

Cyber incident: In relation to the exceptional cyber incident costs referred to in note 2.4, the net cash outflow during the year ended 31 December 2024 was £5.0m (2023: £20.1m) and is included within free cash flow excluding business exits, and cash generated from operations excluding business exits. The cumulative net cash outflow since the incident in the first half of 2023 is £25.1m.

Cost reduction programme: In relation to the implementation of the cost reduction programme detailed in note 2.4, the cash outflow during the year ended 31 December 2024 was £44.5m (2023: £6.1m), and is included within free cash flow excluding business exits, and cash generated from operations excluding business exits. The outflow in the current year was less than the expected outflow included in the 2023 Annual Report of £50m due to a delay in the timing of some payments. The cumulative cash outflow since the commencement of the cost reduction programme in the second half of 2023 is £50.6m. The cost reduction initiatives are expected to result in cash costs during 2025 totalling an estimated £55m.

Section 2: Results for the year *continued*

2.9 Cash flow information continued

2.9.2 Free cash flow and cash generated from operations (alternative performance measures - refer to section 8.2)

The Board considers free cash flow, and cash generated from operations excluding business exits, to be alternative performance measures because these metrics provide a more representative measure of the sustainable cash flow of the Group. Comparative amounts have been re-presented.

These measures are analysed below:

	Free cash flow		Cash generated/(used) by operations	
	2024 £m	2023 £m	2024 £m	2023 £m
Reported (including business exits)	(122.7)	(154.9)	16.0	8.7
Business exits	(14.1)	15.0	(14.3)	1.5
Pension deficit contributions triggered by disposals	14.5	16.3	14.5	16.3
Excluding business exits	(122.3)	(123.6)	16.2	26.5

A reconciliation of net cash flow to movement in net debt is included in note 2.9.3.

Business exits: the cash flows of businesses exited, or in the process of being exited, and the proceeds from disposals, are disclosed outside the adjusted results. The 2023 results have been re-presented for those businesses exited, or in the process of being exited, during 2024 to enable comparability of the adjusted results.

Pension deficit contributions triggered by disposals: the Trustees of the Group's main defined benefit pension scheme (HPS) has an agreement with the Group that if there is a future deficit in the scheme, the Group will accelerate the payment of future agreed deficit contributions on a pound for pound basis in the event of disposal proceeds being used to fund mandatory prepayments of debt. The Trustmarque disposal in March 2022 resulted in an accelerated deficit contribution of £14.5m being paid during 2024. The disposal of Pay360 and Capita Translation and Interpreting in the second half of 2022 and Resourcing in 2023 resulted in accelerated deficit contributions of £16.3m being paid during 2023. Given the healthy funding position of HPS in its latest funding valuation, the Group has paid all outstanding deficit contributions at this time.

Section 2: Results for the year *continued*

2.9 Cash flow information continued

2.9.3 Reconciliation of net cash flow to movement in net debt

Year ended 31 December 2024	Note	Net debt at 1 January £m	Cash flow movements £m	Amortisation £m	Change in fair value £m	Interest £m	New leases £m	Lease terminations £m	Lease modifications £m	Exchange movements £m	Total Non-cash movement £m	Net debt at 31 December £m
Cash, cash equivalents and overdrafts	4.5.4	67.6	124.5	—	—	—	—	—	—	(0.7)	(0.7)	191.4
Private placement loan notes		(267.0)	—	—	0.9	—	—	—	—	(5.8)	(4.9)	(271.9)
Unamortised transaction costs on debt issuance		4.5	—	(1.9)	—	—	—	—	—	—	(1.9)	2.6
Carrying value of private placement loan notes	4.5	(262.5)	—	(1.9)	0.9	—	—	—	—	(5.8)	(6.8)	(269.3)
Cross-currency interest rate swaps	4.5	13.6	(3.4)	—	2.0	—	—	—	—	—	2.0	12.2
Fair value of private placement loan notes		(248.9)	(3.4)	(1.9)	2.9	—	—	—	—	(5.8)	(4.8)	(257.1)
Other finance	4.5	(0.1)	—	—	—	—	—	—	—	—	—	(0.1)
Lease liabilities	4.4	(363.4)	76.3	—	—	(22.7)	(34.6)	9.3	(14.3)	0.7	(61.6)	(348.7)
Total net liabilities from financing activities		(612.4)	72.9	(1.9)	2.9	(22.7)	(34.6)	9.3	(14.3)	(5.1)	(66.4)	(605.9)
Deferred consideration payable	4.5	(0.7)	—	—	—	—	—	—	—	—	—	(0.7)
Net debt	4.1.1	(545.5)	197.4	(1.9)	2.9	(22.7)	(34.6)	9.3	(14.3)	(5.8)	(67.1)	(415.2)

Year ended 31 December 2023	Note	Net debt at 1 January £m	Cash flow movements £m	Amortisation £m	Change in fair value £m	Interest £m	New Leases £m	Lease terminations £m	Lease modifications £m	Exchange movements £m	Total Non-cash movement £m	Net debt at 31 December £m
Cash, cash equivalents and overdrafts	4.5.4	177.2	(106.9)	—	—	—	—	—	—	(2.7)	(2.7)	67.6
Private placement loan notes		(289.5)	17.5	—	3.7	—	—	—	—	1.3	5.0	(267.0)
Unamortised transaction costs on debt issuance		4.0	5.4	(4.9)	—	—	—	—	—	—	(4.9)	4.5
Carrying value of private placement loan notes	4.5	(285.5)	22.9	(4.9)	3.7	—	—	—	—	1.3	0.1	(262.5)
Cross-currency interest rate swaps	4.5	24.8	(6.9)	—	(4.3)	—	—	—	—	—	(4.3)	13.6
Fair value of private placement loan notes		(260.7)	16.0	(4.9)	(0.6)	—	—	—	—	1.3	(4.2)	(248.9)
Other finance	4.5	(0.7)	0.5	—	—	—	—	—	—	0.1	0.1	(0.1)
Lease liabilities	4.4	(397.5)	81.4	—	—	(22.3)	(17.2)	2.6	(11.9)	1.5	(47.3)	(363.4)
Total net liabilities from financing activities		(658.9)	97.9	(4.9)	(0.6)	(22.3)	(17.2)	2.6	(11.9)	2.9	(51.4)	(612.4)
Deferred consideration payable	4.5	(0.7)	—	—	—	—	—	—	—	—	—	(0.7)
Net debt	4.1.1	(482.4)	(9.0)	(4.9)	(0.6)	(22.3)	(17.2)	2.6	(11.9)	0.2	(54.1)	(545.5)

Overdrafts comprise the aggregate value of overdrawn bank account balances within the Group's notional interest pooling arrangements. These aggregate overdrawn amounts are fully offset by surplus balances within the same notional pooling arrangements.

At 31 December 2024, the Group's £250.0m committed revolving credit facility was undrawn (31 December 2023: undrawn).

Section 3: Operating assets and liabilities

This section shows the operating assets and liabilities used to generate the Group's trading performance. Liabilities relating to the Group's financing activities are contained in Section 4. Current tax and deferred tax assets and liabilities are shown in note 2.6. Deferred income is shown in note 2.1.

3.1	Working capital
3.1.1	Trade and other receivables
3.1.2	Trade and other payables
3.1.3	Contract fulfilment assets (non-current)
3.2	Property, plant and equipment
3.3	Intangible assets
3.4	Goodwill
3.5	Right-of-use assets
3.6	Provisions

AP

Denotes accounting policies

J

Denotes significant accounting judgements

E

Denotes significant accounting estimates and assumptions

Key highlights

	Note	2024 £m	2023 £m	Year on Year movement £m
Working capital (current and non-current):	3.1	(223.0)	(351.9)	128.9
Trade and other receivables	3.1.1	345.3	363.0	(17.7)
Trade and other payables	3.1.2	(359.9)	(434.4)	74.5
Deferred income	2.1	(465.9)	(537.5)	71.6
Contract fulfilment assets	3.1.3	257.5	257.0	0.5
Property, plant and equipment	3.2	68.5	80.0	(11.5)
Intangible assets	3.3	79.8	90.0	(10.2)
Goodwill	3.4	372.4	495.7	(123.3)
Right-of-use assets	3.5	180.7	208.5	(27.8)
Provisions	3.6	(119.3)	(150.2)	30.9

The decrease in trade and other receivables is primarily driven by a reduction in prepayments (£8.0m), other receivables (£5.1m), current contract fulfilment assets (£4.9m) and accrued income (£5.6m), offset by an increase in trade receivables (£6.5m). The aforementioned reductions are largely due to the disposal of Capita One during the year, and normal operational fluctuations in working capital. The increase in trade receivables is net of the non-recourse trade receivables financing as detailed below.

The Group uses non-recourse trade receivables financing, with £23.4m of outstanding invoices sold under these facilities at 31 December 2024 (2023: £35.2m).

The decrease in trade and other payables was primarily driven by a £66.1m reduction in trade payables resulting from the disposal of Capita One during the year and the intended reduction in purchasing. Other movements relate to a reduction in other taxes and social security costs (£9.1m) and accruals (£2.3m) offset by an increase in other payables (£3.0m).

The decrease in deferred income reflects the recognition of revenue as performance obligations are delivered on customer contracts, including an acceleration of revenue recognised of £9.2m, primarily due to the early termination of contracts in the Regulated Services business in Capita Experience, as well as a reduction following the disposal of Capita One. This was partially offset by contracts in transformation such as City of London Police, BBC TV Licencing and Transport for London.

Non-current contract fulfilment assets increased marginally as a result of £73.6m of additions on contracts in transformation, including TfL Road User Charging, BBC TV Licencing, Health Assessment Advisory Services, Civil Service Pension Scheme and City of London Police, being offset by utilisations of £65.6m, mainly within Capita Public Service, £4.7m relating to the disposal of Capita One during the year, derecognition of £1.9m, mainly within Capita Public Service, and impairments of £0.8m within Capita Experience.

Property, plant and equipment decreased due to depreciation and impairment of £26.0m, being partially offset by £16.6m of additions, including investment in technology across the Group.

Intangible assets decreased due to amortisation and impairment of £32.5m and transfer to assets held-for-sale of £10.4m, partly offset by £33.5m of additions relating primarily to investment in capitalised and purchased software. This includes investment in contract delivery and cyber capabilities.

Goodwill decreased as a result of the disposal of Capita One during the year (£47.0m) and the impairment of the Contact Centre CGU (£75.1m).

Right-of-use assets decreased due to depreciation of £42.3m, and the transfer of £31.3m to lease receivables on the disposal of Fera. This has been partially offset by additions of £34.6m including the new delivery centre at Mutual Park in Cape Town and the Group's new head office in London.

The decrease in provisions of £30.9m during the year was predominantly due to the utilisation of provisions in respect of the cost reduction programme (£34.9m) and customer contracts (£19.0m), as well as the release of provisions relating to claims and litigations (£11.4m) and customer contract provisions (£6.4m). This was partially offset by additions totalling £72.7m, with the largest additions being in relation to the continuing cost reduction programme (£19.7m), and increases in customer contract provisions (£28.4m), in particular in respect of contracts in the closed book Life & Pensions business in Capita Experience.

Section 3: Operating assets and liabilities *continued*

3.1 Working capital

3.1.1 Trade and other receivables

AP Accounting policies

Trade receivables: Trade receivables are initially recognised at cost (being the same as fair value) and subsequently at amortised cost less any provision for impairment, to ensure the amounts recognised represent their recoverable amount.

Impairment: For trade receivables, the Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group monitors the level of trade receivables on a monthly basis, continually assessing the risk of default by any counterparty. Each customer has an external credit score which determines the level of credit provided.

Derecognition: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (ie removed from the Group's consolidated balance sheet) when (i) the rights to receive the cash flows from the asset have expired; or, (ii) the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risk and rewards of the asset; or, (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Trade receivables that are sold without recourse are derecognised at the point of sale when the risks and rewards of the receivables have been fully transferred.

Accrued income: Accrued income is recognised when the revenue recognised on a customer contract exceeds the amount billed to the customer as at the balance sheet date.

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Trade receivables	133.3	126.8	—	—
Other receivables ¹	10.8	15.5	3.7	4.1
Other taxes and social security	1.2	2.3	1.5	1.0
Current contract fulfilment assets ²	8.4	13.3	—	—
Accrued income	132.7	138.3	—	—
Prepayments	48.9	54.5	4.8	7.2
	335.3	350.7	10.0	12.3

1. Other receivables includes £nil (2023: £0.3m) of accrued interest on cross-currency interest rate swaps.

2. Refer to note 3.1.3 for non-current contract fulfilment assets.

Trade receivables are non-interest bearing and generally on 30-day terms.

The Group's accrued income balances solely relate to revenue from contracts with customers. Movements in the accrued income balances were driven by transactions entered into by the Group in the normal course of business during the year. There were no material loss allowances in respect of accrued income as at the balance sheet date.

Movements in the loss allowance made against receivables were as follows:

	2024 £m	2023 £m
At 1 January	5.5	29.7
Amounts written off	—	(1.2)
Net remeasurement of loss allowance ¹	0.8	(20.8)
Business disposal	—	(1.1)
Transfer to disposal group assets held-for-sale	—	(1.1)
At 31 December	6.3	5.5

1. In 2023, a release of £25.6m relates to a commercial settlement in the closed book Life & Pensions business which will not be received until a future date.

	2024 £m	2023 £m
Ageing of trade receivables		
Not due	85.7	79.4
Overdue by less than three months	14.4	19.3
Overdue between three and six months	5.0	4.9
Overdue between six and twelve months	2.4	5.4
Overdue more than twelve months ¹	32.1	23.3
Allowance for doubtful debts	(6.3)	(5.5)
	133.3	126.8

1. In both 2024 and 2023, the increase in amounts overdue by more than twelve months primarily relates to a commercial settlement in the closed book Life & Pensions business which will not be received until a future date.

Under the simplified approach permitted by IFRS 9, all invoices six months or more past due are fully provided for unless there is a specific confirmation from the customer that the invoice will be settled during the following month, or there are specific circumstances such that recognition of a provision is not appropriate. Additionally, any other invoices where the customer relationship manager has identified significant financial problems which mean that customer is unlikely to pay the invoice in the near future are also provided for. No material amounts receivable were renegotiated such that they were not past due at the balance sheet date.

The Group trades only with third parties that are expected to be creditworthy. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to seek assurance from the counterparties that they can fulfil their obligations. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to credit loss remains low.

Section 3: Operating assets and liabilities *continued*

3.1 Working capital continued

3.1.1 Trade and other receivables continued

Non-recourse trade receivable financing

The value of invoices sold under the UK non-recourse trade receivables financing at 31 December 2024 was £14.5m (2023: £23.7m). Further, in Germany the Group uses a non-recourse trade receivable financing arrangement for a specific customer contract, and the value of invoices sold under that arrangement at 31 December 2024 was £8.9m (2023: £11.5m).

The cost of selling such invoices totalled £3.4m (2023: £3.7m) and was included in net finance costs (see note 4.3) in the consolidated income statement.

3.1.2 Trade and other payables

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Trade payables	98.2	164.2	—	0.1
Other payables	31.4	27.9	5.5	6.0
Other taxes and social security	65.3	74.4	—	—
Accruals	158.3	159.4	1.2	2.4
	353.2	425.9	6.7	8.5

The Group implemented a new credit card facility in 2024, the outstanding balance of which was £5.2m at 31 December 2024.

3.1.3 Contract fulfilment assets (non-current)

AP Accounting policies

The Group regularly incurs costs to deliver its outsourcing services in a more efficient way (often referred to as 'transformation' costs). These costs may include process mapping and design, system development, project management, hardware (generally within the scope of the Group's accounting policy for property, plant and equipment), software licence costs (generally within the scope of the Group's accounting policy for intangible assets), recruitment costs and training.

Contract fulfilment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those other standards preclude capitalisation of a particular cost, then an asset is not recognised under IFRS 15 *Revenue from Contracts with Customers*.

If other standards are not applicable to contract fulfilment costs, the Group applies the following criteria which, if met, result in capitalisation of costs that: (i) directly relate to a contract or to a specifically identifiable anticipated contract; (ii) generate or enhance resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) are expected to be recovered.

The Group has determined that, where the relevant specific criteria are met, the costs for (i) process mapping and design; (ii) system development; and (iii) project management; are likely to qualify to be capitalised as contract fulfilment assets.

The incremental costs of obtaining a contract with a customer are recognised as a contract fulfilment asset if the Group expects to recover them. The Group incurs costs such as bid costs, legal fees to draft a contract and sales commissions when it enters into a new contract.

The Group has determined that the following costs may be capitalised as contract fulfilment assets: (i) legal fees to draft a contract after the Group has been selected as preferred supplier; and (ii) sales commissions directly related to winning a specific contract.

Costs incurred prior to selection as preferred supplier are not capitalised but expensed when incurred.

The Group also considers the nature of any software as a service utilised on delivering the Group's revenue generating contracts and whether associated costs incurred meet the criteria for capitalisation as contract fulfilment assets. In particular the Group assesses whether the work conducted includes any configuration or customisation of the suppliers software and then considers the relevant accounting treatment.

Utilisation: The utilisation charge is included within cost of sales. The Group utilises non-current contract fulfilment assets over the expected contract period on a systematic basis that mirrors the pattern in which the Group transfers control of the service to the customer.

Derecognition: A non-current contract fulfilment asset is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Impairment: At each balance sheet date, the Group determines whether or not the non-current contract fulfilment assets are impaired by comparing the carrying amount of the asset with the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price are removed for the impairment test.

J Significant accounting judgements

Judgement is applied by the Group when determining what costs qualify to be capitalised, in particular when considering whether these costs are incremental and when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. For example, the Group considers which type of sales commissions are incremental to the cost of obtaining specific contracts and the point in time when the costs will be capitalised. See note 2.1 for further information.

Section 3: Operating assets and liabilities *continued*

3.1 Working capital continued

3.1.3 Contract fulfilment assets (non-current) continued

Movements in non-current contract fulfilment assets were as follows¹:

	2024 £m	2023 £m
At 1 January	257.0	263.0
Additions	73.6	79.5
Transfer to disposal group assets held-for-sale ²	(4.7)	(0.9)
Impairment - included in adjusted profit	(0.7)	(3.3)
Impairment - included in business exits	(0.1)	(0.1)
Derecognition - included in adjusted profit	(1.9)	(4.1)
Derecognition - included in business exits	—	(8.2)
Utilisation - included in adjusted profit	(64.4)	(66.4)
Utilisation - included in business exits	(1.2)	(2.4)
Exchange movement	(0.1)	(0.1)
At 31 December	257.5	257.0

1. Refer to note 3.1.1 for current contract fulfilment assets.

2. Transfer to disposal group assets held-for-sale in the year ended 31 December 2024 is in respect of Capita One which was transferred at 30 June 2024 and subsequently sold during the second half of the year. In the year ended 31 December 2023 this includes £0.9m that was transferred at 30 June 2023 and subsequently sold during the second half of 2023.

As at 31 December 2024, the majority of the balance relates to transformation and set-up costs. This is consistent with the prior year.

Impairment: In 2024, the Group recognised an impairment of £0.8m (2023: £3.4m) in cost of sales, of which, £nil (2023: £nil) relates to contract fulfilment assets added during the year.

Derecognition: In 2024, £1.9m (2023: £12.3m) was derecognised. In 2023, the derecognition primarily related to a contract in Capita Public Service following the termination of a customer contract and the Group having no further use for the assets (£8.2m). Subsequently the Group exited the business this contract was in and therefore the derecognition of the contract fulfilment assets was included within business exits.

3.2 Property, plant and equipment

AP Accounting policies

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation: Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as follows:

- Freehold buildings and long leasehold property – up to 50 years.
- Leasehold improvements – period of the lease.
- Plant and machinery – 3 to 10 years.

Impairment: The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are disclosed as administrative expenses in the consolidated income statement.

Derecognition: An item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected to arise from the continued use of the asset (retired). Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying value of the asset, is included in the consolidated income statement when the asset is derecognised.

Section 3: Operating assets and liabilities *continued*3.2 Property, plant and equipment *continued*

	2024			2023		
	Leasehold improvements, land and buildings £m	Plant and machinery £m	Total £m	Leasehold improvements, land and buildings £m	Plant and machinery £m	Total £m
Cost						
At 1 January	81.0	108.9	189.9	96.0	146.5	242.5
Additions	7.3	9.3	16.6	10.4	18.4	28.8
Disposal of businesses	—	—	—	(0.4)	(0.6)	(1.0)
Disposals – included in adjusted profit	(1.7)	(2.2)	(3.9)	(1.0)	(4.7)	(5.7)
Transfer to disposal group assets held-for-sale ¹	—	(0.2)	(0.2)	(0.7)	(9.8)	(10.5)
Reclassifications to intangible assets	0.1	(0.8)	(0.7)	—	(1.2)	(1.2)
Asset retirements	(8.1)	(34.1)	(42.2)	(22.9)	(38.1)	(61.0)
Exchange movement	(0.3)	(1.4)	(1.7)	(0.4)	(1.6)	(2.0)
At 31 December	78.3	79.5	157.8	81.0	108.9	189.9
Depreciation and impairment						
At 1 January	36.4	73.5	109.9	42.5	98.9	141.4
Depreciation charged - included in adjusted profit	7.6	16.6	24.2	9.0	20.8	29.8
Depreciation charged - included in business exits	—	—	—	0.1	1.3	1.4
Disposal of businesses	—	—	—	(0.3)	(0.4)	(0.7)
Disposals – included in adjusted profit	(1.6)	(2.0)	(3.6)	(1.0)	(4.4)	(5.4)
Impairment – included in adjusted profit	1.3	0.3	1.6	—	0.9	0.9
Impairment – excluded from adjusted profit	—	—	—	2.8	—	2.8
Impairment – included in business exits	0.2	—	0.2	7.1	—	7.1
Transfer to disposal group assets held-for-sale ¹	—	(0.2)	(0.2)	(0.4)	(3.8)	(4.2)
Reclassifications to intangible assets	—	0.6	0.6	—	(0.6)	(0.6)
Asset retirements	(8.1)	(34.1)	(42.2)	(22.9)	(38.1)	(61.0)
Exchange movement	(0.1)	(1.1)	(1.2)	(0.5)	(1.1)	(1.6)
At 31 December	35.7	53.6	89.3	36.4	73.5	109.9
Net book value						
At 1 January	44.6	35.4	80.0	53.5	47.6	101.1
At 31 December	42.6	25.9	68.5	44.6	35.4	80.0

1. Transfers to disposal group assets held-for-sale In the year ended 31 December 2023 includes £1.2m that was transferred at 30 June 2023 and subsequently sold during the second half of 2023.

At 31 December 2024, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £1.4m (2023: £1.4m), relating to building improvements on leased property.

The 2023 balance included £2.8m for impairment of leasehold improvements which were recognised as part of the cost reduction programme (refer to note 2.4). These costs have been excluded from adjusted profit.

During 2023 following the classification of a business as held-for-sale, a property leased by the Group and part occupied by the business being sold is no longer used by the Group. Following an impairment test, the property's leasehold improvements were impaired by £7.1m, along with an impairment of £0.2m of the right-of-use asset for this property (refer to note 3.5). Since the impairment was triggered by the disposal of a business, the charge was excluded from adjusted profit and included in business exits (refer to note 2.8).

Section 3: Operating assets and liabilities *continued*

3.3 Intangible assets

AP Accounting policies

Intangible assets acquired separately are capitalised at cost and those identified in a business acquisition are capitalised at fair value at the date of acquisition. In the case of capitalised software development costs, research expenditure is written off to the consolidated income statement when it is incurred. Development expenditure is similarly written off until the Group is satisfied as to the technical, commercial and financial viability of individual projects. Where this condition is satisfied, the development expenditure is capitalised and amortised over the period during which the Group is expected to benefit.

The Group considers the nature of any software as a service utilised by the Group and whether associated costs incurred meet the criteria for capitalisation as intangible assets. In particular the Group assesses whether the work conducted includes any configuration or customisation of the suppliers software and then considers the relevant accounting treatment.

Following initial recognition, the carrying amount of an intangible asset is its cost less accumulated amortisation and impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. There were no indefinite-lived assets in 2024 or 2023.

Amortisation: Amortisation is charged on assets with finite lives. The amortisation method used reflects the expected pattern of consumption of future economic benefits and generally amortised on a straight-line basis, the amortisation periods used are as follows:

- Intangible assets acquired in business combinations – 1.5 to 20 years.
- Intangible assets purchased or internally capitalised – 3 to 20 years.

Impairment: Intangible assets with finite lives are only tested for impairment, either individually or at the cash-generating unit level, when there is an indicator of impairment.

Derecognition: Intangible assets are derecognised upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset (retired). Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying value of the asset, is included in the consolidated income statement when the asset is derecognised.

The measurement of intangible assets other than goodwill in a business combination: on the acquisition of a business, the identifiable intangible assets may include licences, customer lists and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset because in most cases no active market for the assets exists and therefore no observable value exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

The assessment of costs capitalised as intangible assets to generate future economic benefits: judgement is applied in assessing whether costs incurred, both internal and external, will generate future economic benefits. Judgements and estimates are applied in determining the carrying value of the assets, including assumptions made in respect of the status of the programme each asset relates to. Given the level of judgement and estimation involved in assessing future cash flows, it is reasonably possible that outcomes within the next financial year may be different from management's assumptions and require an adjustment to the carrying value of intangible assets, however any adjustment is not expected to be material.

Section 3: Operating assets and liabilities *continued*

3.3 Intangible assets continued

	2024			2023		
	Intangible assets acquired in business combinations £m	Capitalised/purchased software £m	Total £m	Intangible assets acquired in business combinations £m	Capitalised/purchased software £m	Total £m
Cost						
At 1 January	3.0	175.0	178.0	3.0	194.6	197.6
Additions ¹	—	33.5	33.5	—	32.8	32.8
Disposal of businesses	—	—	—	—	(15.7)	(15.7)
Disposals – included in adjusted profit	—	(2.0)	(2.0)	—	(2.0)	(2.0)
Transfer to disposal group assets held-for-sale ²	—	(14.6)	(14.6)	—	(15.3)	(15.3)
Reclassifications to property, plant and equipment	—	0.7	0.7	—	1.2	1.2
Asset retirements	—	(46.2)	(46.2)	—	(20.4)	(20.4)
Exchange movement	0.1	(0.7)	(0.6)	—	(0.2)	(0.2)
At 31 December	3.1	145.7	148.8	3.0	175.0	178.0
Amortisation and impairment						
At 1 January	2.5	85.5	88.0	2.3	89.3	91.6
Amortisation charged in the year - included in adjusted profit	—	21.6	21.6	—	23.5	23.5
Amortisation charged in the year - excluded from adjusted profit	0.2	—	0.2	0.2	—	0.2
Amortisation charged in the year - included in business exits	—	1.6	1.6	—	5.6	5.6
Impairment – included in adjusted profit	—	0.6	0.6	—	0.9	0.9
Impairment – included in business exits	—	8.5	8.5	—	—	—
Disposal of businesses	—	—	—	—	(7.1)	(7.1)
Disposals – included in adjusted profit	—	(0.3)	(0.3)	—	(1.6)	(1.6)
Transfer to disposal group assets held-for-sale ²	—	(4.2)	(4.2)	—	(5.3)	(5.3)
Reclassifications to property, plant and equipment	—	(0.6)	(0.6)	—	0.6	0.6
Asset retirements	—	(46.2)	(46.2)	—	(20.4)	(20.4)
Exchange movement	0.1	(0.3)	(0.2)	—	—	—
At 31 December	2.8	66.2	69.0	2.5	85.5	88.0
Net book value						
At 1 January	0.5	89.5	90.0	0.7	105.3	106.0
At 31 December	0.3	79.5	79.8	0.5	89.5	90.0

1. Additions comprise £32.3m (2023: £27.6m) of capitalised software development and £1.2m (2023: £5.2m) of purchased software.

2. Transfers to disposal group assets held-for-sale in the year ended 31 December 2024 is in respect of Capita One that was transferred at 30 June 2024 and subsequently sold during the second half of the year. In the year ended 31 December 2023, this includes £9.9m that was transferred at 30 June 2023 and subsequently sold during the second half of 2023.

Intangible assets capitalised or purchased include capitalised software development (net book value 2024: £74.2m; 2023: £75.6m) and purchased software (net book value 2024: £5.3m; 2023: £13.9m). 'Impairment - included in business exits' of £8.5m arose following the decision taken to exit the mortgage servicing business.

Section 3: Operating assets and liabilities *continued*

3.4 Goodwill

AP Accounting policies

Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill arising on acquisitions prior to 31 December 1997 remains set off directly against reserves and does not get recycled through the consolidated income statement.

At the acquisition date, any goodwill acquired is allocated to the cash-generating units (CGU) which are expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the Parent company.

E Significant accounting estimates and assumptions

Impairment of Contact Centre goodwill: the Group determines whether goodwill is impaired on an annual basis, or more frequently if required, and this requires an estimation of the recoverable amount of the CGU to which the intangible assets are allocated utilising an estimation of future cash flows and choosing a suitable discount rate.

	2024 £m	2023 £m
Cost		
At 1 January	1,074.2	1,423.3
Disposal of businesses	—	(199.6)
Transfer to disposal group assets held-for-sale ¹	(72.5)	(149.0)
Adjustment to gross goodwill balances ²	(154.9)	—
Exchange movement	(1.2)	(0.5)
At 31 December	845.6	1,074.2
Accumulated impairment		
At 1 January	578.5	817.4
Disposal of businesses	—	(196.4)
Transfer to disposal group assets held-for-sale ¹	(25.5)	(84.7)
Impairment – excluded from adjusted profit	75.1	42.2
Adjustment to gross goodwill balances ²	(154.9)	—
At 31 December	473.2	578.5
Net book value		
At 1 January	495.7	605.9
At 31 December	372.4	495.7

1. Transfers to disposal group assets held-for-sale in the year ended 31 December 2024 is in respect of Capita One that was transferred at 30 June 2024 and subsequently sold during the second half of the year. In the year ended 31 December 2023 this includes £49.3m that was transferred at 30 June 2023 and subsequently sold during the second half of 2023.

2. Adjustment to remove gross cost and accumulated impairment in respect of goodwill that had been fully impaired and subsequently disposed of in previous years. This has resulted in an adjustment to each balance of £154.9m, with no change to the overall net book value.

Section 3: Operating assets and liabilities *continued*

3.4 Goodwill *continued*

Cash-generating units

In line with the determination in the second half of the year that the Capita Experience division comprises three operating segments: Contact Centre, Pension Solutions and Regulated Services (refer to notes 2.2 and 2.5), the Group has reviewed the historical assessment of CGUs and the allocation of goodwill. Reflecting the way management now exercises oversight and monitors the Group's performance, the Board concluded that the lowest level at which goodwill is monitored is at the divisional level for Capita Public Service, and at a sub-divisional level for Capita Experience in line with the aforementioned operating segments, and goodwill has been reallocated to these groups of CGUs (hereafter referred to as CGU) accordingly.

Where possible, goodwill was reallocated to the new CGUs by transferring the goodwill balance created on acquisition of the business to the CGU in which the business now primarily resides under the new organisational structure. In some cases, it was not possible to clearly determine a single CGU in which the acquired business now primarily resides, and in these instances the relevant goodwill was allocated to the CGU that best reflected the original balance. The opening goodwill balance as at 1 January 2024 has been reallocated to these CGUs for comparable purposes.

Carrying amount of goodwill allocated to CGUs:

CGU	Capita Experience				Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	
At 1 January	286.4	148.6	60.7	—	495.7
Transfer to assets held-for-sale ¹	(47.0)	—	—	—	(47.0)
Impairment – excluded from adjusted profit	—	(75.1)	—	—	(75.1)
Exchange movement	—	(1.2)	—	—	(1.2)
At 31 December	239.4	72.3	60.7	—	372.4

1. Transfers to disposal group assets held-for-sale in the year ended 31 December 2024 is in respect of Capita One that was transferred at 30 June 2024 and subsequently sold during the second half of the year.

Business exits

As set out in note 2.8, two businesses, Fera and Capita One, were fully disposed of during the year. Goodwill balances relating to these businesses were transferred to disposal group assets held-for-sale at 31 December 2023 (Fera) and 30 June 2024 (Capita One), and subsequently derecognised in the year as part of the relevant business disposal.

Two additional businesses within the Capita Experience division (one within the Contact Centre CGU and one within the Regulated Services CGU) met the criteria to be treated as business exits at 31 December 2024, however there is no goodwill attributable to either business.

The impairment test

In undertaking the annual impairment review, the directors considered both internal and external sources of information, and any observable indications that may suggest that the carrying value of goodwill may be impaired. This included a comparison with the Group's share price and market capitalisation.

The Group's impairment test compares the carrying value of each CGU with its recoverable amount. The recoverable amount of a CGU is the higher of fair value less cost of disposal, and its value in use. As the Group continues to implement the Group-wide cost reduction programme first announced in November 2023 and referred to in the strategic report and note 2.4, and continues to be committed to evaluating additional cost savings opportunities, it has been determined that at 31 December 2024, fair value less costs of disposal will generate the higher recoverable amount.

The valuation of CGUs under fair value less costs of disposal assumes that a third-party acquirer will undertake a similar plan to derive similar benefits in the business going forward. The enterprise value of each CGU is dependent on the successful implementation of the cost reduction programme.

Fair value less costs of disposal for each CGU has been estimated using discounted cash flows. The fair value measurement was categorised as a Level-3 fair value based on the inputs in the valuation technique used. The costs of disposal have been estimated based on the Groups' significant disposals in recent years.

In 2024, the Contact Centre business has seen a reduction in its adjusted revenue¹, increase in its adjusted operating loss¹ and reduction in its operating cash flow excluding business exits¹. These trends reflect the one-off benefit from the Virgin Media O2 contract transition in the prior year and the impact of prior year contract losses, both of which were reflected in the financial projections used for impairment testing purposes previously, and lower than expected volumes in the telecommunications vertical in the second half of 2024, which are expected to remain subdued during 2025. The profit and cash flow impact of these items was partially offset by an underlying margin improvement from lower overheads from delivery of the cost reduction programme.

The Contact Centre business also saw a reduction in bid activity across 2024, and although there has been a strong start to 2025, the business is expecting a high single-digit revenue reduction in 2025. In addition, the material contracts secured in 2024 are framework agreements, which enable the customer to both ramp-up and ramp-down volume, providing both an opportunity but also a risk to the business's forecast. Whilst delivery and client sentiment has remained strong across the majority of the portfolio, certain delivery issues have led to the reduction of volumes on one particular contract.

As detailed in the strategic review, there is a significant opportunity for the Contact Centre business to improve its margins to be in line with those of its peers, and it is implementing a significant reorganisation, including delayering internal management structures and a digitisation plan to reduce costs. A key element of its reorganisation is increasing the use of offshore and nearshore service delivery to meet client needs. In terms of its digitisation plan, the forecast for the business assumes an increase in the use of its new AI and generative AI solutions, such as AgentSuite, with significant rollout to clients underway for 2025. There is a risk with the assumed rollout of these new technology solutions, such as the pace of technological change, which brings increased uncertainty in delivery, and therefore a risk to the business's forecast.

To reflect these risks from the perspective of a market participant perspective, and taking account of the historical performance of the business and inherent uncertainty in forecasting, for the purposes of the impairment test, the business plan cash flow projections have been risk adjusted in the Contact Centre CGU from 2025 onwards. At 31 December 2024, a goodwill impairment of £75.1m was recognised in respect of the Contact Centre CGU.

At 31 December 2024, the estimated recoverable amount of the Contact Centre CGU (calculated net of lease liabilities attributable to the CGU) was £25.3m. The estimated recoverable amount of the other CGUs exceeded their respective carrying value. The key inputs to the calculations are described below, including changes in market conditions.

1. Refer to alternative performance measures in section 8.2 to the financial statements.

Section 3: Operating assets and liabilities *continued*

3.4 Goodwill *continued*

Forecast cash flows

The cash flow projections prepared for the impairment test are derived from the 2025-2027 business plan approved by the Board, which are prepared on a nominal basis. Key assumptions in the business plan include the delivery of planned revenue growth and the benefits that the cost reduction programme is anticipated to deliver. As noted above, for the purposes of the impairment test, the business plan cash flow projections have been risk adjusted in the Contact Centre CGU from 2025 onwards.

The going concern severe but plausible downside scenarios have taken account of the potential adverse financial impacts resulting from the following risks, which include the key assumptions noted above:

- revenue growth falling materially short of plan;
- operating margin expansion not being achieved;
- targeted cost savings delayed or not delivered;
- unforeseen operational issues leading to contract losses and cash outflows; and
- unexpected financial costs linked to incidents such as data breaches and/or cyber-attacks.

As such, the below sensitivity analysis includes assessing the impact of these crystallising on the impairment test performed.

Forecast cash flows have been adjusted for movements in deferred income and contract fulfilment assets. An adjustment has also been made to the 2025 cash flows to reflect the assumed build-up in working capital to reach a normalised working capital position for each CGU.

Allocation of central function costs

The Board has considered an appropriate methodology to apply when allocating central function costs. The methodology applied for the 2024 impairment test was aligned to that applied in reporting segmental performance (refer to note 2.5). The remaining Group related costs of Capita plc, which have not been allocated as part of segmental reporting, are allocated to CGUs for impairment testing purposes based on 2025 forecast earnings before interest, tax, depreciation and amortisation (EBITDA).

Long-term growth rate

The long-term growth rate is based on economic growth forecasts by recognised bodies and this has been applied to forecast cash flows for years four and five (2028 and 2029) and for the terminal period. The 2024 long-term growth rate is 1.6% (2023: 1.7%).

Discount rates

Management estimates discount rates using nominal pre-tax rates of comparator companies for each CGU. The discount rates reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt, and which are all based on publicly available external sources.

The table below presents the pre-tax discount rates applied to the cash flows for 2024 and 2023. The 2023 rates for the new Capita Experience CGUs are those that were used for the aggregated Capita Experience group of CGUs at 31 December 2023, and have not been re-estimated for the disaggregated CGUs.

	Capita Experience		
	Capita Public Service	Contact Centre	Pension Solutions
2024	10.5%	11.2%	10.6%
2023	11.0%	9.2%	9.2%

Sensitivity analysis

The impairment testing as described is reliant on the reliability of management's forecasts and the assumptions that underlie them; and on the selection of the discount and growth rates to be applied. To gauge the sensitivity of the result to a change in any one, or combination of the assumptions that underlie the model, a number of scenarios were developed to identify the range of reasonably possible alternatives and measure which CGUs are the most susceptible to an impairment should the assumptions used be varied. The most material sensitivities to the cash flow forecasts are the risk of not delivering the planned revenue growth and efficiency savings from the Group's cost reduction programme.

The table below shows the additional impairment required (with all other variables being equal) through: an increase in discount rate of 1%, or a decrease of 1% in the long-term growth rate (for the terminal period) for the Group in total and each of the CGUs; or, through the severe but plausible downsides applied to the base-case projections for assessing going concern and viability, without mitigations, for 2025 to 2027, and the long-term growth rate (1.6%) applied to the 2027 downside cash flows to generate projected cash flows for 2028, 2029, and the terminal period. We have also considered the impact of all the scenarios together, which is also a reasonable possible alternative.

	1% increase in discount rate	Long-term growth rate decrease by 1%	Severe but plausible downside	Combination sensitivity
	£m	£m	£m	£m
Capita Public Service	—	—	—	—
Contact Centre	(23.2)	(17.4)	(18.1)	(55.1)
Pension Solutions	—	—	—	—
Total	(23.2)	(17.4)	(18.1)	(55.1)

Comparison to share price and market capitalisation

The company's market capitalisation indicates an enterprise value that continues to be significantly less than the Group's sum-of-the-parts CGU valuation based upon the model prepared for impairment testing purposes at 31 December 2024. The directors gave consideration as to why this might be the case and the reasonableness of the assumptions used in the impairment model, and whether these points could indicate additional indicators of impairment in respect of the Group's goodwill balances.

The factors considered included: the differing basis of valuations (including that third parties value the services sector on income statement multiples versus long-term view using a discounted cash flow for the basis of impairment testing under accounting standards), sum-of-the-parts view and the multiples achieved on recent disposals, general market assumptions of the sector which can ignore the liquidity profile and specific risks of an entity, and other specific items impacting the market's view of the Group at the moment, including the on-going cost reduction programme.

Taking these points into consideration, the Board is comfortable that there is no further impairment in respect of goodwill to be recognised at 31 December 2024, despite the continuing low market capitalisation of the Group.

Section 3: Operating assets and liabilities *continued*

3.5 Right-of-use assets

AP Accounting policies

At the inception of the lease, the Group recognises a right-of-use asset at cost, which comprises the present value of minimum future lease payments determined at the inception of the lease. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Amendments to lease terms resulting in a change in payments or the length of the lease results in an adjustment to the right-of-use asset and corresponding lease liability. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Right-of-use assets exclude leases with low values and terms of twelve months or less. These leases are expensed to the consolidated income statement when incurred.

As detailed in note 2.4, during 2024 a charge of £27.9m (2023: £54.4m) was recognised for the costs to deliver the cost reduction programme. This includes a property related credit of £2.6m reflecting the successful exit of a number of properties which had been provided for in the previous year. The 2023 property related charge was £31.1m including impairments of £13.1m. These amounts have been excluded from adjusted profit.

Other movements include amendments to existing leases.

Net Book Value	Property £m	Motor vehicles £m	Equipment £m	Total £m
At 1 January 2023	237.0	10.6	1.9	249.5
Addition of new leases	12.9	1.8	2.5	17.2
Depreciation charged - included in adjusted profit	(40.3)	(5.9)	(1.9)	(48.1)
Depreciation charged - included in business exits	(0.2)	—	—	(0.2)
Impairment - included in adjusted profit	(2.4)	—	—	(2.4)
Impairment - excluded from adjusted profit	(13.1)	—	—	(13.1)
Impairment - included in business exit	(0.2)	—	—	(0.2)
Transfer to disposal group assets held-for-sale	(1.0)	—	—	(1.0)
Disposal of businesses	(0.2)	—	—	(0.2)
Disposals - included in adjusted profit	(0.2)	(0.7)	(0.7)	(1.6)
Exchange movement	(1.9)	—	—	(1.9)
Other movements	9.7	0.1	0.7	10.5
At 31 December 2023	200.1	5.9	2.5	208.5
Addition of new leases	27.6	5.8	1.2	34.6
Depreciation charged - included in adjusted profit	(36.4)	(4.2)	(1.6)	(42.2)
Depreciation charged - included in business exits	(0.1)	—	—	(0.1)
Impairment - excluded from adjusted profit	(0.2)	—	—	(0.2)
Transfer to lease receivable ¹	(31.3)	—	—	(31.3)
Disposals - included in adjusted profit	(5.5)	(0.7)	—	(6.2)
Exchange movement	(0.6)	—	—	(0.6)
Other movements	18.2	0.1	(0.1)	18.2
At 31 December 2024	171.8	6.9	2.0	180.7

1. Transfers to lease receivable in the year ended 31 December 2024 comprises £31.3m that was transferred at 17 January 2024 on the disposal of Fera.

Section 3: Operating assets and liabilities *continued*

3.6 Provisions

AP Accounting policies

Provisions are recognised when the Group has a present legal or constructive obligation arising from past events, it is probable that cash will be paid to settle it, and the amount can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted using the yield on government bonds which have a similar timing and currency of cash flows to the provision being discounted. Where required adjustments are made to the yields to reflect the risks specific to the cash flows being discounted. The unwinding of the discount is recognised as a financing cost in the consolidated income statement.

The value of the provision is determined based on assumptions and estimates in relation to the amount, timing and likelihood of actual cash flows, which are dependent on future events. Where no reliable basis of estimation can be made, no provision is recorded. However, contingent liabilities disclosures are given when there is a greater than remote probability of outflow of economic benefits. See note 6.2.

On an ongoing basis, management monitor provisions and their accurate estimation when compared to final outcomes.

E Denotes significant accounting estimates and assumptions

As detailed in note 2.1, in respect of onerous customer contract provisions, due to the level of uncertainty, combination of variables and timing across numerous contracts, it is not practical to provide a quantitative analysis of the aggregated estimates and assumptions that are applied, and management do not believe that disclosing a potential range of outcomes on a consolidated basis would provide meaningful information to a user of the financial statements. Due to commercial sensitivities, the Group does not specifically disclose the amounts involved in any individual contract.

Provisions

The movements in provisions during the year are as follows:

	Cost reduction provision £m	Business exit provision £m	Claims and litigation provision £m	Property provision £m	Customer contract provision £m	Other provisions £m	Total £m
At 1 January	29.5	7.8	41.4	7.8	58.5	5.2	150.2
Reclassification between categories	—	—	—	—	0.2	(0.2)	—
Provisions in the year	19.7	7.0	5.6	7.4	28.4	4.6	72.7
Releases in the year	(5.0)	(1.8)	(11.4)	(1.9)	(6.4)	(2.9)	(29.4)
Utilisation	(34.9)	(6.6)	(5.4)	(6.9)	(19.0)	(1.7)	(74.5)
Unwinding of discount and changes in the discount rate	—	—	—	—	0.4	—	0.4
Exchange movement	(0.2)	—	—	—	0.1	—	(0.1)
At 31 December	9.1	6.4	30.2	6.4	62.2	5.0	119.3

	31 December 2024 £m	31 December 2023 £m
Current	81.4	101.6
Non-current	37.9	48.6
	119.3	150.2

Cost reduction provision: The provision represents the cost of reducing headcount where communication to affected employees has crystallised a valid expectation that roles are at risk and it is likely to unwind over the next twelve months. Additionally, it relates to unavoidable running costs of leasehold properties (such as insurance and security) and dilapidation provisions, where properties are exited as a result of the cost reduction programme. These provisions are likely to unwind over periods of up to four years. Refer to note 2.4 for further details on the cost reduction programme.

Business exit provision: The provision relates to the cost of exiting businesses through disposal or closure and the costs of separating the businesses being disposed. These are likely to unwind over a period of one to four years.

Claims and litigation provision: The Group is exposed to claims and litigation proceedings arising in the ordinary course of business. These matters are reassessed regularly and where obligations are probable and estimable, provisions are made representing the Group's best estimate of the expenditure to be incurred. Due to the nature of these claims, the Group cannot give an estimate of the period over which this provision will unwind.

Section 3: Operating assets and liabilities *continued*

3.6 Provisions *continued*

Property provision: The provision relates to unavoidable running costs, such as insurance and security, of leasehold property where the space is vacant or currently not planned to be used, and dilapidation costs, for ongoing operations, and not the cost reduction programme detailed in note 2.4 (where such costs are included in the cost reduction provision). The expectation is that this expenditure will be incurred over the remaining periods of the leases which vary up to 22 years.

Customer contract provision: The provision includes onerous contract provisions in respect of customer contracts where the costs of fulfilling a contract (both incremental and costs directly related to contract activities) exceeds the economic benefits expected to be received under the contract, claims/obligations associated with missed milestones in contractual obligations, and other potential exposures related to contracts with customers. Customer contract life-time reviews are used to determine the value of an onerous contract provision. The life-time contract review reflects the forecast of the best estimate of external revenues and costs over the remaining contract term. These provisions are forecast to unwind over periods of up to five years.

The customer contract provision includes £43.9m (2023: £40.5m) in respect of contracts in the closed book Life & Pensions business, which the Group is seeking to exit, in the Regulated Services business in Capita Experience. The closed books and contractual dynamics have led to onerous conditions to service certain of these contracts. Management has been required to assess the likely length of these contracts, given the pattern and experience of contract terminations while also recognising the evergreen clauses (which potentially allow the customer to extend the contracts indefinitely until the run-off of the underlying life and pension books is complete). Accordingly, the Group has, as in prior years, provided for the onerous contract conditions based on the best estimate of the remaining contract terms and the period until the final handover of services. At 31 December 2024, £35.4m of the provision, which is in respect of contracts with the one remaining customer where an earlier exit is not yet highly probable, was increased to provide cover for the contracts to extend out to December 2029 (ie a five year rolling period), reflecting the current best estimate of the remaining term and likely costs to continue service delivery. The remaining £8.5m of the provision relates to a contract where the earlier exit is highly probable at 31 December 2024, and comprises an onerous contract provision for the remaining term and likely costs to continue service delivery, and a provision to cover the cost to exit the contract and handover these services.

Other provisions: Relates to provisions in respect of other exposures arising as a result of the nature of some of the operations that the Group provides, including supplier audit and regulatory provisions, and for which an outflow of economic benefits is deemed probable. These are likely to unwind over periods of up to five years.

Section 4: Capital structure and financing costs

This section outlines the Group's capital structure and financing costs. The Group defines its capital structure as its cash and cash equivalents, interest bearing loans and borrowings and equity. The Group aims to manage its capital structure to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group manages its capital structure to maintain a sustainable mix of debt and equity that ensures that the Group can pursue its strategy. The Group makes adjustments to its capital structure in light of changes in economic conditions and strategic operational requirements. To maintain or adjust the capital structure, the Group may return capital to shareholders through dividends and share buy backs, sell assets, raise additional equity, or arrange additional debt facilities.

- 4.1 Net debt, capital and capital management
- 4.2 Financial risk
- 4.3 Net finance costs
- 4.4 Leases
- 4.5 Financial instruments and the fair value hierarchy
- 4.6 Issued share capital
- 4.7 Group composition and non-controlling interests

AP

Denotes accounting policies

J

Denotes significant accounting judgements

E

Denotes significant accounting estimates and assumptions

Key highlights

Net financial debt to adjusted EBITDA¹ (both pre-IFRS 16)

Aim: Maintain the ratio of net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) at $\leq 1.0x$ times over the medium term

0.5x

(2023: 1.2x)

Available liquidity¹

£397.2m

(2023: £282.3m)

1. Details of all alternative performance measures and related key performance indicators (KPIs) can be found in section 8.2.

Capital strategy

The Group's capital strategy is to build a strong and flexible balance sheet, which supports the Group's strategic objectives and the investment needed to support the business.

The Board aims to maintain the ratio of net financial debt to adjusted EBITDA, on a pre-IFRS 16 basis at $\leq 1.0x$ times over the medium term.

Liquidity

Available liquidity¹ at 31 December 2024 was £397.2m (2023: £282.3m) and during 2024 net financial debt (pre-IFRS 16) reduced by £115.6m from £182.1m to £66.5m.

The Group has a £250m revolving credit facility (RCF) maturing 31 December 2026. The RCF was undrawn as at 31 December 2024.

The RCF includes a sustainability component that can adjust the margin by up to five basis points conditional upon achieving agreed Environmental, Social and Governance (ESG) key performance indicators (KPIs). These KPIs are:

1. Scope 1, Scope 2 (market based), and Scope 3 (business travel) absolute emissions reduction.
2. Employee engagement index.
3. Gender diversity at senior management level.

Additionally, US dollar and British pound sterling private placement loan notes of USD74.3m and £7.4m respectively were repaid at maturity on 22 January 2025, as per their contractual values. Net of swaps the repayments were £53.6m.

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches: £50m maturing 24 April 2028, USD13m maturing 24 April 2028 and USD43m maturing 24 April 2030, with an average interest rate of 7.4%. The notes rank pari passu with the existing indebtedness of the Group and include financial covenants at the same level as those under the revolving credit facility and existing US private placement loan notes. Additionally, the placement requires the Group to refinance or extend the Group's revolving credit facility, which matures on 31 December 2026, by 31 December 2025.

Net finance costs

Net finance costs decreased by £5.9m to £46.3m (2023: £52.2m) primarily attributable to reduced debt levels following proceeds received for business exits in the year.

Section 4: Capital structure and financing costs *continued*

4.1 Net debt, capital and capital management

4.1.1 Net debt and capital

The components of the Group's net debt and undrawn available liquidity are summarised below.

	Notes	2024 £m	2023 £m	Year on Year movement
Cash and cash equivalents	4.5.4	(253.6)	(162.6)	(91.0)
Overdraft	4.5.4	62.2	95.0	(32.8)
Lease liabilities	4.4.1	348.7	363.4	(14.7)
Private placement loan notes ¹	4.5.2	269.3	262.5	6.8
Other finance	4.5.2	0.1	0.1	—
Cross currency interest rate swaps	4.5.2	(12.2)	(13.6)	1.4
Deferred consideration	4.5.2	0.7	0.7	—
Net debt		415.2	545.5	(130.3)
Undrawn available financing facilities	4.5.2b	250.0	260.7	(10.7)
Capital		665.2	806.2	(141.0)

1. Private loan notes include US dollar and British pound sterling private placement loan notes.

A reconciliation of net debt shown above to cash flow can be found in note 2.9.3.

The overdrafts are part of a notional cash pooling arrangements in which the balances are fully offset by cash balances within the same arrangements.

4.1.2 Capital management

Capital management forms an important component of Board meetings, including reviews of forecast gearing, key covenant tests, and the mix of funding sources, thereby ensuring sustainability and flexibility. Shareholder returns are reviewed in accordance with the Group's generation of sustainable free cash flow.

The Group's capital management process ensures that it meets the financial covenants of its borrowing arrangements. There are two separate sets of covenant tests underlying the Group's financial instruments with the key difference being the treatment of IFRS 16. Under the test for the bank facilities and US private placement loan notes these covenants are based on maintaining minimum ratios associated with adjusted net debt to adjusted EBITDA and annualised interest cover. There have been no breaches in the financial covenants of any loans or borrowings during the reporting period.

The committed RCF provides the liquidity needed to cover the cash fluctuations of the business cycle, allowing a buffer for contingencies.

Capita plc supports the obligations of its various regulated financial services businesses. The board of each regulated firm is responsible for ensuring it has embedded capital management frameworks that ensure the availability of adequate financial resources at all times, and all of them complied with all externally imposed financial services regulatory capital requirements applicable to them.

In the UK, to provide working capital funding at an economically favourable rate versus the RCF, the Group uses a non-recourse trade receivables financing facility. The value of invoices sold under this arrangement at 31 December 2024 was £14.5m (2023: £23.7m). Further, in Germany the Group uses a non-recourse trade receivable financing arrangement for a specific customer contract, and the value of invoices sold under that arrangement at 31 December 2024 was £8.9m (2023: £11.5m). In addition, the Group implemented a new credit card facility in 2024, the outstanding balance of which was £5.2m at 31 December 2024.

4.2 Financial risk

Financial risk management objectives and policies

The Group's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework, which is outlined on pages 68 to 74 of the strategic report. The Group's principal financial instruments comprise cash, bank loans, private placement loan notes, lease assets and liabilities, and derivatives. The purpose of these is to fund and provide liquidity for the Group's operations and to manage its financial risks. The Group has various other financial instruments including trade receivables and trade payables arising from its operations.

Derivatives comprise cross-currency interest rate swaps, and forward foreign currency contracts executed with its relationship banks, all of which have investment grade credit ratings. The derivatives' purpose is to manage interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no speculative trading in financial instruments is undertaken.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk, and credit risk. The Board periodically reviews and agrees policies for managing these risks, which are summarised below.

Section 4: Capital structure and financing costs *continued*

4.2 Financial risk continued

4.2.1 Liquidity risk

The Group monitors the risk of a liquidity shortage through its business plan and liquidity cycle forecasts and analysis, taking into consideration the maturity of the Group's financial instruments, projected cash flows from operations and an allowance for contingencies.

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to fund the Group's operations and its medium-term plans. Multiple sources of funding are used to maintain a balance between continuity of funding and flexibility without placing reliance on sources that are not contractually committed.

The Group's committed bank facilities provide liquidity for the cash fluctuations of the business cycle and an allowance for contingencies. The Group has a £250m revolving credit facility (RCF) maturing 31 December 2026.

The RCF was undrawn at 31 December 2024 (2023: undrawn).

The Group's core funding is provided by private placement loan notes, and to mitigate the risk of needing to refinance in challenging conditions, these have been arranged with a spread of maturities to July 2028.

The bank facilities and private placement loan notes all include provisions that would require repayment in the event of a change of control, and also contain cross default provisions, which are typical of these arrangements.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows. All balances are stated based on the prevailing foreign exchange rates and the contractual interest rates at the balance sheet date.

At 31 December 2024	Within 1 year £m	Between 1–2 years £m	Between 2–3 years £m	Between 3–4 years £m	Between 4–5 years £m	More than 5 years £m	Total £m
Overdraft*	62.2	—	—	—	—	—	62.2
Private placement loan notes	89.0	119.9	45.7	18.4	—	—	273.0
Interest on loan notes	13.4	11.8	2.4	4.5	—	—	32.1
Lease liabilities	63.3	52.5	45.9	40.6	35.1	249.1	486.5
Deferred consideration	—	0.7	—	—	—	—	0.7
Cross-currency interest rate swaps	1.1	1.1	—	—	—	—	2.2
Cash flow hedges currency swaps	5.0	5.0	1.7	1.7	—	—	13.4
Cash flow hedges interest rate swaps	1.7	—	—	—	—	—	1.7
Other financial instruments	0.1	—	—	—	—	—	0.1
	235.8	191.0	95.7	65.2	35.1	249.1	871.9

* The Group has a notional cash pool under which the bank may net cash balances with overdrafts held by other Group companies in the arrangements. The overdraft balances shown are fully offset by credit balances in the same arrangement.

At 31 December 2023	Within 1 year £m	Between 1–2 years £m	Between 2–3 years £m	Between 3–4 years £m	Between 4–5 years £m	More than 5 years £m	Total £m
Overdraft*	95.0	—	—	—	—	—	95.0
Private placement loan notes	—	88.0	119.1	45.3	18.1	—	270.5
Interest on loan notes	15.0	13.3	11.7	2.3	1.5	—	43.8
Lease liabilities	71.3	55.0	42.9	35.8	30.9	276.1	512.0
Deferred consideration	—	—	0.7	—	—	—	0.7
Put options of non-controlling interests	8.5	—	—	—	—	—	8.5
Cross-currency interest rate swaps	1.2	1.2	1.2	—	—	—	3.6
Cash flow hedges currency swaps	5.0	5.0	5.0	1.7	1.7	—	18.4
Cash flow hedges interest rate swaps	1.7	1.7	—	—	—	—	3.4
Other financial instruments	0.1	—	—	—	—	—	0.1
	197.8	164.2	180.6	85.1	52.2	276.1	956.0

Section 4: Capital structure and financing costs *continued*

4.2 Financial risk continued

4.2.2 Foreign currency risk

The Group is not generally exposed to significant foreign currency transaction risk with two exceptions.

Firstly, services are provided by the Group's operations in India, South Africa and Poland and incurred in Indian rupee (INR), South African rand (ZAR) and Polish zloty (PLN), respectively. The Group seeks to mitigate the short term effect of this exposure by entering into forward foreign exchange contracts to fix the British pounds sterling (GBP) cost of highly probable transactions.

At 31 December 2024, the Group held forward foreign exchange contracts against forecast internal monthly INR, ZAR and PLN costs expected in the periods up to and including June 2025, August 2028, and December 2026 respectively. These forecast costs have been determined on the basis of the underlying cash flows associated with the delivery of services under executed customer contracts.

Secondly, the Group holds foreign exchange forwards against committed costs relating to the purchase of cloud software services in US dollars (USD) in the periods up to and including October 2028.

To maximise hedge effectiveness, forward foreign exchange contracts are executed with terms matching the underlying cash flows.

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a 5% strengthening/(weakening) in INR, ZAR, PLN, and USD exchange rates, assuming all other variables are unchanged, that would arise from the resulting changes in the fair value of the Group's forward exchange contracts.

	2024		2023	
	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
USD	1.3	0.6	0.6	4.8
INR	—	1.3	—	3.4
ZAR	—	1.3	0.5	3.8
PLN	—	0.3	—	0.2

4.2.3 Interest rate risk

The Group manages its interest rate exposure, which arises from the Group's private placement loan notes, cash, deposits and RCF drawings at variable interest rates through cross-currency interest rate swaps and interest rate swaps. The cross currency interest rate swaps are designated in a mix of fair value and cash flow hedges against the fair value changes of the private placement loan notes and variability in future cash flows.

The net level of floating rate interest exposure is managed to arrive at an acceptable overall interest rate risk profile. The interest rate profile of the Group's interest-bearing financial instruments was as follows:

Nominal amounts	Within 1 year £m	Between 1–2 years £m	Between 2–3 years £m	Between 3–4 years £m	Between 4–5 years £m	More than 5 years £m	Total £m
At 31 December 2024							
Fixed rate							
Private placement loan notes	75.9	118.4	40.9	17.5	—	—	252.7
Floating rate							
Cash in hand	(253.6)	—	—	—	—	—	(253.6)
Overdraft	62.2	—	—	—	—	—	62.2
At 31 December 2023							
Fixed rate							
Private placement loan notes	—	75.9	119.4	40.9	18.1	—	254.3
Floating rate							
Cash in hand	(162.6)	—	—	—	—	—	(162.6)
Overdraft	95.0	—	—	—	—	—	95.0

A sensitivity analysis to changes in interest rates shows that a 0.5% increase or decrease in interest rates, assuming all other variables are held constant, results in a £nil (2023: £nil) increase or decrease to profit before tax, and no impact on the Group's equity.

Section 4: Capital structure and financing costs *continued*

4.2 Financial risk continued

4.2.4 Hedges

Fair value hedges

The Group's fixed rate USD and GBP private placement loan notes are hedged through a combination of cross-currency interest rate swaps. The cross-currency interest rate swaps hedge the exposure to changes in the fair value of US dollar denominated loan notes. The loan notes and their corresponding swaps have the same critical terms including nominal values and maturity dates.

The total loss in the year on the fair value hedges of £1.4m (2023: £11.1m loss) was equal to the gain on the hedged items resulting in no net gain or loss in the income statement apart from hedge ineffectiveness from credit risk and currency basis risk. This effect of hedge ineffectiveness resulted in a £0.5m debit (2023: £1.0m credit) to the consolidated income statement, shown in net finance costs, note 4.3.

The impact of the hedged item and the related financial derivatives on the consolidated balance sheet at 31 December 2024 is as follows:

Fair value hedges	Hedged risk	Notional amount of the hedging instrument		Carrying amount of the hedging instrument		Line item in the balance sheet	Change in fair value used for measuring ineffectiveness £m
		Assets £m	Liabilities £m	Assets £m	Liabilities £m		
Cross-currency interest rate swaps	Foreign exchange risk/ Interest rate risk	46.2	15.5	13.0	(0.8)	Financial assets/ liabilities	(1.4)

	Carrying amount £m	Accumulated fair value adjustment £m	Line item in the balance sheet	Change in fair value used for measuring ineffectiveness £m
Private placement loan notes	269.3	12.2	Financial liabilities	1.4

Cash flow hedges

The Group holds the following foreign exchange contracts to manage various exposures across its business operations:

- non-deliverable forward foreign exchange contracts (NDFs), that are designated as hedges of the highly probable transactions in INR of the Group's Indian operations. The terms of the NDFs match the terms of these commitments.
- foreign exchange forward contracts against committed costs relating to the purchase of cloud software services in USD for the periods up to and including October 2028.
- foreign exchange forward contracts against committed costs to manage foreign exchange exposure on services provided by the operations in South Africa, incurred in ZAR, and Poland incurred in PLN.

Additionally, during 2024 the Group executed currency and interest rate swaps to mitigate its foreign exchange and interest rate exposure on the private placement loan notes.

Cash flow hedges	Hedged risk	Notional amount of the hedging instrument		Carrying amount of the hedging instrument		Line item in the balance sheet	Change in fair value used for measuring ineffectiveness £m
		Assets £m	Liabilities £m	Assets £m	Liabilities £m		
Foreign exchange forward contracts - forecasted purchases	Foreign exchange risk	102.3	28.8	1.8	—	Financial assets/ liabilities	6.8
Interest rate swaps - private placement loan notes	Interest rate risk	32.6	46.2	0.2	(0.3)	Financial assets/ liabilities	0.6
Cross currency swaps - private placement loan notes	Foreign exchange risk	51.9	—	2.7	—	Financial assets/ liabilities	3.9
		186.8	75.0	4.7	(0.3)		11.3

The fair value of cash flow hedging instruments held at 31 December 2024 is shown in note 4.5.2.

Section 4: Capital structure and financing costs *continued*

4.2 Financial risk continued

4.2.4 Hedges continued

The cash flow hedges have been assessed to be highly effective. The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of the hedging instruments. The following table provides an analysis of components of equity resulting from cash flow hedge accounting:

	2024 £m	2023 £m
At 1 January	(3.8)	4.1
Change in fair value recognised in the consolidated statement of other comprehensive income	9.9	(8.5)
Reclassified to the consolidated income statement: recognised in administrative expenses	(2.8)	(2.0)
Change in tax	(1.8)	2.6
At 31 December	1.5	(3.8)

4.2.5 Credit risk

The carrying values of the Group's financial assets and contract assets represent its maximum credit exposure.

The mark-to-market movement on derivatives includes the extent to which the fair value of these instruments has been affected by the perceived change in the creditworthiness of the counterparties (ie the expected credit losses) to those instruments and that of the Group itself (own credit risk). The Group is comfortable that the risk attached to those counterparties is not significant and believes that the swaps continue to act as an effective hedge against the movements in the fair value of the Group's private placement loan notes.

4.3 Net finance costs

The table below shows the composition of net finance costs, including those excluded from adjusted profit:

	Notes	2024 £m	2023 £m
Finance income			
Interest income			
Interest on cash		(2.3)	(1.9)
Interest on finance lease assets		(5.6)	(4.1)
Net interest income on defined benefit pension schemes	5.2	(2.1)	(2.7)
Total finance income		(10.0)	(8.7)
Finance costs			
Interest expense			
Private placement loan notes ¹		20.0	16.3
Bank loans and overdrafts		8.5	14.1
Cost of non-recourse trade receivables financing	3.1.1	3.4	3.7
Interest on finance lease liabilities		22.4	22.3
Discount unwind on provisions		1.6	2.3
Total interest expense		55.9	58.7
Finance costs included within business exits			
Interest on finance lease liabilities		0.3	—
Finance costs excluded from adjusted profits			
Non-designated foreign exchange forward contracts – change in mark-to-market value		(0.4)	3.2
Fair value hedge ineffectiveness ²	4.2.4	0.5	(1.0)
Total finance costs excluded from adjusted profit		0.4	2.2
Total finance costs		56.3	60.9
Net finance costs included in adjusted profit		45.9	50.0
Total net finance costs		46.3	52.2

1. Private placement loan notes comprise US dollar and British pound sterling private placement loan notes, and the euro fixed rate bearer notes which were repaid during 2023.

2. Fair value hedge ineffectiveness arises from changes in currency basis, and the movement in a provision for counterparty risk associated with the swaps.

Section 4: Capital structure and financing costs *continued*

4.4 Leases

AP Accounting policies

The Group leases various assets, comprising land and buildings, equipment and motor vehicles.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The following sets out the Group's lease accounting policy for all leases with the exception of leases with low value and term of twelve months or less which are expensed to the consolidated income statement.

The Group as a lessee – Right-of-use assets and lease liabilities

The accounting policy for right-of-use assets is included in note 3.5.

The Group recognises lease liabilities where a lease contract exists and right-of-use assets representing the right to use the underlying leased assets.

At the commencement of a lease, the Group recognises the lease liability measured at the present value of the lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Incremental borrowing rates are determined monthly and depend on the term, country, currency and commencement date of the lease. The incremental borrowing rate is determined based on a series of inputs including: the risk-free rate based on swap market data; a country-specific risk adjustment; a credit risk adjustment; and an entity-specific adjustment where the entity risk profile is different to that of the Group.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term.

Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within net finance costs in the consolidated income statement.

Lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at inception date. The payments also include any lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Group has reasonable certainty that the option will be exercised, and periods covered by an option to terminate are included if it is reasonably certain that this will not be exercised.

The Group has elected to apply the practical expedient in IFRS 16 *Leases* paragraph 15 not to separate non-lease components such as service charges from lease rental charges.

The Group as a lessor

When the Group acts as a lessor, it determines at lease commencement whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee all of the risks and rewards of ownership in relation to the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease.

The Group acts as an intermediate lessor of property assets and equipment. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses whether the sub-lease is a finance or operating lease in the context of the right-of-use asset arising from the head lease.

In instances where the Group is the intermediate lessor and the sub-lease is classified as a finance lease, the Group recognises a net investment in sub-leases for amounts recoverable from the sub-lessees while derecognising the respective portion of the right-of-use asset. The lease liability is retained on the balance sheet. The net investment in sub-leases is classified as current or non-current finance assets in the consolidated balance sheet according to whether or not the amounts will be recovered within twelve months of the balance sheet date. Finance income recognised in respect of net investment in sub-leases is presented within net finance costs in the consolidated income statement and the capital element of lease rental received is presented within investing activities in the consolidated cash flow statement.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. The Group accounts for finance leases as finance lease receivables, using an incremental borrowing rate where the interest rate implicit in sub-lease is not easily determinable.

Section 4: Capital structure and financing costs *continued*

4.4 Leases continued

4.4.1 The Group as a lessee

Amounts recognised on the balance sheet	2024 £m	2023 £m	Type of financial instrument
Lease liabilities	348.7	363.4	Financial liabilities

The lease liability includes £12.0m (2023: £7.3m) of future lease payments (undiscounted) for leases with termination options that could be exercised but are recognised at full term. The potential future cash outflows of £7.2m (2023: £10.5m) (undiscounted) have not been included in the lease liability because the Group is reasonably certain that the leases will not be extended. The total cash outflow for leases was £76.3m (2023: £81.4m) consisting of interest paid of £22.7m (2023: £22.3m) and capital element of £53.6m (2023: £59.1m).

Right-of-use assets are disclosed in note 3.5, the maturity analysis of lease liabilities is included in note 4.2.1 and interest expense in note 4.3.

4.4.2 The Group as a lessor

Amounts recognised on the balance sheet	2024 £m	2023 £m	Type of financial instrument
Lease receivables	95.7	70.3	Financial assets

The maturity analysis of lease receivables, including the undiscounted lease payments to be received, is as follows:

	2024 £m	2023 £m
Within 1 year	9.5	9.9
Between 1-2 years	10.0	8.2
Between 2-3 years	6.4	7.7
Between 3-4 years	6.4	4.0
Between 4-5 years	10.1	4.0
More than 5 years	107.5	65.5
Total undiscounted lease payments receivable	149.9	99.3
Unearned finance income	(54.2)	(29.0)
Net investment in lease receivables	95.7	70.3

Change in finance lease receivables during the year	2024 £m	2023 £m
At 1 January	70.3	76.3
Payments received	(11.5)	(10.1)
Interest accrued (see note 4.3)	5.6	4.1
Transfers from right-of-use assets ¹ (see note 3.5)	31.3	—
At 31 December	95.7	70.3

1. Transfers from right-of-use assets in the year ended 31 December 2024 comprises £31.3m that was transferred at 17 January 2024 on the disposal of Fera.

The expenses related to short-term leases, leases of low-value assets and income from sub-leases are immaterial and therefore there is no separate disclosure.

During 2020, the Group sublet a leased property. The sub-lease includes an option for the lessee to terminate the lease earlier than the Group's lease with its landlord. Management assessed it was reasonably certain that the break clause will not be exercised and, accordingly, determined that the sub-lease is a finance lease. This resulted in the recognition of a finance lease receivable. This judgement was based on a number of factors as prescribed within IFRS 16 such as incentive to lessee, importance of the location to the lessee's operations, shorter non-cancellable period of the lease, and the lessee's modifications to, and customisation of, the property. At 31 December 2024, the lease receivable was £62.7m and is included in the balance above.

Section 4: Capital structure and financing costs *continued*

4.5 Financial instruments and the fair value hierarchy

AP Accounting policies

Financial instruments – classification of financial instruments

The Group classifies its financial instruments in the following measurement categories:

- those to be measured subsequently at fair value, either through other comprehensive income (FVOCI) or through profit or loss (FVPL); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial instruments – initial recognition

At initial recognition, the Group measures a financial instrument at its fair value plus, in the case of a financial instrument not at FVPL, transaction costs that are directly attributable to the acquisition of the financial instrument. Transaction costs of financial instruments carried at FVPL are expensed in the consolidated income statement.

Financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Purchases and sales of financial instruments are recognised on their trade date (ie the date the Group commits to purchase or sell the instrument). Financial instruments are derecognised when the rights to receive/pay cash flows from the financial instrument have expired or have been transferred such that the Group has transferred substantially all risks and rewards of ownership.

Debt instruments

Debt instruments are initially recognised at fair value less directly attributable transaction costs and are subsequently remeasured depending on the Group's business model for managing the instrument and the cash flow characteristics of the debt instrument. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** instruments that are held for collection/payment of contractual cash flows are measured at amortised cost where those cash flows represent solely payments of principal and interest. Interest income/expense from these financial instruments is included in net finance costs using the effective interest rate method.
- **FVOCI:** instruments that are held for collection/payment of contractual cash flows and for selling the financial instrument are measured at FVOCI where the instrument's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through consolidated Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains/losses, which are recognised in the consolidated income statement. When the financial instrument is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified to the consolidated income statement and recognised in other gains/(losses).
- **FVPL:** instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain/loss on a debt instrument that is measured at FVPL is recognised in the consolidated income statement and presented within net finance costs.

The Group reclassifies debt instruments when, and only when, its business model for managing those instruments changes.

Equity instruments

Investments in equity instruments are initially recognised at fair value and are subsequently remeasured at fair value with the movement recognised through the consolidated income statement, except where an election has been made for the movement to be recognised through OCI. An election can be made on initial recognition of equity instruments that are neither held-for-trading or instruments acquired as part of a business combination. Once an election has been made all movements in fair value, with the exception of dividends, are presented through OCI and there is no subsequent reclassification of fair value gains/losses to the consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payment is established.

Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with its financial instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derivatives

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value at the end of each reporting period with the movement recognised through the consolidated income statement, except where derivatives qualify for cash flow hedge accounting. The effective proportion of cash flow hedges is recognised in OCI and presented in the hedging reserve within equity. The cumulative gain/loss is subsequently reclassified to the consolidated income statement in the same period that the relevant hedged transaction is realised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

4.5.1 Fair value hierarchy

The Group's financial assets and liabilities are classified based on the following fair value hierarchy:

- **Level-1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level-2:** other techniques for which inputs that have a significant effect on the recorded fair value are based on observable (directly or indirectly) market data. With the exception of current financial instruments (which have a short maturity), the fair value of the Group's level-2 financial instruments were calculated by discounting the expected future cash flows at prevailing interest rates. The valuation models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves. In the case of floating rate borrowings the nominal value approximates to fair value because interest is set at floating rates where payments are reset to market values at intervals of less than one year.
- **Level-3:** other techniques for which inputs that have a significant effect on the recorded fair value are not based on observable market data.

Other financial instruments, where observable market data is not available, are carried at either amortised cost or cost (undiscounted cash flows) as a reasonable approximation of fair value.

During the year ended 31 December 2024, there were no transfers between fair value levels.

Section 4: Capital structure and financing costs *continued*

4.5 Financial instruments and the fair value hierarchy continued

4.5.2 Financial instruments and their fair value hierarchy classification

The following table analyses, by classification and category, the carrying value of the Group's financial instruments and identifies the level of the fair value hierarchy for the instruments carried at fair value:

At 31 December 2024	Note	Fair value hierarchy	FVPL £m	FVOCI £m	Derivatives used for hedging £m	Amortised cost £m	Total £m	Current £m	Non- current £m
Financial assets									
Lease receivables	4.4.2	n/a	—	—	—	95.7	95.7	4.2	91.5
Cash flow hedges – foreign exchange contracts	4.2.4	Level-2	—	—	1.8	—	1.8	0.4	1.4
Cash flow hedges – currency swaps	4.2.4	Level-2	—	—	2.7	—	2.7	1.8	0.9
Cash flow hedges – Interest rate swaps	4.2.4	Level-2	—	—	0.2	—	0.2	0.2	—
Non-designated foreign exchange forwards and swaps		Level-2	0.7	—	—	—	0.7	0.6	0.1
Cross-currency interest rate swaps	a	Level-2	—	—	13.0	—	13.0	13.0	—
Originated loans receivable		n/a	—	—	—	0.7	0.7	—	0.7
Financial assets at fair value through P&L		Level-3	4.1	—	—	—	4.1	0.4	3.7
Financial assets at fair value through OCI		Level-3	—	0.7	—	—	0.7	—	0.7
			4.8	0.7	17.7	96.4	119.6	20.6	99.0
Other financial assets									
Cash	4.5.4	n/a	—	—	—	253.6	253.6	253.6	—
Total financial assets			4.8	0.7	17.7	350.0	373.2	274.2	99.0
Financial liabilities									
Private placement loan notes	a	n/a	—	—	—	269.3	269.3	87.6	181.7
Other finance		n/a	—	—	—	0.1	0.1	0.1	—
Cash flow hedges – interest rate swaps	4.2.4	Level-2	—	—	0.3	—	0.3	0.3	—
Non-designated foreign exchange forwards and swaps		Level-2	0.2	—	—	—	0.2	0.2	—
Cross-currency interest rate swaps	a	Level-2	—	—	0.8	—	0.8	—	0.8
Deferred consideration payable		n/a	—	—	—	0.7	0.7	—	0.7
			0.2	—	1.1	270.1	271.4	88.2	183.2
Other financial liabilities									
Overdrafts	4.5.4	n/a	—	—	—	62.2	62.2	62.2	—
Lease liabilities	4.4.1	n/a	—	—	—	348.7	348.7	42.9	305.8
Total financial liabilities			0.2	—	1.1	681.0	682.3	193.3	489.0

Section 4: Capital structure and financing costs *continued*

4.5 Financial instruments and the fair value hierarchy continued

4.5.2 Financial instruments and their fair value hierarchy classification continued

Financial assets measured at amortised cost consist of cash, lease receivables, originated loans and deferred consideration receivable. The carrying value of cash is a reasonable approximation of its fair value due to the short-term nature of the instruments. Lease receivables, originated loans and deferred consideration receivable are measured at amortised cost using the effective interest rate method. Included in other investments are £0.7m (2023: £0.7m) of strategic investments in unlisted equity securities which are not held-for-trading and the Group elected to recognise at Fair Value through Other Comprehensive Income (FVOCI). During the period no dividends were received from, and no disposals were made of, strategic investments.

The financial assets at Fair Value through Profit and Loss (FVPL) relate to the Group's minority shareholding in companies as part of the Capita Scaling Partner business. As disclosed in note 2.8, during the first half of 2024 the Group decided to exit the Capita Scaling Partner business as a whole, while seeking to maximise value from the remaining Capita Scaling Partner investments. These assets have typically been revalued when reliable information on fair value becomes available, which is normally at each funding round. Following the decision to exit the Capita Scaling Partner business in the first half of the year and the losses realised on disposals in the second half of 2024, the Group has evolved its approach to take into account recent experiences, and to better reflect expected disposal proceeds.

Financial liabilities measured at amortised cost consist of loan notes, overdrafts, lease liabilities, credit facilities and deferred consideration payable. With the exception of certain series within the fixed rate private placement loan notes, the carrying value of financial liabilities are a reasonable approximation of their fair value. This is because either the interest payable is close to market rates or the liability is short-term in nature. The private placement loan note series, for which this approximation does not apply, are those that are subject to longer term fixed rate of interest – these have an underlying carrying value of £175.0m (2023: £173.9m) and a fair value of £168.8m (2023: £166.3m). Lease liabilities and deferred consideration payable are measured at amortised cost using the effective interest rate method.

The Group's key financial liabilities are set out below:

a. Private placement loan notes

The private placement loan notes were issued in USD and GBP. The Group manages its exposure to foreign exchange and interest rate movements through cross-currency interest rate swaps, interest rate swaps, and forward foreign exchange contracts.

b. Bank facilities

Details of the Group's bank facilities are provided in the liquidity section above. At 31 December 2024, the total value of committed facilities was £250.0m, of which none was drawn (2023: total facilities of £260.7m of which none was drawn).

c. Put options of non-controlling interests

The liability at 31 December 2023 represented the present value of the cost to acquire the non-controlling interest in Fera Science Limited. The put option expired without being exercised on completion of the sale of the Group's shareholding in Fera Science Limited on 17 January 2024, and the related liability was de-recognised. Upon inception of the option agreements, management determined that changes in the carrying amount would be recognised within equity. This was applied consistently.

Section 4: Capital structure and financing costs *continued*4.5 Financial instruments and the fair value hierarchy *continued*4.5.2 Financial instruments and their fair value hierarchy classification *continued*

At 31 December 2023	Note	Fair value hierarchy	FVPL £m	FVOCI £m	Derivatives used for hedging £m	Amortised cost £m	Total £m	Current £m	Non- current £m
Financial assets									
Lease receivables	4.4.2	n/a	—	—	—	70.3	70.3	6.3	64.0
Cash flow hedges – foreign exchange contracts	4.2.4	Level-2	—	—	1.8	—	1.8	1.4	0.4
Cash flow hedges – interest rate swaps	4.2.4	Level-2	—	—	0.1	—	0.1	0.1	—
Non-designated foreign exchange forwards and swaps		Level-2	0.3	—	—	—	0.3	0.3	—
Cross-currency interest rate swaps	a	Level-2	—	—	14.5	—	14.5	—	14.5
Originated loans receivable		n/a	—	—	—	0.7	0.7	—	0.7
Financial assets at fair value through P&L		Level-3	16.9	—	—	—	16.9	—	16.9
Financial assets at fair value through OCI		Level-3	—	0.7	—	—	0.7	—	0.7
Deferred consideration receivable		n/a	—	—	—	20.0	20.0	20.0	—
			17.2	0.7	16.4	91.0	125.3	28.1	97.2
Other financial assets									
Cash	4.5.4	n/a	—	—	—	155.4	155.4	155.4	—
Cash included within disposal group assets held-for-sale	2.8	n/a	—	—	—	7.2	7.2	7.2	—
Total financial assets			17.2	0.7	16.4	253.6	287.9	190.7	97.2
Financial liabilities									
Private placement loan notes	a	n/a	—	—	—	262.5	262.5	—	262.5
Other finance		n/a	—	—	—	0.1	0.1	0.1	—
Cash flow hedges – foreign exchange contracts	4.2.4	Level-2	—	—	3.6	—	3.6	1.5	2.1
Cash flow hedges – currency swaps	4.2.4	Level-2	—	—	1.2	—	1.2	—	1.2
Cash flow hedges – interest rate swaps	4.2.4	Level-2	—	—	0.6	—	0.6	0.6	—
Non-designated foreign exchange forwards and swaps		Level-2	0.2	—	—	—	0.2	0.1	0.1
Cross-currency interest rate swaps	a	Level-2	—	—	0.9	—	0.9	—	0.9
Deferred consideration payable		n/a	—	—	—	0.7	0.7	—	0.7
Put options of non-controlling interests	c	Level-3	—	8.5	—	—	8.5	8.5	—
			0.2	8.5	6.3	263.3	278.3	10.8	267.5
Other financial liabilities									
Overdrafts	4.5.4	n/a	—	—	—	95.0	95.0	95.0	—
Lease liabilities	4.4.1	n/a	—	—	—	363.4	363.4	51.1	312.3
Total financial liabilities			0.2	8.5	6.3	721.7	736.7	156.9	579.8

Section 4: Capital structure and financing costs *continued*

4.5 Financial instruments and the fair value hierarchy continued

4.5.2 Financial instruments and their fair value hierarchy classification continued

The following table shows the movement from the opening balances to the closing balances for Level-3 fair values.

	Put options of non-controlling interests £m	Investments FVPL and FVOCI £m
At 1 January 2023	9.2	18.0
Change in put-options recognised in other comprehensive income	(0.7)	—
Disposals	—	(0.3)
Loss in fair value recognised in other comprehensive income	—	(0.1)
At 31 December 2023	8.5	17.6
Change in put-options recognised in other comprehensive income	(8.5)	—
Additions	—	—
Disposals	—	(8.2)
Loss in fair value recognised in income statement	—	(4.6)
At 31 December 2024	—	4.8

4.5.3 Borrowings

Details of the Group's current RCF facility are shown in the above liquidity section (see note 4.5.2b).

Borrowing costs of £nil were capitalised in the year (2023: £5.4m). At 31 December 2024, the Group's private placement loan note series had a GBP equivalent underlying carrying value of £257.1m (2023: £250.2m) (see note 4.5.2a) analysed as follows:

Maturity	Denomination	Interest rate %	Nominal value Ccy'm
22 January 2025	GBP	3.540	7.4
22 April 2025	GBP	3.670	22.3
25 July 2026	GBP	9.350	50.0
27 October 2026	GBP	2.770	18.6
22 January 2027	GBP	3.580	23.8
Total GBP denominated	GBP		122.1
22 January 2025	USD	3.650	74.3
25 July 2026	USD	8.000	45.0
27 October 2026	USD	3.590	19.3
22 January 2027	USD	3.800	27.5
25 July 2028	USD	8.210	23.0
Total USD denominated¹	USD		189.1

1. USD denominated loan notes have a GBP equivalent underlying carrying value of £136.6m. The Group has entered into a combination of cross currency and interest rate swaps to achieve a GBP fixed rate of interest. Further disclosure on the Group's use of hedges is included in note 4.2.

4.5.4 Cash, cash equivalents and overdrafts

The Group has a notional cash pool with its bank under which the bank is able to net overdrafts against cash balances held by other Group companies within the same notional pool. The overdraft balances shown below are fully offset by cash balances within the same notional pool. Since the pool is notional, the Group's gross cash and overdraft position is presented below:

	2024 £m	2023 £m
Cash and cash equivalents	253.6	155.4
Overdrafts	(62.2)	(95.0)
	191.4	60.4
Cash, net of overdrafts, included in disposal group assets and liabilities held-for-sale (note 2.8.2)	—	7.2
Total cash, cash equivalents and overdrafts	191.4	67.6

Of total cash, cash equivalents and overdrafts, £44.2m (2023: £46.0m) is restricted cash, which includes cash required to be held under FCA regulations, cash held in foreign bank accounts, and cash represented by non-controlling interests.

Section 4: Capital structure and financing costs *continued*

4.6 Issued share capital

Allotted, called up and fully paid	2024 No m	2023 No m	2024 £m	2023 £m
Ordinary shares of 2 1/15p each				
At 1 January	1,701.1	1,684.1	35.2	34.8
Issue of share capital	—	17.0	—	0.4
At 31 December	1,701.1	1,701.1	35.2	35.2
Share premium			2024 £m	2023 £m
Ordinary shares of 2 1/15p each				
At 1 January			1,145.5	1,145.5
At 31 December			1,145.5	1,145.5

Employee benefit trust shares	2024 No m	2023 No m	2024 £m	2023 £m
Ordinary shares of 2 1/15p				
At 1 January	16.8	9.3	(0.7)	(4.2)
Shares purchased	2.5	17.0	(0.6)	(0.4)
Issued on exercise of share options	(12.0)	(9.5)	1.0	3.9
At 31 December	7.3	16.8	(0.3)	(0.7)

The Group will use shares held in the Employee Benefit Trust (EBT) shares to satisfy future requirements for shares under the Group's share option and long-term incentive plans. On 2 June 2023, 17m ordinary 2 1/15 pence shares (2023: nil) were allotted to the EBT for an aggregate nominal value of £351,332 to satisfy exercises under the Group's share plans. The total consideration received in respect of these shares was £351,332. On 15 July 2024 the EBT purchased 2.5m ordinary shares in the open market for £550,000 to satisfy exercises under the Group's share plans. During the year, 11,986,138 (2023: 9,496,440) shares with a value of £1.0m (2023: £3.9m) were transferred out of the EBT to satisfy exercises under the Group's share option and long-term incentive plans. The total consideration received in respect of these shares was £nil (2023: £nil).

The Group has an unexpired authority to repurchase up to 10.0% of its issued share capital.

4.7 Group composition and non-controlling interests

The Group's subsidiaries are listed in note 6.4 on pages 223 to 225.

The Group holds a majority of the voting rights in all of its subsidiaries and the directors have determined that, other than the entity commented on below, in each case the Group exercises de facto control.

On 23 September 2014, the Secretary of State for the Department for Energy and Climate Change granted Smart DCC Limited (DCC), a wholly-owned subsidiary of the Group, a licence to establish and manage the smart metering communications infrastructure, governed by the Smart Energy Code. Each year the Group reassesses whether it has control over DCC as required under IFRS 10 *Consolidated Financial Statements*. The Group's ability to control the relevant activities of DCC is restricted by DCC's operating licence. The power that the Group has over DCC's relevant activities by virtue of owning it is limited (given the restrictions in the licence). That power is held by the board of DCC where the Group has minority representation in compliance with the licence. Consequently, the Group has not consolidated DCC in its Group financial statements. The disclosure of related party transactions with DCC is included in note 6.1.

Section 5: Employee benefits

This section details employee related items that are not explained elsewhere in the financial statements.

- 5.1 Share-based payment plans
- 5.2 Pensions
- 5.3 Employee benefit expense

AP

Denotes accounting policies

J

Denotes significant accounting judgements

E

Denotes significant accounting estimates and assumptions

Key highlights

Additional funding into
Group's main defined benefit scheme

£20.8m

(2023: £46.3m)

Outstanding deficit contributions to Group's main defined benefit scheme

£nil

(2023: £20.8m)

Net defined benefit pension accounting surplus

£37.9m

(2023: surplus £26.8m)

Employee benefit expense

£1,399.6m

(2023: £1,636.5m)

	2024 £m	2023 £m	Movement £m
Net defined benefit pension asset			
Defined benefit obligation	(1,048.2)	(1,178.3)	130.1
Fair value of plan assets	1,086.1	1,205.1	(119.0)
Net defined pension asset after effect of asset ceiling limit	37.9	26.8	11.1

The net defined benefit pension asset increased to £37.9m at 31 December 2024 (2023: £26.8m).

The main reasons for the movement in the net defined benefit pension position are (i) are the deficit funding contributions (£20.8m) paid into the Group's main defined benefit pension scheme (HPS); and (ii) being partly offset by the value of the assets falling slightly faster than the value of the pension obligations (mainly driven by the increase in the yields available on corporate bonds). The schemes are highly sensitive to the change in discount rates (with a 0.5% pa change resulting in an approximate £71.8m impact) and change in future inflation expectations (with a 0.5% pa change resulting in an approximate £34.9m impact).

The valuation of liabilities for funding purposes differs from the valuation for accounting purposes due to the different requirements. Management estimate that at 31 December 2024 the surplus of the HPS was around £80m on a funding basis (ie the funding assumption principles adopted for the full actuarial valuation at 31 March 2023), compared to a surplus of £39m on an accounting basis.

In accordance with the schedule of contributions put in place following HPS's 31 March 2023 actuarial valuation (which reaffirmed the Group's commitment following the 31 March 2020 actuarial valuation), the Group has paid £6.3m of regular deficit contributions during 2024 and £14.5m of accelerated deficit funding contributions and other contributions triggered by the disposal of certain businesses in prior years. Given the healthy funding position of HPS as at 31 March 2023, and the Group having paid all outstanding deficit contributions in 2024, there are no further agreed deficit contributions to be paid at this time. The reduction in the Employee benefit expense reflects the reduction in the average number of employees during the year.

Section 5: Employee benefits *continued*

5.1 Share-based payment plans

The Group operates a number of executive and employee equity-settled share schemes.

AP Accounting policies

The fair value of the equity instrument granted under these schemes is measured at grant date and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model, only taking into account vesting conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest as a result of not meeting performance or service conditions. Where all service and performance vesting conditions have been met, the awards are treated as vesting, irrespective of whether or not the market condition is satisfied, since market conditions were reflected in the fair value of the equity instruments.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the consolidated income statement, with a corresponding adjustment to equity.

Where the terms of an award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period adjusted for the incremental fair value of any modification ie the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the consolidated income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value being treated as an expense in the consolidated income statement.

The expense recognised for share-based payments (before tax) in respect of employee services received during the year to 31 December 2024 was £6.0m (2023: £5.5m), all of which arises from equity-settled share based payment transactions. Details of the schemes are as follows:

Deferred annual bonus plan

This scheme is applicable to executive directors. Under this scheme, awards are made annually consisting of only deferred shares, which are linked to the payout under the annual bonus scheme (details of which are contained in the directors' remuneration report on page 96 to 118).

The value of deferred shares is determined by the pay-out under the annual bonus scheme: half of the annual bonus is paid in cash and the remainder is deferred into shares under the deferred annual bonus plan or the Capita executive plan. Directors have the option to defer up to 100% of their annual bonus into deferred shares or net bonus into a restricted share award. The deferred/restricted shares are held for a period of three years from the date of award, during which they are not forfeitable, except in the case of dismissal for gross misconduct.

The weighted average share price of options at the date of exercise in 2024 was £0.12 (2023: £0.33). The weighted average share price during the year was £0.17 (2023: £0.26).

The total cash value of the deferred shares awarded during the year was £nil (2023: £0.7m).

Long-term incentive plans (LTIPs)

The structure of the Group's LTIP schemes was approved at the Company's Annual General Meeting (AGM) in 2017. From 2021, no new awards will be granted under the LTIP with the final awards under the scheme (the 2020 grant) having vested in April 2023.

All of the above awards are subject to a performance underpin assessment of the underlying financial and operational performance of Capita over the performance period.

Capita Executive Plan 2021

The Capita Executive Plan was approved by shareholders at the 2021 AGM. Under this plan, restricted share awards (RSAs) are granted to executives.

With the exception of the executive directors, RSAs granted in 2022, 2023 and 2024 are split into three equal tranches that vest on the first, second and third anniversary of the grant date. The awards are not subject to specific performance conditions, however there is a general underpin regarding Remuneration Committee satisfaction with underlying financial and operational performance of Capita over the performance period.

Details of the Capita Executive Plan RSAs made to executive directors and the associated underpins are set out in the directors' remuneration report, on page 120.

	2024 £m	2023 £m
Outstanding at 1 January	41.2	41.7
Awarded during the year	50.0	16.6
Exercised	(12.0)	(9.5)
Lapses	(8.9)	(7.6)
Outstanding at 31 December	70.3	41.2
Exercisable at 31 December	—	—

The weighted average remaining contractual life of the above shares outstanding at 31 December 2024 was 1.2 years (2023: 1.1 years).

All schemes

The fair value of the options granted/awarded during the year was £0.15 per share (2023: £0.38 per share). None of the existing option schemes have exercise prices.

The fair value for current share scheme issues is effectively the market price of a Capita share at the date of grant. Accordingly, no assumptions have been disclosed.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Section 5: Employee benefits *continued*

5.2 Pensions

AP Accounting policies

Defined contribution pension schemes

The Group maintains a number of defined contribution pension schemes and for these schemes the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the consolidated income statement when the related service is provided and as they fall due.

Defined benefit pension schemes

In addition, the Group operates two defined benefit pension schemes and participates in a number of other defined benefit pension schemes, all of which require contributions to be made to separate trustee-administered funds. The costs of providing benefits under these schemes are determined separately for each scheme using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice. Past service costs are recognised immediately in the consolidated income statement.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain/loss recognised in the consolidated income statement during the period in which the settlement or curtailment occurs.

Remeasurements of the net defined benefit asset/liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income and will not be reclassified to the consolidated income statement. The Group generally determines the net interest expense/income on the net defined benefit asset/liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then net defined benefit asset/liability, taking into account any changes in the net defined benefit asset/liability during the year as a result of contributions and benefit payments. However, due consideration is given to events which require the net interest expense/income on the net defined benefit asset/liability to be remeasured over the course of the year.

Current and past service costs are charged to operating profit while the net interest cost is included within net finance costs.

The net asset/(liability) in the consolidated balance sheet with respect to the defined benefit pension schemes comprises the total for each scheme, or group of schemes, of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of assets out of which the obligations are to be settled directly. The policy to determine fair value of assets is detailed in the note below. Where applicable the value of a net pension benefit asset is restricted to the present value of any amount the Group expects to recover by way of refunds or reductions in the future contributions.

E Significant accounting estimates and assumptions

Measurement of defined benefit obligations – the accounting cost of these benefits and the present value of pension liabilities involve judgements about uncertain events including such factors as the life expectancy of members, the salary progression of current employees, price inflation and the discount rate used to calculate the net present value of the future pension payments. The Group uses estimates for all of these factors in determining the pension costs and liabilities incorporated in the consolidated financial statements. The assumptions reflect historical experience and judgement regarding future expectations.

The Group continued to set Retail Price Inflation (RPI) in accordance with the market break-even expectations less an inflation risk premium (IRP). Market trends for the IRP have slightly increased recently and consequently a slightly higher rate of 0.30% pa has been adopted this year (2023: 0.25% pa). For Consumer Price Inflation (CPI), the Group reduced the assumed difference between RPI and CPI to an average of 0.55% per annum (2023: 0.60% per annum).

The Group continues to use the Black-Scholes pricing model to derive the pension increase assumption in the context of the floors and caps. Given the recent volatility experienced by inflationary indices in the UK, the volatility parameter has increased this year to 2% pa in line with market expectations (2023: 1.5% pa).

The longer-term implications of the Covid-19 pandemic on future life expectancy remain uncertain. In April 2024, the Continuous Mortality Investigation (CMI) published a new model (CMI 2023) that includes population experience up to 2023. This latest version of the model could be heavily impacted by Covid-19 with the core version of the model placing a 15% weighting on both 2022 and 2023 experienced data and a 0% weighting on both 2020 and 2021 experienced data. The core version of the model reflects that, following negative excess mortality in the second half of the year, 2023 population mortality was comparable to that seen during 2015-2018, reflecting a slight improvement from that seen in 2022.

The Group is aware of the 2023 high court case (and subsequent appeal in 2024) that considered the validity of deeds where no Section 37 certificate (confirming that the minimum level of benefits had not been breached) was attached to the deed. The HPS Trustee Board continues to receive legal advice regarding this matter and, subject to any Government intervention that may arise, are assessing any potential impact as part of its multi-year project of reviewing and simplifying the scheme documentation and member data. The Group considers this approach reasonable and appropriate. At this stage it is not possible to quantify any potential impact on the liabilities of HPS and the defined benefit obligation has been calculated on the basis of the pension benefits currently being administered.

Section 5: Employee benefits *continued*

5.2 Pensions continued

Pension expense included in the consolidated income statement

	2024 £m	2023 £m
Defined contribution scheme	45.6	51.7
Defined benefit schemes		
Current service cost	2.7	2.5
Administration costs	5.7	4.4
Past service cost	—	0.6
Termination benefits	0.1	0.2
Interest cost	(2.1)	(2.7)
Total defined benefit schemes	6.4	5.0
Total charged to profit before tax in the consolidated income statement	52.0	56.7

At 31 December 2024, retirement obligations were disclosed in relation to eight (2023: eight) defined benefit pension schemes.

The Group's main defined benefit scheme (HPS)

The Group's main defined benefit scheme closed to future accrual for most members in 2017 (with less than 150 members continuing to accrue benefits – out of a total membership of around 16,500 members). Details of the HPS and other schemes net surplus/(deficit) position are given at the bottom of the table below which shows the movements from the opening to the closing balance of the net defined benefit asset/(liability).

Responsibility for the operation and governance of the HPS lies with a corporate Trustee which is independent of the Group. The Trustee Board is required by law to act in the interest of the HPS's beneficiaries in accordance with the rules of the HPS and relevant legislation (which includes the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004). The nature of the relationship between the Group and the Trustee Board is also governed by the rules of the HPS and relevant legislation. The Trustee Board is chaired by an independent Trustee.

The assets of the HPS are held in a separate fund (administered by the Trustee Board) to meet long-term pension liabilities to beneficiaries. The Trustee Board invest the assets in accordance with its Statement of Investment Principles, which is regularly reviewed. The Trustee Board has delegated its investment strategy decisions to a fiduciary manager, however, the Trustee Board maintains overall oversight of the investment strategy.

A full actuarial valuation of the scheme is carried out every three years by an independent actuary for the Trustee Board, with the last full actuarial valuation carried out at 31 March 2023. The purpose of that valuation is to design a funding plan to ensure that the HPS has sufficient assets available to meet future benefit payments, based on assumptions agreed between the Trustee Board and the Group. The 31 March 2023 actuarial valuation showed a funding surplus of £51.4m (31 March 2020: £182.2m deficit). This equates to a funding level of 105% (31 March 2020: 89%).

Given the funding position of the HPS, the Group and the Trustee Board agreed that no further deficit recovery contributions from the Group are required other than those already committed¹ as part of the 31 March 2020 actuarial valuation. In accordance with the schedule of contributions put in place following the 31 March 2023 actuarial valuation, the Group has paid £6.3m of regular deficit contributions during 2024 and £14.5m of accelerated deficit funding contributions and other contributions triggered by the disposal of certain businesses in prior years. Since the Group has paid all outstanding deficit contributions in 2024, there are no further agreed deficit contributions to be paid at this time.

The next full actuarial valuation is due to be carried out with an effective date of 31 March 2026 and as part of that valuation the contribution requirements will be reviewed, and if necessary, amended. For the purpose of these accounts, an independent qualified actuary projected the results of the 31 March 2023 actuarial valuation to 31 December 2024 taking account of the relevant accounting requirements.

Approximate funding updates are produced at each scheme anniversary when a full actuarial valuation is not being undertaken. The most recent funding update as at 31 March 2024 showed a funding surplus of £88.9m (equating to a funding level of 109%). The next funding update is scheduled to be as at 31 March 2025.

The valuation of liabilities for funding purposes (the actuarial valuation) differs from the valuation for accounting purposes (which is shown in these financial statements) due to different assumptions used and different market conditions at the different valuation dates (the effective date for the actuarial valuation of the HPS is 31 March). The assumptions used for funding purposes are scheme specific and allow for an appropriate amount of prudence, with the discount rate being based on the actual assets of the pension scheme. While for accounting purposes the assumptions are determined on a best estimate basis in accordance with IAS 19 *Employee Benefits*, with the discount rate being based on the yields available on high quality corporate bonds of appropriate currencies and terms. Management estimate that at 31 December 2024 the net assets of the HPS were around £40m higher on a funding basis (ie the funding assumption principles adopted for the full actuarial valuation at 31 March 2023) than on an accounting basis.

The Group contributed £26.0m to the HPS during 2024. This includes the ongoing cost of benefit accrual, contributions towards running the pension scheme, deficit contribution (including those accelerated on a pound for pound basis due to disposal proceeds being used to fund mandatory prepayments of debt) and other contributions as a result of disposal activities.

1. These include additional, non-statutory, contributions to meet a secondary funding target with the objective of having sufficient assets to invest in a portfolio of low-risk assets with a low dependency covenant that will generate income to pay members' benefits as they fall due.

Section 5: Employee benefits *continued*

5.2 Pensions continued

Other defined benefit schemes

The total employer contributions to the 'Other' schemes during 2024 were £3.2m.

Other UK schemes

- Three segregated sections in an industry-wide scheme under which defined benefits are not continuing to accrue. The latest full actuarial valuations (at 31 December 2021) showed that one of these sections was in surplus and therefore no deficit contributions were required. One section showed a small deficit resulting in the Group being required to pay £28,000 during 2025. The third section showed a deficit of £3.45m resulting in the Group being required to pay £0.8m pa until 2026. The next actuarial valuations are due as at 31 December 2024 and as part of those valuations the contribution requirements will be reviewed, and if necessary, amended. There is no cross subsidy with other employer sections.
- Participation in a non-associated multi-employer scheme under which defined benefits are not continuing to accrue. The latest full actuarial valuation (at 30 September 2023) resulted in the Group being required to pay deficit contributions of initially £0.54m pa with effect from 1 April 2025 (which increase by 2% pa) until 2028. The next full actuarial valuation is due to be carried out with an effective date of 30 September 2026 and as part of that valuation the contribution requirements will be reviewed, and if necessary, amended. If the Group were to cease to be a participating employer in this scheme there would be an exit debt payable. At 30 September 2023, this was estimated at £4.5m.

Overseas defined benefit schemes

The Group is responsible for an Irish defined benefit scheme which is classed as a cross-border scheme where the beneficiaries of the scheme have their liabilities, and the trustees hold assets, denominated in euro. The scheme is governed under UK regulations and subject to further requirements applying to cross-border schemes. There are two segregated sections in the scheme. The latest full actuarial valuation (at 31 March 2024) showed a funding surplus for both the main section and the other section, and consequently, no deficit contributions are required for either section. There are no members left accruing benefits.

The Group is also responsible for two Swiss schemes that provide defined contribution benefits but with certain guarantees (and are therefore reported as defined benefit schemes under IAS 19). They are administered and governed through collective foundations which are separate legal entities. Benefits are continuing to accrue in these schemes.

Additional defined benefit schemes

There are a further 32 (2023: 36) defined benefit pension arrangements in which various Capita businesses participated during 2024. Of these arrangements 28 (2023: 32) relate to participation in funded and unfunded public sector schemes (referred to as Admitted Body Arrangements), however, contractual protections are in place allowing actuarial and investment risk to be passed to the end customer via recoveries for contributions paid. The nature of these arrangements vary from contract to contract but typically allow for the majority of contributions payable to the schemes in excess of an initial rate agreed at the inception to be recovered from the end customer, as well as exit payments (for funded schemes) payable to the schemes at the cessation of the contract, such that the Group's net exposure to actuarial and investment risk is immaterial.

During the year, approximately £8m (2023: £10m) of employer contributions were paid into these 32 (2023: 36) schemes.

Risks associated with the Group's pension schemes

The defined benefit pension schemes expose the Group to various risks, with the key risks set out below:

Investment risk: the schemes invest in a wide range of assets with a view to provide long-term investment returns at particular levels. There is a risk that investment returns are lower than expected which, in isolation, could result in a worsening of the funding position of the schemes.

Interest rate risk: the IAS 19 discount rate is derived based on the yields available on good quality corporate bonds of suitable duration. If these yields decrease then, in isolation, this would increase the value placed on the IAS 19 obligation and result in a worsening of the funding position of the schemes.

Inflation risk: the liabilities of the schemes are linked to future levels of inflation. If future inflation is higher than expected then this would result in the cost of providing the benefits increasing and thereby worsening the funding position of the schemes.

Longevity risk: if members live longer than expected, then pensions will be paid for a longer time which will increase the value placed on the liabilities and therefore worsen the funding position of the schemes.

Environmental, Social and Governance (ESG) risk: ESG risk relates to these issues having a detrimental impact on financial returns. The fiduciary manager has policies in place to reduce this risk, although there is a higher risk in older externally held assets.

To manage these risks, the Group and the trustees carry out regular assessments of them. For HPS, the main defined benefit scheme, the following actions have been taken:

- The HPS Trustee Board has entered into two bulk annuity contracts with an insurer in respect of a small number of high individual liability pensioner members with total value included in the assets at 31 December 2024 of £41.8m (2023: £47.0m).
- The HPS Trustee Board has entered into a Liability Driven Investment programme. The level of risk that is managed by this programme is set by various market-related and funding trigger points.

Together, these actions have led to the HPS Trustee Board hedging (interest rate and inflation) a high proportion of the HPS's liabilities. At 31 December 2024 HPS's liabilities measured on the HPS Trustee Board's long-term funding basis were broadly fully hedged.

The hedging aims to match the value of the assets to the movement in liabilities (on a funding basis) arising from changes in market expectations of future inflation rates and future gilt yields. This is to help protect and reduce volatility in funding valuations which are used to determine the cash contribution requirements to the scheme. Since these accounting disclosures use the yields available on corporate bonds to determine the accounting liabilities, the hedging may not have the same impact for accounting purposes as they do for a funding valuation. Credit spreads (the difference between the yields available on long-dated corporate bonds and long-dated government bonds) remained broadly the same during the year meaning that the hedge had a broadly similar impact on the funding position of the scheme and the accounting disclosures at the year-end.

Section 5: Employee benefits *continued*

5.2 Pensions *continued*

To illustrate how sensitive the value of the defined benefit obligations is to different market conditions, the table below shows what the resulting defined benefit obligation would be if the assumptions were changed as shown (assuming all other assumptions remain constant):

Change in assumptions compared with 31 December 2024 actuarial assumptions	Group total £m
Base defined benefit obligation	1,048.2
0.5% pa decrease in discount rate	1,120.0
0.5% pa increase in salary increases	1,049.3
0.5% pa increase in inflation (and related assumption, eg salary and pension increases)	1,083.1
1 year increase in life expectancy	1,079.0

Assets and liabilities

Under IAS 19, pension scheme assets must be valued at their fair value at the balance sheet date. The scheme assets are made up of quoted and unquoted investments, and asset valuations have been sourced from the respective scheme's investment managers and custodians, based on their pricing sources and methodologies. Unquoted investments require more judgement because their values are not directly observable. The assumptions used in valuing unquoted investments are affected by current market conditions which could result in changes in fair value after the measurement date.

For the main asset categories:

- Equities listed on recognised stock exchanges are valued at closing bid prices.
- Bonds are measured using a combination of broker quotes and pricing models making assumptions for credit and market risks and market yield curves.
- Properties are valued on the basis of an open market value or are valued using models based on discounted cash flow techniques.
- Assets in investment funds are valued at fair value which is typically the net asset value provided by the investment manager.
- Certain unlisted investments are valued using a model based valuation such as discounted cash flow.
- The value of bulk annuity contracts has been assessed by discounting the projected cash flows payable under the contracts (projected by an actuary, consistent with the terms of the contract) and is equal to the corresponding liability calculated by reference to the IAS 19 assumptions.

The assets and liabilities of all of the defined benefit pension schemes (excluding additional voluntary contributions) at 31 December are:

	2024			2023		
	Quoted £m	Unquoted [*] £m	Total £m	Quoted £m	Unquoted [*] £m	Total £m
Scheme assets at fair value:						
Equities:						
– UK	0.1	0.7	0.8	0.1	3.0	3.1
– Overseas	2.0	44.3	46.3	1.5	34.3	35.8
– Private	0.1	—	0.1	0.1	—	0.1
	2.2	45.0	47.2	1.7	37.3	39.0
Debt securities:						
– UK Government	432.6	7.2	439.8	538.5	1.2	539.7
– UK Corporate	0.1	36.2	36.3	0.1	45.7	45.8
– Overseas Government	8.3	13.6	21.9	9.8	11.9	21.7
– Overseas Corporate	0.3	213.0	213.3	0.3	211.7	212.0
– Emerging Markets	0.5	2.6	3.1	0.4	2.7	3.1
– Private Debt	—	79.3	79.3	—	110.5	110.5
	441.8	351.9	793.7	549.1	383.7	932.8
Property	2.1	33.4	35.5	2.2	45.8	48.0
Infrastructure	1.1	—	1.1	1.0	—	1.0
Credit Funds	2.2	—	2.2	1.6	—	1.6
Hedge Funds	—	0.4	0.4	—	1.1	1.1
Absolute Return Funds	—	—	—	0.2	—	0.2
Insurance Contracts	—	66.5	66.5	—	69.7	69.7
Cash	110.8	24.3	135.1	81.3	20.4	101.7
Other	—	4.4	4.4	4.4	5.6	10.0
	116.2	129.0	245.2	90.7	142.6	233.3
Total	560.2	525.9	1,086.1	641.5	563.6	1,205.1
Present value of scheme liabilities (before effect of asset ceiling limit)			(1,047.9)			(1,178.3)
Net surplus (before effect of asset ceiling limit)			38.2			26.8
Effect of asset ceiling limit			(0.3)			—
Present value of scheme liabilities (after effect of asset ceiling limit)			(1,048.2)			(1,178.3)
Net surplus (after effect of asset ceiling limit)			37.9			26.8

* Some investments are in funds which are in themselves not traded in active markets.

Section 5: Employee benefits *continued*

5.2 Pensions *continued*

The HPS Trustee Board invests in Liability Driven Investments (LDIs) as part of a risk hedging strategy. The aim of the strategy is to match the value of the assets to the movement in liabilities (on a funding basis) arising from changes in market expectations of future inflation rates and future gilt yields. To achieve this, LDIs invest in a variety of instruments including gilts, synthetic gilts (combination of repurchase agreement, reverse repurchase agreements and total return swaps) and cash. In the table above, the LDI at 31 December 2024 (approximately £439.3m) has been mapped as 95.1% Quoted UK Government Bonds, 1.6% Quoted Overseas Government Bonds and 3.3% Quoted Cash.

The assets do not include any directly owned financial instruments issued by the Group.

Within the Private Debt allocation above, approximately £60.0m relates to adjusted lagged valuations at 31 December 2024. In arriving at this figure, allowance has been made for broad market movements and distributions between 30 September 2024 (the most recent valuation of these assets) and 31 December 2024.

In accordance with the HPS Trustee Board's focus on financially material considerations, it is acknowledged that Environment, Social and Governance (ESG) factors can impact security prices. The HPS Trustee Board has discussed their views on ESG factors, and considered the Group's perspective, and developed responsible investment beliefs. These can be found in the HPS's Statement of Investment Principles (on its website at <https://www.horizonpensionscheme.com/library>).

IFRIC 14

The Group has considered the impact of IFRIC 14 *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* on the various schemes (in relation to either recognising a surplus or allowing for the impact of any funding commitments made) and has concluded, based on its interpretation of the rules for each of the schemes, that IFRIC 14 would marginally increase the deficit shown at this balance sheet date for only one scheme, which is reflected in the balance sheet position. For clarity the HPS, the Group's main defined benefit scheme, IFRIC 14 would not limit the surplus or increase the deficits shown at the reporting date because the Group has an unconditional right to a refund assuming the gradual settlement of the scheme liabilities over time until all members have left the scheme.

Reconciliation of retirement benefits

Explanation of constituents of the consolidated income statement.

The cost of providing the retirement benefits during the year is broken down as follows, with due consideration being made for events which require the income statement to be re-measured over the course of the year:

- Service cost is the cost to the Group of future benefits earned by contributing members over the current financial period.
- Past service cost represents the change in the present value of scheme liabilities in the current period in relation to prior years' service.
- Administration costs are those entailed by the pension schemes over the current period.
- Interest expense/(income) is made up of the interest on pension liabilities and assets over the current period generally based on the discount rate adopted at the start of the period. An allowance for interest on the asset ceiling is recognised where applicable.
- Termination benefits are employee benefits payable as a result of either: (a) the Group's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

All schemes are partly or wholly funded, and the following table shows the components of the movements from the opening to the closing balances for the net defined benefit asset:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
At 1 January	(1,178.3)	(1,136.1)	1,205.1	1,175.7	26.8	39.6
Included in the consolidated income statement:						
Current service cost	(2.7)	(2.5)	—	—	(2.7)	(2.5)
Administration costs	(5.7)	(4.4)	—	—	(5.7)	(4.4)
Past service cost	—	(0.6)	—	—	—	(0.6)
Termination benefits	(0.1)	(0.2)	—	—	(0.1)	(0.2)
Interest (expense)/income*	(51.8)	(53.4)	53.9	56.1	2.1	2.7
Sub-total in consolidated income statement	(60.3)	(61.1)	53.9	56.1	(6.4)	(5.0)
Included in other comprehensive income:						
Actuarial gain/(loss) arising from:						
– demographic assumptions	2.1	6.9	—	—	2.1	6.9
– financial assumptions	141.2	(28.5)	—	—	141.2	(28.5)
– experience adjustments	(2.5)	(6.9)	—	—	(2.5)	(6.9)
– changes in asset ceiling/minimum liability	(0.3)	—	—	—	(0.3)	—
Return on plan assets excluding interest	—	—	(152.3)	(39.7)	(152.3)	(39.7)
Sub-total in other comprehensive income	140.5	(28.5)	(152.3)	(39.7)	(11.8)	(68.2)
Employer contributions	—	—	29.2	60.5	29.2	60.5
Contributions by employees	(2.0)	(2.1)	2.0	2.1	—	—
Benefits paid	50.4	50.4	(50.4)	(50.4)	—	—
Exchange movement - recognised in other comprehensive income	1.5	(0.9)	(1.4)	0.8	0.1	(0.1)
At 31 December	(1,048.2)	(1,178.3)	1,086.1	1,205.1	37.9	26.8

Section 5: Employee benefits *continued*5.2 Pensions *continued*

	Defined benefit obligation		Fair value of plan assets		Group total Net defined benefit asset	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Schemes in a net surplus						
HPS	(995.1)	(1,125.0)	1,034.4	1,154.4	39.3	29.4
Other schemes	(13.9)	(15.8)	17.5	19.1	3.6	3.3
	(1,009.0)	(1,140.8)	1,051.9	1,173.5	42.9	32.7
Schemes in a net deficit						
Other schemes	(39.2)	(37.5)	34.2	31.6	(5.0)	(5.9)
	(39.2)	(37.5)	34.2	31.6	(5.0)	(5.9)
At 31 December	(1,048.2)	(1,178.3)	1,086.1	1,205.1	37.9	26.8

* Includes impact of asset ceiling on net interest of £0.3m in 2024 (2023: £nil).

Of the total pension cost of £6.4m (2023: £5.0m), £2.8m (2023: £3.3m) was included in cost of sales, £5.7m (2023: £4.4m) was included in administrative expenses, and £2.1m of net interest income (2023: £2.7m of net interest income) was included in net finance costs.

Breakdown of liabilities for the HPS

Information about the defined benefit obligation for the HPS:

	Proportion of overall liability %		Duration (years)	
	2024	2023	2024	2023
Active members	5	15.5	5	17.1
Deferred members	53	16.5	54	18.3
Pensioners	42	9.9	41	10.8
Total percentage / average duration	100	13.7	100	15.1

Duration is a weighted average of when benefits are expected to be paid from a pension scheme. It is sensitive to the interest rate used to calculate it. The increase in yields in recent years has acted to reduce the duration of the HPS (because less weight is placed on the pension cash flows stretching far out into the future).

Financial and demographic assumptions

Main assumptions ¹ :	2024 %	2023 %
Rate of price inflation – RPI	3.10	3.05
Rate of price inflation – CPI	2.55	2.45
Rate of salary increase	3.10	3.05
Rate of increase of pensions in payment ² :		
– RPI inflation capped at 5% per annum	2.95	3.00
– RPI inflation capped at 2.5% per annum	2.00	2.15
– CPI inflation capped at 5% per annum	2.55	2.45
Discount rate	5.50	4.55
Expected take up maximum available tax free cash	85.00	85.00

1. Different assumptions apply to non-UK schemes, for example: the discount rate for the Irish Schemes is 3.6% pa, and for the Swiss schemes it is 1.0% pa in 2024.

2. There are other levels of pension increase which apply to particular periods of membership.

The average future life expectancy from age 65 (in years) for mortality tables used to determine scheme liabilities for the various different schemes at 31 December 2024 and 31 December 2023 are as follows:

	Member currently aged 65 (current life expectancy)			
	Male		Female	
	2024	2023	2024	2023
HPS ¹	21.9	21.9	24.0	23.9
Other Schemes	20.5 to 23.0	21.0 to 22.9	23.0 to 24.7	23.4 to 24.6

	Member currently aged 45 (life expectancy at 65)			
	Male		Female	
	2024	2023	2024	2023
HPS ¹	22.6	22.6	25.3	25.2
Other Schemes	21.8 to 25.2	22.2 to 25.1	24.4 to 26.7	24.9 to 26.6

1. The assumptions used for the HPS are tailored for each member. The assumptions adopted make allowance for an increase in the longevity in the future (CMI 2023 core model Sk=7.0) with a long-term rate of improvement of 1.25% pa, an 'A' parameter of 0.25% for both males and females and no weighting applied to 2020 and 2021 data, 15% weighting on 2022 and 2023 data). The rate for members currently aged 65 is derived from the pensioner membership and the rate for members reaching age 65 in 20 years' time is derived from non-pensioner membership.

Section 5: Employee benefits *continued*

5.3 Employee benefit expense

	Notes	2024 £m	2023 £m
Wages and salaries		1,216.9	1,431.0
Social security costs		122.6	140.6
Pension costs		54.1	59.4
Share-based payments	5.1	6.0	5.5
		1,399.6	1,636.5

The aggregate amount of directors' remuneration (salary, bonus and benefits) is shown on page 109 of the directors' remuneration report.

The average number of employees during the year was made up as follows:	2024 Number	2023 Number
Sales	218	380
Administration	1,962	2,405
Operations	36,328	45,104
	38,508	47,889

Section 6: Other supporting notes

This section includes disclosures of those items that are not explained elsewhere in the financial statements.

- 6.1 Related-party transactions
- 6.2 Contingent liabilities
- 6.3 Post balance sheet events
- 6.4 Related companies

AP Denotes accounting policies

6.1 Related-party transactions

Compensation of key management personnel

	2024 £m	2023 £m
Short-term employment benefits	8.2	7.6
Pension	—	0.1
Share-based payments	3.9	1.7
	12.1	9.4

Gains on share options exercised in the year by Capita plc executive directors were £20,193 (2023: £nil) and by key management personnel £109,647 (2023: £252,312), totalling £129,840 (2023: £252,312).

During the year, the Group rendered administrative services to Smart DCC Limited (DCC), a wholly-owned subsidiary which is not consolidated (refer to note 4.7). The Group received £112.1m (2023: £119.2m) of revenue for these services and at the balance sheet date had receivables of £9.0m (2023: £9.0m) from DCC. The services are procured by DCC on an arm's length basis under the DCC licence. The services are subject to review by Ofgem to ensure that all costs are economically and efficiently incurred by DCC.

HPS (Capita's main defined benefit pension scheme) is a related party of the Group. Transactions with the Scheme are disclosed in note 5.2.

6.2 Contingent liabilities

Contingent liabilities represent potential future cash outflows which are either not probable or cannot be measured reliably.

The Group has provided, through the normal course of its business, performance bonds and bank guarantees of £24.7m (2023: £22.5m). On adoption of IFRS 17 the Group had the option to apply either IFRS 17 or IFRS 9 for external debt guarantees, of which the Group elected to apply IFRS 9. The Group accounts for performance guarantees under IAS 37 as they do not meet the criteria to be recognised as an insurance contract.

The Group is reviewing its position in respect of the contracts with the remaining last customer for its closed book Life & Pensions contracts. The outcomes and timing of this review, which are uncertain, could result in no change to the current position, the continuation of contracts with amended terms or the termination of contracts. If an operation is terminated, the Group may incur associated costs, accelerate the recognition of deferred income or the impairment of contract fulfilment assets.

At the date of approval of these consolidated financial statements, we remain in dialogue with the Information Commissioner's Office (ICO) and are responding to the ICO's information requests following the cyber incident in March 2023. No formal action has been taken by the ICO in connection with the cyber incident and there have been no preliminary findings regarding fault that could lead to any potential regulatory penalty. The Group has received notification of potential claims for damages by or on behalf of individuals whose data may have been exfiltrated as part of the incident. The Group has received only one substantive claim in relation to the cyber incident, which was issued by Barings Law on 4 April 2024. The Group continues to vigorously defend itself against this and any other claims which may be issued. At the date of these financial statements, the Group do not consider future cash outflows in relation to the one substantive claim issued by Barings Law to be probable, and consequently no provision has been recorded. At the date of approval of these financial statements, it is not possible to reliably estimate the value of any existing, potential or future claim or penalty against the Group.

The Group's entities are parties to legal actions and claims which arise in the normal course of business. The Group needs to apply judgement in determining the merit of litigation against it and the chances of a claim successfully being made. It needs to determine the likelihood of an outflow of economic benefits occurring and whether there is a need to disclose a contingent liability or whether a provision might be required due to the probability assessment.

At any time there are a number of claims or notifications that need to be assessed across the Group. The disparate nature of the Group's entities heightens the risk that not all potential claims are known at any point in time.

6.3 Post balance sheet events

The following events occurred after 31 December 2024, and before the approval of these consolidated financial statements, but have not resulted in adjustment to the 2024 financial results:

Repayment of private placement loan notes

US dollar and British pound sterling private placement loan notes of USD74.3m and £7.4m respectively were repaid at maturity on 22 January 2025, as per their contractual values. Net of swaps the repayments were £53.6m.

Issue of private placement loan notes

In March 2025, the Group issued £94.2m equivalent of US private placement loan notes across three tranches: £50m maturing 24 April 2028, USD13m maturing 24 April 2028 and USD43m maturing 24 April 2030, with an average interest rate of 7.4%. The notes rank pari passu with the existing indebtedness of the Group and include financial covenants at the same level as those under the revolving credit facility and existing US private placement loan notes. Additionally, the placement requires the Group to refinance or extend the Group's revolving credit facility, which matures on 31 December 2026, by 31 December 2025.

Section 6: Other supporting notes *continued*

6.4 Related companies

The stated address relates to the place of incorporation of the entity, which is the same as its tax residence in all cases other than Capita Group Insurance PCC Limited which is incorporated in Guernsey, but which is tax resident in the UK.

Unless otherwise indicated, all shareholdings are owned indirectly by the company and represent 100% of the issued share capital of the subsidiary. Dormant companies are marked (D).

Company name	Share class	Company name	Share class
Akinika Debt Recovery Limited (in liquidation) ¹	£1.00 Ordinary	Capita Ireland Limited ^{22 *}	€1.00 Ordinary
Akinika Limited (in liquidation) ¹	£1.00 Ordinary	Capita IT Services Holdings Limited ⁹	£1.00 Ordinary
Capita (210568) Limited (in liquidation) ²⁵	€0.0012 Ordinary	Capita IT Services Limited ¹⁸	£1.00 Ordinary
Capita (Polska) Spółka z ograniczoną odpowiedzialnością ⁸	PLZ50.00 Ordinary	Capita Justice & Secure Services Holdings Limited (in liquidation) ¹	£1.00 Ordinary
Capita (South Africa) (Pty) Limited ¹⁴	ZAR1.00 Ordinary	Capita Life & Pensions Regulated Services Limited ^{9 *}	£1.00 Ordinary
Capita (USA) Holdings Inc. ⁷	US\$1.00 Ordinary	Capita Life & Pensions Services Limited ^{9 *}	£1.00 Ordinary
Capita Business Services Ltd ⁹	£1.00 Ordinary	Capita Life and Pensions International Limited ⁹	£1.00 Ordinary
Capita Business Support Services Ireland Limited ²²	€1.00 Ordinary	Capita Life and Pensions Services (Isle of Man) Limited (D) ¹⁶	£1.00 Ordinary
Capita Corporate Director Limited (D) ⁹	£1.00 Ordinary	Capita Managed IT Solutions Limited ¹¹	£1.00 Ordinary
Capita Customer Management Limited ⁹	£1.00 Ordinary	Capita Mortgage Administration Limited ⁹	£1.00 Ordinary
Capita Customer Services (Germany) GmbH ²⁰	€1.00 Ordinary	Capita Mortgage Software Solutions Limited (in liquidation) ¹	£1.00 Ordinary
Capita Customer Services AG ¹³	CHF1.00 Ordinary	Capita Norman + Dawbarn Limited (in liquidation) ^{3 □}	NGN1.00 Ordinary
Capita Customer Solutions (UK) Limited (in liquidation) ¹	£1.00 Ordinary	Capita Offshore Services Private Limited (in liquidation) ¹⁹	INR10.00 Ordinary
Capita Customer Solutions Limited ²²	£1.00 Ordinary	Capita Pension Solutions Limited ^{9 *}	£1.00 Ordinary
Capita Cyprus Holdings Limited (in liquidation) ⁵	£1.00 Ordinary	Capita Property and Infrastructure (Structures) Limited (D) ⁹	£1.00 Ordinary
Capita Dubai Limited ⁹	£1.00 Ordinary	Capita Property and Infrastructure Consultants LLC (in liquidation) ^{2 *}	AED1,000.00 Ordinary
Capita Employee Benefits Holdings Limited ^{9 *}	£1.00 Ordinary	Capita Property and Infrastructure Holdings Limited ⁹	£1.00 Ordinary
Capita Energie Services GmbH ^{15 ►}	€1.00 Ordinary	Capita Property and Infrastructure International Holdings Limited (D) ⁹	£1.00 Ordinary
Capita Financial Services Holdings Limited ^{9 *}	£1.00 Ordinary	Capita Property and Infrastructure International Limited (D) ⁹	£1.00 Ordinary
Capita Gas Registration and Ancillary Services Limited (in liquidation) ¹	£1.00 Ordinary	Capita Property and Infrastructure Limited ⁹	£1.00 Ordinary
Capita GMPS Trustees Limited (D) ⁹	£1.00 Ordinary	Capita Retail Financial Services Limited (in liquidation) ¹	£1.00 Ordinary
Capita Group Insurance PCC Limited ^{17 *}	£1.00 CG1 £1.00 CIC2 £1.00 Ordinary	Capita Secure Information Solutions Limited ⁹	£1.00 Ordinary
Capita Group Secretary Limited (D) ⁹	£1.00 Ordinary	Capita Shared Services Limited ^{9 *}	£1.00 Ordinary
Capita HCH Limited ⁹	£1.00 Ordinary	Capita Symonds Saudi Arabia Limited (D) ^{12 ▲}	N/A
Capita Health Holdings Limited ⁹	£1.00 Ordinary	Capita West GmbH ²⁰	€25,000.00 Ordinary
Capita Holdings Limited ^{9 *}	£1.00 Ordinary	Computerland UK Limited ⁹	£1.00 Ordinary
Capita India Private Limited ¹⁹	INR10.00 Ordinary	Contact Associates Limited ⁹	£1.00 Ordinary
Capita Insurance Services Holdings Limited ⁹	£1.00 Ordinary	CPLAS Trustees Limited (D) ⁹	£1.00 Ordinary
Capita Insurance Services Limited ⁹	£1.00 Ordinary	Daisy Updata Communications Limited ^{24 ▲}	£1.00 Ordinary B
Capita International Limited ^{9 *}	£1.00 Ordinary	Debt Solutions (Holdings) Limited ⁹	£1.00 Ordinary
Capita International Retirement Benefit Scheme Trustees Limited (D) ^{9 *}	£1.00 Ordinary	Dragonfly Technology Solutions Ltd ^{9 ○}	£0.000001 Ordinary £0.000001 A Ordinary

Section 6: Other supporting notes *continued*

6.4 Related companies continued

Company name	Share class
Duke 2021 Topco Limited ⁴ >	£1.00 B Ordinary
E.B. Consultants Limited (D) ⁹	£1.00 Ordinary
Electra-Net (UK) Limited ⁹	£1.00 Ordinary
Entrust Support Services Limited ²¹ ▼	£1.00 Ordinary
Euristix (Holdings) Limited (in liquidation) ¹	£1.00 Ordinary
Euristix Limited (in liquidation) ¹	£1.00 Ordinary
Fire Service College Limited ⁹	£1.00 Ordinary
Full Circle Contact Centre Services (Proprietary) Limited ¹⁴	ZAR0.01 Ordinary
Grosvenor Career Services Limited (D) ⁹	£1.00 Ordinary
RE (Regional Enterprise) Limited ⁹	£1.00 Ordinary
Retain International (Holdings) Limited ⁹	£1.00 Ordinary
Retain International Limited ⁹	£1.00 Ordinary
SBJ Benefit Consultants Limited (D) ⁹	£1.00 Ordinary
SBJ Professional Trustees Limited (D) (in liquidation) ¹	£1.00 Ordinary
Smart DCC Limited ⁹	£1.00 Ordinary
Tascor E & D Services Limited (in liquidation) ¹	£1.00 Ordinary
Tascor Services Limited ⁹	£1.00 Ordinary
TELAG AG ¹⁰	CHF1,000.00 Ordinary
ThirtyThree APAC Limited (D) ⁶	HKD1.00 Ordinary
Updata Infrastructure (UK) Limited (in liquidation) ¹	£1.00 Ordinary
Urban Vision Partnership Limited ⁹ ►	£1.00 Ordinary B
Ventura (India) Private Limited ²³	INR10.00 Ordinary
Ventura (UK) India Limited ⁹	£1.00 Ordinary
Western Mortgage Services Limited ⁹	£1.00 Ordinary
Woolf Limited ⁹	£1.00 Ordinary

Registered office address

1. 1 More London Place, London, SE1 2AF, England
2. 1004 Bin Hamoodah Building, Khalifa St., PO Box 113 740, Abu Dhabi, United Arab Emirates
3. 10th Floor, UBA House, No 57, Marina Street, Lagos Island, Lagos, Nigeria
4. 22 Grenville Street, St. Helier, JE4 8PX, Jersey
5. 46, Kyriakou Matsi, Office 101, 1082 Nicosia, Cyprus
6. 803 Manning House, 38 Queen's Road Central, Hong Kong
7. 850 New Burton Road, Suite 201, Dover, DE, 19904, United States
8. Centrum Biurowe Lubicz ul. Lubicz 23, 31-503 Krakow, Polska
9. First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD
10. Hardturmstrasse 101, Zürich, 8005, Switzerland
11. Hillview House, 61 Church Road, Newtownabbey, Co Antrim, BT36 7LQ, Northern Ireland
12. King Abdul Aziz Street, PO Box 7052, Dammam, Saudi Arabia
13. Konstanzerstrasse 17, Tägerwil, 8274, Switzerland
14. Mutual Park, Jan Smuts Drive, Pinelands, Cape Town, Western Cape, 7405, South Africa
15. Nassauer Ring 39-41, Krefeld, 47803, Germany
16. PO Box 227, Peveril Buildings, Peveril Square, Douglas, Isle of Man, IM99 1RZ
17. P O Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT, Guernsey
18. Pavilion Building Ellismuir Way, Tannochside Park, Uddingston, Glasgow, G71 5PW, United Kingdom
19. Plant 6, Gate No. 2, Godrej and Boyce Complex, LBS Marg, Pirojshahnagar, Vikhroli (West), Mumbai, 400079, India
20. Rudower Chaussee 4, Berlin, 12489, Germany
21. The Riverway Centre, Riverway, Stafford, ST16 3TH, United Kingdom
22. Unit B, West Cork Business & Technology Park, Clonakilty, Co. Cork, P85 YH98
23. Upper Ground Level, Level 1, Level 2, & Level 3, Tower B1, Margapatta City SEZ, Margapatta City, Hadapsar, Pune, 411013, India
24. Wavenet Group, Second Floor One Central Boulevard Central Boulevard, Blythe Valley Park, Shirley, Solihull, B90 8BG, England
25. EY, Harcourt Centre, Harcourt Street, Dublin, DUBLIN, Ireland

Footnotes

- * Companies directly held by Capita plc.
 > Shareholdings owned indirectly by the company and represent 0.49% of the issued share capital of subsidiary.
 ○ Shareholdings owned indirectly by the company and represent 7.46% of the issued share capital of subsidiary.
 ♦ Shareholdings owned indirectly by the company and represent 49% of the issued share capital of subsidiary.
 ▲ Shareholdings owned indirectly by the company and represent 50% of the issued share capital of subsidiary.
 ► Shareholdings owned indirectly by the company and represent 50.1% of the issued share capital of subsidiary.
 ▼ Shareholdings owned indirectly by the company and represent 51% of the issued share capital of subsidiary.
 □ Shareholdings owned indirectly by the company and represent 97.3% of the issued share capital of subsidiary.

Section 6: Other supporting notes *continued*

6.4 Related companies continued

Listed below are subsidiaries controlled and consolidated by the Group, where the directors have taken the exemption from having an audit of its financial statements for the year ended 31 December 2024. This exemption is taken in accordance with Section 479A of the Companies Act 2006.

Company name	Company registration
Capita Dubai Limited	10908066
Capita Employee Benefits Holdings Limited	06722404
Capita Financial Services Holdings Limited	10016286
Capita HCH Limited	02384029
Capita Health Holdings Limited	06413394
Capita Insurance Services Holdings Limited	06041965
Capita Insurance Services Limited	01396443
Capita International Limited	02683437
Capita IT Services Holdings Limited	06002593
Capita IT Services Limited	SC045439
Capita Life and Pensions International Limited	05952054
Capita Life and Pensions Services Limited	04359665
Capita Life and Pensions Services (Isle of Man) Limited	006702V
Capita Managed IT Solutions Limited	NI032979
Capita Mortgage Administration Limited	02042968
Capita Property and Infrastructure (Structures) Limited	02082106
Capita Property and Infrastructure Holdings Limited	03840627
Capita Property and Infrastructure Limited	02018542
Capita Secure Information Solutions Limited	01593831
Computerland UK Limited	02275625
Contact Associates Limited	05601393
Debt Solutions (Holdings) Limited	03673307
Electra-Net (UK) Limited	03419833
Fire Service College Limited	08102633
RE (Regional Enterprise) Limited	08615172
Tascor Services Limited	02057887
Urban Vision Partnership Limited	05292634
Ventura (UK) India Limited	05131185
Woolf Limited	01564535

Section 7: Company financial statements

This section presents the company only financial statements for Capita plc (the Company).

7.1 Company balance sheet

7.2 Company statement of changes in equity

7.3 Notes to the Company financial statements

AP Denotes accounting policies

J Denotes significant accounting judgements

E Denotes significant accounting estimates and assumptions

7.1 Company balance sheet

	Notes	2024 £m	2023 £m
Non-current assets			
Property, plant and equipment	7.3.2	0.5	0.6
Investments	7.3.3	978.2	996.0
Financial assets	7.3.4	2.3	14.9
Deferred tax assets	7.3.5	10.0	11.8
Amounts receivable from subsidiary companies	7.3.6	98.3	56.4
		1,089.3	1,079.7
Current assets			
Financial assets	7.3.4	16.1	1.2
Trade and other receivables	7.3.7	2.7	2.1
Amounts receivable from subsidiary companies	7.3.6	1,927.0	2,213.9
Cash		62.9	—
		2,008.7	2,217.2
Total assets		3,098.0	3,296.9

	Notes	2024 £m	2023 £m
Current liabilities			
Overdrafts		7.8	53.2
Trade and other payables	7.3.8	4.0	10.0
Amounts payable to subsidiary companies	7.3.6	1,628.9	1,810.4
Accruals and deferred income		9.6	15.6
Financial liabilities	7.3.4	0.5	1.6
Income tax payable		40.5	16.1
Provisions	7.3.9	4.1	4.2
		1,695.4	1,911.1
Non-current liabilities			
Trade and other payables	7.3.8	0.2	0.3
Borrowings	7.3.10	102.0	99.5
Financial liabilities	7.3.4	0.8	4.3
		103.0	104.1
Total liabilities		1,798.4	2,015.2
Net assets		1,299.6	1,281.7
Capital and reserves			
Issued share capital	7.3.11	35.2	35.2
Employee benefit trust shares	7.3.11	(0.3)	(0.7)
Share premium	7.3.11	1,145.5	1,145.5
Capital redemption reserve		1.8	1.8
Merger reserve		—	44.6
Cash flow hedging reserve		0.3	(2.0)
Retained earnings		117.1	57.3
Total equity		1,299.6	1,281.7

The Company's profit after taxation was £10.2m (2023: £34.3m profit).

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of directors on 4 March 2025 and signed on its behalf by:

Adolfo Hernandez

Chief Executive Officer

Pablo Andres

Chief Financial Officer

Company registered number: 02081330

Section 7: Company financial statements *continued*

7.2 Company statement of changes in equity

	Share capital £m	Employee benefit trust shares £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Cash flow hedging reserve £m	Retained earnings £m	Total £m
At 1 January 2023	34.8	(4.2)	1,145.5	1.8	44.6	—	21.1	1,243.6
Profit for the year	—	—	—	—	—	—	34.3	34.3
Other comprehensive expense	—	—	—	—	—	(2.0)	—	(2.0)
Total comprehensive income for the year	—	—	—	—	—	(2.0)	34.3	32.3
Shares issued (note 4.6)	0.4	(0.4)	—	—	—	—	—	—
Exercise of share options under employee long-term incentive plans	—	3.9	—	—	—	—	(3.9)	—
Share-based payment net of tax effects	—	—	—	—	—	—	5.8	5.8
At 1 January 2024	35.2	(0.7)	1,145.5	1.8	44.6	(2.0)	57.3	1,281.7
Profit for the year	—	—	—	—	—	—	10.2	10.2
Other comprehensive income	—	—	—	—	—	2.3	—	2.3
Total comprehensive income for the year	—	—	—	—	—	2.3	10.2	12.5
Transfer of merger reserve	—	—	—	—	(44.6)	—	44.6	—
Shares issued (note 4.6)	—	(0.6)	—	—	—	—	—	(0.6)
Exercise of share options under employee long-term incentive plans (note 4.6; note 5.1)	—	1.0	—	—	—	—	(1.0)	—
Share-based payment net of tax effects (note 2.6; note 5.1)	—	—	—	—	—	—	6.0	6.0
At 31 December 2024	35.2	(0.3)	1,145.5	1.8	—	0.3	117.1	1,299.6

No dividends were declared, paid or proposed in 2024 or 2023 on the Company's ordinary shares.

Share capital – The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 2 1/15 pence ordinary shares.

Employee benefit trust shares – Shares held in the employee benefit trust have no voting rights and no entitlement to a dividend.

Share premium – The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them less issuance costs.

Capital redemption reserve – The Company can redeem shares by repaying the market value to shareholders, whereupon the shares are cancelled. Redemption must be from distributable profits. The Capital redemption reserve represents the nominal value of the shares redeemed.

Merger reserve – The merger reserve arose from the adoption of the exemption under section 131 of the Companies Act 1985 not to set up a share premium account in respect of shares issued for the acquisition of entities. The amounts attributed to the shares issued for these acquisitions that exceeded their nominal value was transferred to the merger reserve. Following a review undertaken in the year, it was assessed that the underlying businesses acquired between 1989 and 2003 which resulted in the creation of this merger reserve have since been exited by the Group either by way of disposal or closure. As such it is no longer deemed necessary to present the merger reserve as a separate component of equity, and it has been transferred in full to the Company's retained earnings reserve.

Cash flow hedging reserves – This reserve records the portion of the gain or loss on hedging instruments that are determined to be an effective cash flow hedge.

Retained earnings – Net profits/(losses) accumulated in the Company after dividends are paid.

The accompanying notes are an integral part of these financial statements.

Section 7: Company financial statements *continued*

7.3 Notes to the Company financial statements

7.3.1 Accounting policies

AP Accounting policies

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards (UK-IFRS), but makes amendments where necessary to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) as issued by the Financial Reporting Council. The Company has not presented its own income statement as permitted by Section 408 of the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in relation to share based payments, financial instruments, capital management, the presentation of comparative information in respect of certain assets, the presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis and on the going concern basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are the same as those set out in Sections 1 to 6 of the consolidated financial statements, except as noted below.

(a) Investments in subsidiaries

The Company has investments in subsidiaries which are shown at cost, less provisions for impairment. Investments in subsidiaries are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Company determines whether investments in subsidiaries are impaired based on impairment indicators. If an indicator is identified, an impairment test is performed. This involves estimation of the enterprise value of the investee which is calculated based on the discounted present value of estimated future cash flows, including the recoverable value of any subsidiaries held by the direct investment. The enterprise value of each investment is also adjusted for cash and other debt like items, including working capital and intercompany balances. The Company also assesses whether there are indicators to reverse previously recognised impairment losses. Reversals of impairment are only recognised where there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised.

(b) Pension schemes

The Company participates in a defined contribution pension scheme where contributions are charged to the income statement in the year in which they are due. The scheme is funded and the payment of contributions is made to a separately administered trust fund. The assets of the scheme are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Ltd, a subsidiary company, which pays the Group liability centrally. Any unpaid contributions at the year-end are accrued in the accounts of that company.

Note 5.2 of the Group's consolidated financial statements sets out more detail about the Group's pension obligations.

(c) Share-based payments

Subsidiary companies of the Company reimburse the Company through the intercompany account for charges attributable to their employees participating in the Company's share option schemes.

(d) Amounts receivable from and/or payable to subsidiary companies

The amounts receivable from and/or payable to subsidiary companies are shown at cost plus accrued interest less any provision for impairment. Amounts receivable from subsidiary companies are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company determines whether amounts receivable from subsidiary companies are impaired by considering if there is an indicator of increased credit risk. The key assumption considered is the probability of a subsidiary company going into default at the balance sheet date.

The definition of default used by the Company is that the counterparty is in a net liability position. In this case credit risk at the balance sheet date is captured by the definition of default and the probability of default occurring on the next day (reflecting the contractual period of an on-demand loan). The policy is to assess the net asset/liability position of each investee and then to conclude on the probability of default, and quantum of any impairment, by reference to the future discounted cash flows. The key assumptions underpinning these cash flows are set out in note 7.3.3. With the contractual arrangements based on repayment on-demand the future credit risk had a very limited impact on the calculation of expected credit losses at the balance sheet date.

The cash shortfalls arising when an amount receivable from a subsidiary company is in default are assessed by discounting the expected future cash flows at the original effective interest rate of the instrument. Where it is expected that the principal and all associated interest can be recovered at some point in the future, no material expected credit loss is recognised.

Section 7: Company financial statements *continued*

7.3.2 Property, plant and equipment

	Short-term leasehold improvements £m		Proportion of nominal value of issued shares held by the Company
Cost			
At 1 January 2024	1.3		
Asset retirements	(0.2)		
At 31 December 2024	1.1		
Depreciation			
At 1 January 2024	0.7		
Charge for the year	0.1		
Asset retirements	(0.2)		
At 31 December 2024	0.6		
Net book value:			
At 1 January 2024	0.6		
At 31 December 2024	0.5		

7.3.3 Investments

	Shares in subsidiary undertakings £m		
Net book value			
At 1 January 2024	996.0		
Additions ¹	10.0		
Net impairment ²	(27.8)		
At 31 December 2024	978.2		

1. During the year the Company undertook a capital injection into its subsidiary Capita Shared Services Limited.

2. During the year, the Company recognised an impairment loss of £19.8m, against its investment in Capita Financial Services Limited, due to the return of capital from its subsidiary in advance of its liquidation, with impairment recognised being offset by dividend income received from the subsidiary. The Company also recognised impairment loss of £2.1m against its investment in Capita Life & Pensions Service Limited and £5.9m against its investment in Capita Life & Pensions Regulated Services Limited due to a decline in recoverable value.

Direct investments	Registered office	
Capita Pension Solutions Limited ²	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Employee Benefits Holdings Limited ¹	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Financial Services Holdings Limited ¹	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Group Insurance PCC Limited ³	Dorey Court, Admiral Park, St. Peter Port, Guernsey, GY1 4AT, Guernsey	100%
Capita Holdings Limited ¹	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita International Limited ²	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Life & Pensions Regulated Services Limited ²	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita International Retirement Benefit Scheme Trustees Limited (D) ⁴	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Ireland Limited ²	Unit B, West Cork Business & Technology Park, Clonakilty, Co. Cork, Republic of Ireland, P85 YH98	100%
Capita Life & Pensions Services Limited ²	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%
Capita Shared Services Limited ⁵	First Floor, 2 Kingdom Street, Paddington, London, England, W2 6BD	100%

1. Investing holding company

2. Outsourcing services company

3. Insurance captive

4. Trustee company for the pension schemes

5. Internal services company

Section 7: Company financial statements *continued*

7.3.3 Investments continued

Certain subsidiaries of the Group have opted to take advantage of a statutory exemption from having an audit in respect of their individual statutory accounts. Strict criteria must be met for this exemption to be taken and the exemption has been agreed to by the directors of those subsidiary entities.

Listed in note 6.4 to the Company's consolidated financial statements are subsidiaries controlled and consolidated by the Group, where the directors have taken advantage of the exemption from having an audit of the entities' individual statutory accounts for the year ended 31 December 2024 in accordance with Section 479A of the Companies Act 2006.

To facilitate the adoption of this exemption, Capita plc, the parent company of the subsidiaries concerned, undertakes to provide a guarantee under Section 479C of the Companies Act 2006 in respect of those subsidiaries. Details of all indirect subsidiaries, as required under Section 409 of the Companies Act 2006, are reported in note 6.4 to the Company's consolidated financial statements.

The Company considered whether there was an indicator of impairment in investments in subsidiaries at 31 December 2024, and due to the Company's market capitalisation being below the carrying value of the Company's net assets, concluded a trigger existed and performed an impairment test.

The impairment test

The recoverable amount has been determined using fair value less costs of disposal. For non-trading subsidiaries this is based on the net asset value of the entity as at 31 December 2024, which is considered to not be materially different to the fair value derived by other means. For all other entities, recoverable amount is estimated on a discounted cash flow basis. Recoverable amounts will also factor in the recoverable amount of an entity's direct and indirect subsidiaries.

For discounted cash flow calculations, the cash flow projections used for the impairment test are derived from the 2025-2027 business plan approved by the Board of Directors. Key assumptions in the business plan include the delivery of planned revenue growth and the benefits that the cost reduction programme is anticipated to deliver. In line with goodwill impairment testing for the Group (refer to note 3.4 of the consolidated financial statements), for the purposes of the impairment test the business plan cash flow projections for the Contact Centre business have been risk adjusted from 2025 onwards to reflect future risks from the perspective of a market participant, and to take into account the historical performance of the segment and inherent uncertainty in forecasting. These risk adjustments have been allocated to the relevant legal entity cash flow projections. The enterprise value is then calculated based on the present value of estimated future cash flows discounted at the current market rate of return.

The long-term growth rate is based on economic growth forecasts by recognised bodies and this has been applied to the forecast cash flows for the terminal period. The 2024 long-term growth rate is 1.6% (2023: 1.7%).

Management estimates discount rates using pre-tax rates that reflect the latest market assumptions for the risk-free rate, the equity risk premium and the cost of debt, which are all based on publicly available external sources.

The table below presents the pre-tax discount rates applied to the cash flows for 2024.

	Capita Public Service	Capita Experience		
		Contact Centre	Pension Solutions	Regulated Services
2024	10.5 %	11.2 %	10.6 %	12.4 %

The Company recognised an impairment loss of £19.8m against its investments Capita Financial Services Holdings Limited, due to the return of capital from the subsidiaries in advance of its liquidations, with impairment recognised being offset against dividend income received from the subsidiary. The Company also recognised an impairment loss of £2.1m against its investment in Capita Life & Pensions Services Limited due to a decline in recoverable value.

As of 31 December 2024, the Company held an investment in Capita Life & Pensions Regulated Services Limited (CLPRS) with a recoverable amount of £314.7m, against which it recognised an impairment loss of £5.9m. The impairment loss was due to a reduction in the recoverable amount of a subsidiary of CLPRS which operates in the Contact Centre business of the Group. Note 3.4 of the consolidated financial statements provides further detail on the financial performance of the Contact Centre business in the period which has resulted in the aforementioned impairment.

A key factor in the recoverable amount of CLPRS is the assumption in respect of the subsidiary's remaining closed book Life & Pensions business contracts and which are onerous. The onerous contract assumptions result in a significant source of estimation uncertainty, and it is reasonably possible that outcomes within the next financial year may be different from management's current assumptions and could consequentially require a material adjustment to the carrying amount of this investment. Refer to note 3.6 of the consolidated financial statements for more information on these contracts and assumptions, including the rationale for why management do not believe it is practical to provide a sensitivity analysis.

Sensitivity analysis

The impairment testing as described is reliant on the accuracy of management's forecasts and the assumptions that underlie them; and on the selection of the discount and growth rates to be applied. To gauge the sensitivity of the result to a change in any one, or combination of the assumptions that underlie the model, a number of scenarios were developed to identify the range of reasonably possible alternatives and measure which investments are the most susceptible to an impairment should the assumptions used be varied. This sensitivity analysis is only applicable to those investments which have not already been fully impaired.

The sensitivity scenarios applied estimate potential additional impairments required (with all other variables being equal) through: an increase in discount rate of 1%, or a decrease of 1% in the long-term growth rate (for the terminal period) for each of the investments; or, through the severe but plausible downsides applied to the base-case projections for assessing going concern and viability, without mitigations, for 2025 to 2027, and the long-term growth rate (1.6%) applied to the 2027 downside cash flows to generate projected cash flows for 2028, 2029, and the terminal period. The impact of all of the scenarios together has also been considered, which is also a reasonable possible alternative.

No additional impairments have been identified under any of the sensitivity scenarios, including the combination sensitivity scenario.

Management continues to monitor closely the performance of all investments in subsidiaries and consider the impact of any changes to the key assumptions.

Section 7: Company financial statements *continued*

7.3.4 Financial instruments

	Financial assets 2024 £m	Financial liabilities 2024 £m	Financial assets 2023 £m	Financial liabilities 2023 £m
Cash flow hedges	2.7	—	—	1.2
Non-designated foreign exchange forwards and swaps	2.7	0.5	1.6	3.8
Cross-currency interest rate swaps	13.0	0.8	14.5	0.9
	18.4	1.3	16.1	5.9
Analysed as:				
Current	16.1	0.5	1.2	1.6
Non-current	2.3	0.8	14.9	4.3
	18.4	1.3	16.1	5.9

7.3.5 Deferred tax

	2024 £m	2023 £m
Deferred tax included in the balance sheet is as follows:		
Accelerated capital allowances	2.8	3.8
Tax losses	7.3	1.0
Other short-term timing differences	(0.1)	7.0
	10.0	11.8

7.3.6 Amounts receivable from and/or payable to subsidiary companies

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts receivable from subsidiary companies	1,927.0	2,213.9	98.3	56.4

Amounts due within one year are repayable on demand along with any accrued interest. Amounts due after more than one year includes a subordinated loan given to its subsidiary company Capita Life & Pensions Regulated Services Limited and other amounts not expected to be realised within the next 12 months.

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts payable to subsidiary companies	1,628.9	1,810.4	—	—

Amounts payable to subsidiary companies are repayable on demand together with any accrued interest.

7.3.7 Trade and other receivables

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Other debtors	0.4	0.3	—	—
Other taxes and social security	1.9	1.3	—	—
Prepayments	0.4	0.5	—	—
	2.7	2.1	—	—

7.3.8 Trade and other payables

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Trade creditors	3.5	9.6	—	—
Other creditors	0.5	0.4	0.2	0.3
	4.0	10.0	0.2	0.3

7.3.9 Provisions

	2024 £m	2023 £m
At 1 January	4.2	4.8
Provisions in the year	—	—
Releases in the year	—	(0.6)
Utilisation	(0.1)	—
At 31 December	4.1	4.2

The majority of the provisions relate to the claims and litigation provisions of £4.0m. Further detail on these provisions can be found in note 3.6 to the Group's consolidated financial statements.

Section 7: Company financial statements *continued*

7.3.10 Borrowings

	2024 £m	2023 £m
Private placement loan notes - principal	104.3	103.4
Unamortised discount on debt issuance	—	—
Unamortised transaction costs on debt issuance	(2.3)	(3.9)
Total borrowings	102.0	99.5
Maturity analysis is as follows:		
In more than 1 years but not more than 5 years	102.0	99.5
Falling due after more than 5 years	—	—
Total borrowings	102.0	99.5

The Company has guaranteed unsecured private placement loan notes as follows:

	Interest rate (%)		Principal amounts (m)	Maturity
Private placement loan notes	8.000	USD	45.0	25 July 2026
Private placement loan notes	9.350	GBP	50.0	25 July 2026
Private placement loan notes	8.210	USD	23.0	25 July 2028

In June 2023, the Company extended the RCF to 31 December 2026 at £284m, reducing to £250m by 1 January 2025 as a consequence of specified transactions. This was subsequently reduced to £250.0m on 23 January 2024 following receipt of proceeds from the Fera disposal. The RCF was not drawn upon at 31 December 2024 (2023: undrawn).

Further detail on these facilities can be found in note 4.2 to the Group's consolidated financial statements.

7.3.11 Share capital

Disclosures about the share capital, share premium, and employee benefit trust shares of the Company have been included in note 4.6 to the Group's consolidated financial statements.

7.3.12 Contingent liabilities

The Group has provided, through the normal course of its business, performance bonds and bank guarantees totalling £24.7m of which the Parent Company has provided £8.1m (2023: £22.5m; Parent Company £3.3m). On adoption of IFRS 17 the Group had the option to apply either IFRS 17 or IFRS 9 for external debt guarantees, of which the Group elected to apply IFRS 9 for both the Group and the Parent Company. The Group and the Parent Company accounts for performance guarantees under IAS 37 as they do not meet the criteria to be recognised as an insurance contract.

7.3.13 Related-party transactions

In the following, amounts for purchases and sales are for transactions invoiced during the year inclusive of VAT where applicable. All transactions are undertaken at arm's length prices.

During the year, the Company sold goods/services in the normal course of business to Entrust Support Services Limited ('Entrust') for £0.1m (2023: £0.1m), and purchased goods/services in the normal course of business from Entrust for £nil (2023: £1.2m). At the balance sheet date, the net amount receivable from Entrust was £nil (2023: £nil).

Fera Science Limited ('Fera') was sold on 17 January 2024. From 1 January 2024 to 17 January 2024, the Company sold goods/services in the normal course of business to Fera for £0.6m (2023: £0.3m), and purchased goods/services in the normal course of business from Fera for £nil (2023: £nil).

7.3.14 Pension costs

The Company operates a defined contribution pension scheme. The pension charge for this scheme for the year was £0.6m (2023: £0.6m).

7.3.15 Share-based payments

The Company operates several share-based payment plans and details of the schemes are disclosed in note 5.1 of the Group's consolidated financial statements.

The Group consolidated income statement recognised an expense for share-based payments in respect of employee services received during the year to 31 December 2024 of £6.0m (2023: £5.5m), all of which arose from equity-settled share-based payment transactions. After recharging subsidiary companies for their participation in these transactions, the total Company expense in its income statement in respect of share-based payments was £4.3m (2023: £3.1m).

Section 8: Additional information

In this section

- 8.1** Shareholder information
- 8.2** Alternative performance measures

8.1 Shareholder information

In this section we have provided you with some key information to manage your shareholding in Capita plc.

Useful websites

Capita (www.capita.com/investors)

Our corporate site is our main external communication channel where we showcase our services, solutions and innovations from across the Group. It also contains an investor section, where institutional and private shareholders can access the latest announcements, financial and statutory information and reports.

Contact us (www.capita.com/about-capita/contact-us)

Shareholder portal (www.capitashares.co.uk)

Capita's register of shareholders is maintained by MUFG Corporate Markets. Our shareholder portal is a secure online site where you can manage your shareholding quickly and easily. You can manage many aspects, such as viewing your holding, updating contact details, managing dividend payments, requesting to receive shareholder communications by email and registering. To register you will need your investor code, which can be found on your share certificate or dividend confirmation.

e-communications

Help us communicate with you in a greener, more efficient and cost-effective way by switching from postal to email communications, which means that we will notify you by email every time a new shareholder communication has been placed on the Capita website.

Registering for e-communications is straightforward. Go to our shareholder portal www.capitashares.co.uk.

Managing your shareholding

We aim to communicate effectively with our shareholders, via our website www.capita.com/investors. Shareholders who have questions relating to the Group's business or wish to receive further hard copies of annual reports should contact Capita's investor relations team on +44 (0)772 016 9269 or email: IRTeam@capita.com.

If you have any queries about your shareholding or dividend payments please contact the Company's registrar, MUFG Corporate Markets:

MUFG Corporate Markets
10th Floor Central Square
29 Wellington Street Leeds
LS1 4DL

Email: shareholderenquiries@cm.mpms.mufg.com

Tel: +44 (0)371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate.)

Lines are open 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Company contact details

Registered office

Capita plc
First Floor,
2 Kingdom Street,
Paddington, London, W2 6BD
Registered in England and Wales with registration number:
02081330

Investor Relations

IRTeam@capita.com
Director of Investor Relations – Helen Parris

Company Secretariat

secretariat@capita.com
Chief General Counsel and Group Company Secretary – Claire Denton

Company advisers

Independent auditor KPMG LLP

Corporate brokers
Barclays Bank plc
Numis Securities Limited

Bankers
Barclays Bank plc Lloyds Bank plc
National Westminster Bank plc Citibank, N.A., London Branch
Standard Chartered Bank
Bank of China Limited, London Branch
ING Bank N.V., London Branch
Goldman Sachs International Bank

Corporate communications Brunswick

Registrars
MUFG Corporate Markets

Section 8: Additional information *continued*

New APM in the year



Definition updated in the year



Comparatives re-presented

8.2 Alternative performance measures

The Group presents various alternative performance measures (APMs) because internally the performance of the Group is reported and measured on this basis. This includes key performance indicators (KPIs) such as adjusted revenue, adjusted profit before tax, adjusted basic/diluted earnings per share, free cash flow excluding business exits, and gearing ratios. In general, the Board believes that the APMs are useful for investors because they provide further clarity and transparency of the Group's financial performance and are closely monitored by management to evaluate the Group's operating performance to facilitate financial, strategic and operating decisions.

These APMs should not be viewed as a complete picture of the Group's financial performance which is presented in the reported results. The exclusion of certain items may result in a more favourable view when costs such as acquired intangible amortisation, costs relating to the cyber incident in March 2023, expenses associated with the cost reduction programme and impairments of goodwill are excluded. These measures may not be comparable when reviewing similar measures reported by other companies.

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation																																													
Income statement																																															
Adjusted revenue R	Revenue	Calculated as revenue less any revenue relating to businesses that have been sold, or exited during the year or prior year; or, are in the process of being sold, or exited. This measure of revenue is used internally in respect of the Group's continuing business (being the Group's continuing activities, which exclude business exits) and the Board believes it is a good indication of ongoing performance. The table below shows a reconciliation between reported and adjusted revenue, as well as adjusted revenue reduction: <table><tr><td></td><td>2024</td><td>2023</td></tr><tr><td>Reported revenue per the income statement</td><td>£2,421.6m</td><td>£2,814.6m</td></tr><tr><td>Deduct: business exits (note 2.2.1)</td><td>£(52.5)m</td><td>£(238.8)m</td></tr><tr><td>Adjusted revenue</td><td>£2,369.1m</td><td>£2,575.8m</td></tr><tr><td>Adjusted revenue (reduction)/growth</td><td>(8.0)%</td><td>1.1 %</td></tr></table>		2024	2023	Reported revenue per the income statement	£2,421.6m	£2,814.6m	Deduct: business exits (note 2.2.1)	£(52.5)m	£(238.8)m	Adjusted revenue	£2,369.1m	£2,575.8m	Adjusted revenue (reduction)/growth	(8.0)%	1.1 %																														
		2024	2023																																												
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	Adjusted revenue	£2,369.1m	£2,575.8m																																												
Adjusted revenue (reduction)/growth	(8.0)%	1.1 %																																													
Adjusted operating profit R	Operating profit	Calculated as reported operating profit excluding items determined by the Board to be outside underlying operations. These items are detailed in note 2.4. A reconciliation of reported to adjusted operating profit is provided in note 2.4.																																													
Adjusted operating margin R	Operating margin	Calculated as the adjusted operating profit divided by adjusted revenue. This measure is an indicator of the Group's operating efficiency. The table below shows the components, and calculation, of adjusted operating margin: <table><tr><td></td><td>2024</td><td>2023</td></tr><tr><td>Adjusted revenue</td><td>a £2,369.1m</td><td>£2,575.8m</td></tr><tr><td>Adjusted operating profit (note 2.4)</td><td>b £95.9m</td><td>£90.9m</td></tr><tr><td>Adjusted operating margin</td><td>b/a 4.0 %</td><td>3.5 %</td></tr></table>		2024	2023	Adjusted revenue	a £2,369.1m	£2,575.8m	Adjusted operating profit (note 2.4)	b £95.9m	£90.9m	Adjusted operating margin	b/a 4.0 %	3.5 %																																	
		2024	2023																																												
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	Adjusted operating profit (note 2.4)	b £95.9m	£90.9m																																												
	Adjusted operating margin	b/a 4.0 %	3.5 %																																												
Adjusted EBITDA R	No direct equivalent	Calculated as adjusted operating profit for the last twelve months before: depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets; net finance costs; and the share of results in associates and losses on financial assets (other than those already excluded from adjusted operating profit). The directors believe that adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is a useful measure for investors because it is closely monitored by management to evaluate Group and divisional operating performance. This measure has been calculated pre and post the impact of IFRS 16 to enable investors to understand the impact of the Group's lease portfolio on adjusted EBITDA. The table below shows the calculation of adjusted EBITDA: <table><tr><td></td><td colspan="2">Post IFRS 16</td><td colspan="2">Pre IFRS 16</td></tr><tr><td></td><td>2024</td><td>2023</td><td>2024</td><td>2023</td></tr><tr><td>Adjusted profit before tax</td><td>£50.0m</td><td>£40.9m</td><td>£58.0m</td><td>£41.4m</td></tr><tr><td>Add back: adjusted net finance costs (note 4.3)</td><td>£45.9m</td><td>£50.0m</td><td>£29.1m</td><td>£31.8m</td></tr><tr><td>Add back: adjusted depreciation and impairment of property, plant and equipment (note 3.2)</td><td>£25.8m</td><td>£30.7m</td><td>£25.8m</td><td>£30.7m</td></tr><tr><td>Add back: depreciation and impairment of right-of-use assets (note 3.5)</td><td>£42.2m</td><td>£50.5m</td><td>£—m</td><td>£—m</td></tr><tr><td>Add back: adjusted amortisation and impairment of intangibles (note 3.3)</td><td>£22.2m</td><td>£24.4m</td><td>£22.2m</td><td>£24.4m</td></tr><tr><td>Adjusted EBITDA</td><td>£186.1m</td><td>£196.5m</td><td>£135.1m</td><td>£128.3m</td></tr><tr><td>Adjusted EBITDA margin</td><td>7.9 %</td><td>7.6 %</td><td>5.7 %</td><td>5.0 %</td></tr></table>		Post IFRS 16		Pre IFRS 16			2024	2023	2024	2023	Adjusted profit before tax	£50.0m	£40.9m	£58.0m	£41.4m	Add back: adjusted net finance costs (note 4.3)	£45.9m	£50.0m	£29.1m	£31.8m	Add back: adjusted depreciation and impairment of property, plant and equipment (note 3.2)	£25.8m	£30.7m	£25.8m	£30.7m	Add back: depreciation and impairment of right-of-use assets (note 3.5)	£42.2m	£50.5m	£—m	£—m	Add back: adjusted amortisation and impairment of intangibles (note 3.3)	£22.2m	£24.4m	£22.2m	£24.4m	Adjusted EBITDA	£186.1m	£196.5m	£135.1m	£128.3m	Adjusted EBITDA margin	7.9 %	7.6 %	5.7 %	5.0 %
			Post IFRS 16		Pre IFRS 16																																										
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		Add back: depreciation and impairment of right-of-use assets (note 3.5)	£42.2m	£50.5m	£—m	£—m																																									
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		Adjusted EBITDA	£186.1m	£196.5m	£135.1m	£128.3m																																									
		Adjusted EBITDA margin	7.9 %	7.6 %	5.7 %	5.0 %																																									

Section 8: Additional information *continued*

8.2 Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation												
Income statement continued														
Adjusted profit/(loss) before tax R	Profit/(loss) before tax	Calculated as profit or loss before tax excluding the items detailed in note 2.4, which include: business exits (trading results, non-trading expenses, and any gain/(loss) on business disposal); acquired intangible amortisation; impairment of goodwill and acquired intangibles; costs of the cyber incident in March 2023; and expenses associated with the cost reduction programme. A reconciliation of reported to adjusted profit before tax is provided in note 2.4.												
Adjusted profit/(loss) after tax R	Profit/(loss) after tax	Calculated as the above adjusted profit or loss before tax, less the tax expense on adjusted profit or loss. The table below shows a reconciliation: <table> <tr> <th></th><th>2024</th><th>2023</th></tr> <tr> <td>Adjusted profit before tax (note 2.4)</td><td>£50.0m</td><td>£40.9m</td></tr> <tr> <td>Tax on adjusted profit (note 2.6.1)</td><td>£(10.3)m</td><td>£(47.4)m</td></tr> <tr> <td>Adjusted profit/(loss) after tax</td><td>£39.7m</td><td>£(6.5)m</td></tr> </table>		2024	2023	Adjusted profit before tax (note 2.4)	£50.0m	£40.9m	Tax on adjusted profit (note 2.6.1)	£(10.3)m	£(47.4)m	Adjusted profit/(loss) after tax	£39.7m	£(6.5)m
	2024	2023												
Adjusted profit before tax (note 2.4)	£50.0m	£40.9m												
Tax on adjusted profit (note 2.6.1)	£(10.3)m	£(47.4)m												
Adjusted profit/(loss) after tax	£39.7m	£(6.5)m												
Adjusted basic earnings per share R	Basic earnings per share	Calculated as the adjusted profit or loss for the year after tax less non-controlling interests divided by the weighted average number of ordinary shares outstanding during the year. The Board believes that this provides an indication of basic earnings per share of the Group on adjusted profit after tax. For the calculation of adjusted basic earnings per share refer to note 2.7.												
Adjusted diluted earnings per share R	Diluted earnings per share	Calculated as the adjusted profit or loss for the year after tax less non-controlling interests divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The Board believes that this provides an indication of diluted earnings per share of the Group on adjusted profit after tax. For the calculation of adjusted diluted earnings per share refer to note 2.7.												
Cash flows and net debt														
Cash flows generated/(used) by operations excluding business exits R	Cash generated/(used) by operations	Calculated as the cash flows generated from operations excluding the items detailed in note 2.9.2 which includes: business exits (trading results, non-trading expenses) and pension deficit contributions which have been triggered by disposals. A reconciliation of reported to cash generated/(used) by operations excluding business exits is provided in note 2.9.2.												
Free cash flow and free cash flow excluding business exits R	Net cash flows from operating activities	Free cash flow is calculated as cash generated from operations after: capital expenditure; income tax and interest; and the proceeds from the sale of property, plant and equipment and intangible assets; and the capital element of lease payments and receipts. Free cash flow excluding business exits has the same calculation but is excluding the impact of business exits. Free cash flow and free cash flow excluding business exits are measures used to show how effective the Group is at generating cash and the Board believes they are useful for investors and management to measure whether the Group is generating sufficient cash flow to fund operations, capital expenditure, non-lease debt obligations, and dividends. A reconciliation of net cash flows from operating activities to free cash flow and free cash flow excluding business exits and a reconciliation of free cash flow to free cash flow excluding business exits are provided in note 2.9.2.												

Section 8: Additional information *continued*8.2 Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Cash flows and net debt continued		
Operating cash flow and operating cash conversion	No direct equivalent	Operating cash flow calculated as reported/adjusted EBITDA less working capital and non-cash and other adjustments excluding business exits, pension deficit contributions, cyber incident and cost reduction programme. Operating cash conversion calculated as operating cash flow divided by adjusted EBITDA. The Board believes that this measure is useful for investors because it is closely monitored by management to evaluate the Group’s operating performance and to make financial, strategic and operating decisions.
R		

Section 8: Additional information *continued*

8.2 Alternative performance measures continued

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation																																			
Cash flows and net debt continued																																					
Available liquidity	No direct equivalent	Calculated as the sum of any undrawn committed facilities and the net cash, cash equivalents net of overdrafts, less any restricted cash. Restricted cash is defined as any cash held that is not capable of being applied against consolidated total borrowings (inclusive of cash required to be held under FCA regulations and cash represented by non-controlling interests). <table><tr><td></td><td>2024</td><td>2023</td></tr><tr><td>Revolving credit facility (RCF) (note 4.5.2b)</td><td>£250.0m</td><td>£260.7m</td></tr><tr><td>Less: drawing on committed facilities (note 4.5.2b)</td><td>—</td><td>—</td></tr><tr><td>Undrawn committed facilities</td><td>£250.0m</td><td>£260.7m</td></tr><tr><td>Cash and cash equivalents net of overdrafts (note 4.5.4)</td><td>£191.4m</td><td>£67.6m</td></tr><tr><td>Less: restricted cash (note 4.5.4)</td><td>£(44.2)m</td><td>£(46.0)m</td></tr><tr><td>Available liquidity</td><td>£397.2m</td><td>£282.3m</td></tr></table>		2024	2023	Revolving credit facility (RCF) (note 4.5.2b)	£250.0m	£260.7m	Less: drawing on committed facilities (note 4.5.2b)	—	—	Undrawn committed facilities	£250.0m	£260.7m	Cash and cash equivalents net of overdrafts (note 4.5.4)	£191.4m	£67.6m	Less: restricted cash (note 4.5.4)	£(44.2)m	£(46.0)m	Available liquidity	£397.2m	£282.3m														
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Available liquidity	£397.2m	£282.3m																																			
Net debt	Borrowings, cash, derivatives, lease liabilities and deferred consideration	Calculated as the net of the Group's: cash, cash equivalents and overdrafts; private placement loan notes; other finance; currency and interest rate swaps; lease liabilities; and deferred consideration. The Board believes that net debt enables investors to see the economic effect of debt, related hedges and cash and cash equivalents in total and shows the indebtedness of the Group. The calculation of net debt is provided in notes 2.9.3 and 4.1.1																																			
Net financial debt (pre-IFRS 16)	No direct equivalent	Calculated as the sum of the Group's: cash, cash equivalents and overdrafts; the fair value of the Group's private placement loan notes; other loan notes; and deferred consideration. The Board believes that this measure of net debt allows investors to see the Group's net debt position excluding its IFRS 16 lease liabilities. <table><tr><td></td><td>2024</td><td>2023</td></tr><tr><td>Net debt (note 4.1.1)</td><td>£415.2m</td><td>£545.5m</td></tr><tr><td>Remove: IFRS16 impact (note 4.4)</td><td>£(348.7)m</td><td>£(363.4)m</td></tr><tr><td>Net financial debt (pre-IFRS 16)</td><td>£66.5m</td><td>£182.1m</td></tr></table>		2024	2023	Net debt (note 4.1.1)	£415.2m	£545.5m	Remove: IFRS16 impact (note 4.4)	£(348.7)m	£(363.4)m	Net financial debt (pre-IFRS 16)	£66.5m	£182.1m																							
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Remove: IFRS16 impact (note 4.4)	£(348.7)m	£(363.4)m																																			
Net financial debt (pre-IFRS 16)	£66.5m	£182.1m																																			
Gearing: net debt to adjusted EBITDA ratio	No direct equivalent	This ratio is calculated as net debt divided by adjusted EBITDA over a rolling twelve month period including business exits not yet completed at the balance sheet date. The Board believes that this ratio is useful because it shows how significant net debt is relative to adjusted EBITDA. This measure has been calculated including and excluding the impact of IFRS 16 leases on EBITDA and net debt because the Board believes this provides useful information to enable investors to understand the impact of the Group's lease portfolio on its gearing ratio. The table below shows the components, and calculation, of the net debt / net financial debt (post and pre IFRS 16) to adjusted EBITDA ratio: <table><tr><td></td><td colspan="2">Post IFRS 16</td><td colspan="2">Pre IFRS 16</td></tr><tr><td></td><td>2024</td><td>2023 ¹</td><td>2024</td><td>2023 ¹</td></tr><tr><td>Adjusted EBITDA</td><td>£186.1m</td><td>£214.6m</td><td>£135.1m</td><td>£146.2m</td></tr><tr><td>EBITDA in respect of business exits not yet completed</td><td>£(7.7)m</td><td>£8.2m</td><td>£(7.7)m</td><td>£8.2m</td></tr><tr><td>Adjusted EBITDA (including business exits not yet completed)</td><td>£178.4m</td><td>£222.8m</td><td>£127.4m</td><td>£154.4m</td></tr><tr><td>Net debt/net financial debt</td><td>£415.2m</td><td>£545.5m</td><td>£66.5m</td><td>£182.1m</td></tr><tr><td>Net debt/net financial debt to adjusted EBITDA ratio</td><td>2.3x</td><td>2.4x</td><td>0.5x</td><td>1.2x</td></tr></table>		Post IFRS 16		Pre IFRS 16			2024	2023 ¹	2024	2023 ¹	Adjusted EBITDA	£186.1m	£214.6m	£135.1m	£146.2m	EBITDA in respect of business exits not yet completed	£(7.7)m	£8.2m	£(7.7)m	£8.2m	Adjusted EBITDA (including business exits not yet completed)	£178.4m	£222.8m	£127.4m	£154.4m	Net debt/net financial debt	£415.2m	£545.5m	£66.5m	£182.1m	Net debt/net financial debt to adjusted EBITDA ratio	2.3x	2.4x	0.5x	1.2x
	Post IFRS 16		Pre IFRS 16																																		
	2024	2023 ¹	2024	2023 ¹																																	
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Net debt/net financial debt	£415.2m	£545.5m	£66.5m	£182.1m																																	
Net debt/net financial debt to adjusted EBITDA ratio	2.3x	2.4x	0.5x	1.2x																																	

1. To ensure consistent presentation of the ratios between years, the 2023 comparatives have not been restated.

Section 8: Additional information *continued*

8.3 Covenants

The below measures are submitted to the Group's lenders and the directors believe these measures provide a useful insight to investors. The 31 December 2023 comparatives have not been re-presented because they are not required to be re-presented for covenant purposes.

		2024	2023	Source
Covenants				
Adjusted operating profit ¹		£95.9m	£106.5m	Line information in note 2.4
Add back: covenant adjustments ² and amortisation		£54.1m	£64.1m	
Adjusted EBITA	a1	£150.0m	£170.6m	
Less: IFRS 16 impact		£(8.8)m	£(17.7)m	
Adjusted EBITA (excluding IFRS 16)	a2	£141.2m	£152.9m	
Adjusted EBITA		£150.0m	£170.6m	Line item above
Add back: covenant adjustments ³ and depreciation		£55.8m	£70.9m	
Covenant calculation – adjusted EBITDA	b1	£205.8m	£241.5m	
Less: IFRS 16 impact		£(51.1)m	£(68.4)m	
Covenant calculation – adjusted EBITDA (excluding IFRS 16)	b2	£154.7m	£173.1m	
Adjusted EBITA (US PP covenants)	a3	£150.0m	£162.4m	Adjusted for difference in exceptional items treatment
Adjusted EBITDA (US PP covenants)	b3	£205.8m	£233.3m	Adjusted for difference in exceptional items treatment
Adjusted interest charge		£(45.9)m	£(50.0)m	Line information in note 4.3
Add back: covenant adjustments ⁴		£2.0m	£3.8m	
Borrowing costs	c1	£(43.9)m	£(46.2)m	
Less: IFRS 16 impact		£16.8m	£18.2m	
Borrowing costs (excluding IFRS 16)	c2	£(27.1)m	£(28.0)m	
5.1 Interest cover (US PP covenant)	a3/c2	5.5x	5.8x	Adjusted EBITA/Borrowing costs with adjusted EBITA including the impact of IFRS 16 and the borrowing costs excluding the impact of IFRS 16. Minimum permitted value of 4.0
5.2 Interest cover (other financing agreements)	a2/c2	5.2x	5.5x	Adjusted EBITA/Borrowing costs with both variables excluding IFRS 16. Minimum permitted value of 4.0
Net debt		£415.2m	£545.5m	Line information in note 2.9.3
Add back: covenant adjustments ⁵		£44.2m	£53.2m	
Less: IFRS 16 impact		£(348.7)m	£(363.4)m	
Covenant calculation - adjusted net debt (excluding IFRS 16)	d1	£110.7m	£235.3m	
6.1 Adjusted net debt to post IFRS 16 adjusted EBITDA ratio (US PP covenant)	d1/b3	0.5x	1.0x	Adjusted net debt/adjusted EBITDA with adjusted net debt excluding the impact of IFRS 16 and adjusted EBITDA including the impact of IFRS 16. Maximum permitted value of 3.0
6.2 Adjusted net debt to adjusted EBITDA ratio (other financing agreements)	d1/b2	0.7x	1.4x	Adjusted net debt/adjusted EBITDA with both variables excluding IFRS 16. Maximum permitted value of 3.0

1. Adjusted operating profit excludes items that are separately disclosed and considered to be outside the underlying operating results for the particular period under review and against which the Group's performance is assessed.

2. Covenant adjustments include adjustments for business exits, exceptional costs, share-based payment and pension adjustments, and removal of profits owned by minority interests.

3. Covenant adjustments include adjustments for depreciation and earnings related to disposed entities.

4. Covenant adjustments include adjustments for interest income and interest expense.

5. Covenant adjustments include adjustments relating to restricted cash and cash in businesses held-for-sale.

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