

Chief Financial Officer's review



“Our performance this year reflects the progress we are making in strengthening the business – delivering improved adjusted profit¹ and cash flow while continuing to simplify our operations and invest in the capabilities that will support sustainable growth.”

Pablo Andres, Chief Financial Officer

Overview

Adjusted revenue¹ declined by 1.2% reflecting good growth in Public Service and the Pension Solutions business, offset by a 17.5% decline in the Contact Centre business.

Public Service revenue growth benefited from the Health Assessment Advisory Service contract win, the Disabled Students Allowance contract, growth on the Transport for London contract, including the opening of the Silvertown Tunnel, and scope expansions on the Royal Navy training contract and Primary Care Support England, partly offset by the flow through of contracts lost in previous years.

In Experience, revenue in the Contact Centre business reduced due to lower volumes and offshoring, primarily within the Telecommunications vertical, and contract losses. Revenue in the Pension Solutions business benefited from indexation and extensions on existing contracts. Revenue growth in Regulated Services reflects a £19m one-off benefit from a contract exit in the Mortgage Software business. This is now the sole remaining business in this segment following the sale of the Mortgage Servicing business and the transfer of the closed book Life & Pensions business to business exits.

The 34.2% increase in adjusted operating profit¹ is driven by improved contract performance in Public Service and the in-year benefit from the £250m cost reduction programme.

Adjusted basic earnings per share¹ increased to 49.71p (2024: 1.60p) reflecting the increase in adjusted operating profit¹, reduction in the net finance costs excluded from adjusted profit, and the lower adjusted total tax charge¹ of £19.0m (2024: charge of £34.6m). The lower adjusted tax charge¹ in 2025 reflects the changes in the accounting estimate of recognised deferred tax assets, and a lower current income tax charge reflecting fewer current year losses carried forward on adjusted profits.

Financial highlights

	31 December 2025	31 December 2024	YoY change
Revenue	£2,312.3m	£2,421.6m	(4.5)%
Adjusted revenue ¹	£2,199.5m	£2,225.7m	(1.2)%
Operating loss	£(129.6)m	£(9.9)m	(1,209.1)%
Operating margin ¹	(5.6)%	(0.4)%	(520)bps
Adjusted operating profit ¹	£113.5m	£84.6m	34.2%
Adjusted operating margin ¹	5.2%	3.8%	140bps
EBITDA ¹	£22.1m	£166.2m	(86.7)%
Adjusted EBITDA ¹	£188.0m	169.0m	11.2%
(Loss)/profit before tax	£(170.9)m	£116.6m	n/a
Adjusted profit before tax ¹	£74.5m	£40.5m	84.0%
Basic (loss)/earnings per share	(144.13)p	68.06p	n/a
Adjusted basic earnings per share ¹	49.71p	1.60p	3,006.9%
Operating cash flow ¹	£114.6m	£86.3m	32.8%
Operating cash flow excluding business exits ¹	£139.7m	£82.8m	68.7%
Adjusted operating cash conversion ¹	74.3%	49.0%	25.3%
Free cash flow ¹	£(82.1)m	£(122.7)m	33.1%
Free cash flow excluding business exits ¹	£(54.0)m	£(110.9)m	51.3%
Net debt ¹	£(461.6)m	£(415.2)m	£(46.4)m
Net financial debt (pre-IFRS 16) ¹	£(143.4)m	£(66.5)m	£(76.9)m

1. Definitions and calculations of non-IFRS measures (alternative performance measures) can be found on pages 239 to 245.

The decline in reported revenue of 4.5% reflects the reduction in adjusted revenue¹ noted above, and the impact of businesses exited and in the process of being exited during 2025 and 2024. The most significant of these being the closed book Life & Pensions business.

The reported operating loss of £129.6m (2024: loss £9.9m), reflects the increase in costs to deliver the significant cost reduction programme (2025: £56.1m; 2024: £27.9m), the direct costs incurred as a consequence of the March 2023 cyber incident, primarily the £14m fine paid to the Information Commissioner's Office (ICO) (2025: £15.9m; 2024: £1.0m), and the loss from business exits

in the year, primarily the closed book Life & Pensions business (2025: £97.2m; 2024: profit £9.7m), partly offset by the improvement in adjusted operating profit¹ detailed above, and a slightly lower goodwill impairment charge (2025: £73.7m; 2024: £75.1m).

The move to a reported loss before tax of £170.9m (2024: profit £116.6m), reflects the increased reported operating loss detailed above, the loss from business exits in the year of £1.6m (2024: gain £184.6m from the sale of Capita One and the Group's 75% shareholding in Fera), partly offset by lower net finance costs to £39.2m (2024: £46.3m).

1. Refer to APMs on pages 239 to 245.

The reduction from a reported basic earnings per share to a reported loss per share reflects the move to a reported loss before tax noted above, offset by the move to a reported tax credit (2024: tax charge). The move to a reported income tax credit reflects the reduction in the adjusted tax charge¹ noted above, and a change in the accounting estimate of recognised deferred tax assets which had resulted in a higher deferred tax asset being recognised.

Operating cash flow excluding business exits¹ improved 68.7% to an inflow of £139.7m (2024: inflow £82.8m), reflecting the increased adjusted operating profit¹ and a lower working capital outflow. The lower working capital outflow in 2025 includes favourable timing within Public Service, together with a continuing focus on cash conversion cycles across the Group. This is partly offset by an increased outflow from the net of deferred income and contract fulfilment assets.

Cash generated from operations excluding business exits¹ increased by £45.9m to £72.9m, reflecting the above improvement in operating cash flow excluding business exits¹ and the reduction in pension deficit contributions, partly offset by an increase in cash costs to deliver the cost reduction programme, and an increase in the direct cash cost of the 2023 cyber incident, in particular the fine paid to the ICO and related legal fees.

Free cash flow excluding business exits¹ was an outflow of £54.0m (2024: outflow £110.9m), and includes £53.2m of cash costs to deliver the cost reduction programme (2024: £44.5m), and £13.6m net cash outflow in respect of the 2023 cyber incident (2024: £5.0m). The improvement year on year primarily reflects the improvement in cash generated from operations excluding business exits¹ above, continued capital investment in our contract delivery with new technology

solutions and cyber capabilities, lower net capital lease payments from the ongoing property portfolio rationalisation, and lower interest outflows.

The improvement in free cash flow¹ reflects the above reduction in free cash outflow excluding business exits¹, and a reduction in pension deficit contributions triggered by disposals, partly offset by the move to an outflow from those businesses being exited.

The Group has been seeking to exit its closed book Life & Pensions business, and in December 2025 announced it had reached a transition agreement for the remaining two legacy evergreen contracts with its last client (further detail on the agreement is provided later in this review). This business has been a challenging part of the Group from which Capita has been actively seeking to exit, and the above transition agreement marks the completion of a key element of our 'manage for value' strategy, eliminating a significant cash flow uncertainty.

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 (measured against the 2023 cost base) and was achieved by the end of 2025.

Liquidity as at 31 December 2025 was £329.4m, made up of £250.0m of undrawn revolving credit facility (RCF) and £79.4m of unrestricted cash and cash equivalents net of overdrafts. In July 2025, we extended

the maturity of the RCF by 12 months to 31 December 2027. In February 2026, we entered into a £75m additional committed financing facility, with a subset of the existing lenders and terms consistent with the existing RCF. The additional facility expires 18 months from signing.

Net financial debt (pre-IFRS 16)¹ increased by £76.9m to £143.4m at 31 December 2025, resulting in a net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) ratio of 1.0x, as a result of the free cash flow¹ noted above. This is in line with the Group's medium term target ratio of $\leq 1.0x$.

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 2024 comparatives have been re-presented to exclude 2025 business exits. As at 31 December 2025, the following businesses met this threshold and were excluded from adjusted results in both 2025 and 2024: closed book Life & Pensions, 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.

Adjusted revenue¹

Adjusted revenue¹ reduced 1.2% year-on-year. The adjusted revenue¹ was impacted by the following:

- **Public Service** (4.5% growth): benefit from the Health Assessment Advisory Service contract win, the Disabled Students Allowance contract, growth on the contract with Transport for London, including the opening of the Silvertown Tunnel, and scope expansion on the Royal Navy training contract and extension of the Primary Care Support England contract, partly offset by the flow through of contracts lost in previous years;
- **Experience:**
 - **Contact Centre** (17.5% reduction): lower volumes, primarily within the Telecommunications vertical, the impact of working with our customers to drive volumes to our nearshore and offshore delivery centres, which reduces revenue while becoming more efficient and competitive, and contract losses;

1. Refer to APMs on pages 239 to 245.

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- **Pension Solutions** (4.5% growth): benefit of indexation and extensions on existing contracts; and
- **Regulated Services** (200.0% growth): a £19m one-off benefit from a contract exit in the Mortgage Software business.

Order book

The Group's consolidated order book was £4,240.9m at 31 December 2025 (2024: £4,240.7m). Additions from contract wins, scope changes and indexation in 2025 totalled £1,748.3m, including renewals with the BBC in Contact Centre, Education Authority Northern Ireland, Primary Care Support England, expanded scope on the Royal Navy Training contract within Public Service, and extension of the Royal Mail Statutory Pension Scheme contract in Pension Solutions. These were offset by the reduction from revenue recognised in the year (£1,716.0m), contract terminations (£29.9m) and business disposals (£2.2m). Terminations primarily reflect a contract exit within our Regulated Services business.

Adjusted operating profit¹

Adjusted operating profit¹ increased in 2025 driven by the following:

- **Public Service:** net benefit from the revenue flow-through on new and expanded contracts and material savings delivered through the cost reduction programme, partly offset by continued reinvestment in technology solutions, and a £9m impact from the rise in National Insurance;
- **Experience:**
 - **Contact Centre:** flow through of revenue decline, lower levels of project work, rise in National Insurance and reinvestment, partly offset by savings delivered through the cost reduction programme. The operating loss for the business also includes c.£15m of costs in respect

of under-utilised property and a c.£10m loss from the German business;

- **Pension Solutions:** flow through of revenue benefit and savings delivered through the cost reduction programme, partly offset by reduced interest income due to lower UK interest rates (2025: £17m; 2024: £22m);
- **Regulated Services:** a £6m benefit from termination fee received from the contract exit in the Mortgage Software business, and savings delivered through the cost reduction programme; and
- **Capita plc:** reflects benefits delivered through the cost reduction programme and a one-off gain related to the extension of a property sub-lease.

Adjusted profit before tax¹

Adjusted profit before tax¹ increased year-on-year to £74.5m (2024: £40.5m) reflecting the above improvements in adjusted operating profit¹ and reduced net finance costs excluded from adjusted profit of £39.0m (2024: £44.1m). The reduction in net finance costs primarily reflects lower debt levels, a more favourable interest rate environment, and movements in the value of non-designated foreign exchange contracts.

Adjusted tax charge¹

The adjusted tax charge¹ for the year was £19.0m (2024: charge £34.6m). The reduction is mainly as a result of changes in the accounting estimate of recognised deferred tax assets which had less of an impact in 2025 compared to 2024.

Operating cash flow excluding business exits¹

Operating cash flow excluding business exits¹ and operating cash flow conversion¹ increased in 2025 driven by the following:

Adjusted revenue¹ bridge by division

Adjusted revenue ¹ bridge by division	Capita Experience				Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	
Year ended 31 December 2024	1,387.2	650.9	179.0	8.6	2,225.7
Net growth/(reduction)	62.8	(114.2)	8.0	17.2	(26.2)
Year ended 31 December 2025	1,450.0	536.7	187.0	25.8	2,199.5

Adjusted operating profit¹ bridge by division

Adjusted operating profit ¹ bridge by division	Capita Experience				Capita plc £m	Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m		
Year ended 31 December 2024	89.1	(5.9)	28.1	1.3	(28.0)	84.6
Net growth/(reduction)	31.9	(11.1)	1.8	4.1	2.2	28.9
Year ended 31 December 2025	121.0	(17.0)	29.9	5.4	(25.8)	113.5

- **Public Service:** higher adjusted operating profit¹ flow through and favourable timing of receipts at the end of 2025;
- **Experience:**
 - **Contact Centre:** timing of key receipts and phasing of supplier invoicing. The cash flow for the business also includes a c.£20m outflow in respect of under-utilised properties and a c.£8m cash outflow from the German business;
 - **Pension Solutions:** investment in the year in the Civil Service Pension Scheme (CSPS) contract of £26m (contract fulfilment asset), and delay of a milestone payment;
 - **Regulated Services:** termination fee received from the contract exit in the Mortgage Software business, and cash impact of savings delivered through the cost reduction programme; and

- **Capita plc:** benefit from the cost reduction programme and lower repayments against the non-recourse trade receivables financing facilities during 2025.

Cash generated from operations and free cash flow¹

Operating cash conversion¹ improvement reflects the increased adjusted operating profit¹ detailed above, and the flow through to adjusted EBITDA¹, along with a lower working capital outflow, partly offset by an increase in non-cash and other adjustments. The lower working capital outflow in 2025 includes favourable timing within Public Service, together with a continuing focus on cash conversion cycles across the Group. This is partly offset by an increased outflow from the net of deferred income and contract fulfilment assets, reflecting the investment in the CSPS contract in the Pension Solutions business, together with timing differences in Public Service.

1. Refer to APMs on pages 239 to 245.

Non-cash and other adjustments include movement in provisions, and amendments and the early termination of leases.

Cash generated from operations excluding business exits¹ of £72.9m reflects the above operating cash flow excluding business exits¹, the cash cost of delivering the cost reduction programme (£53.2m), and the direct cash flow impact of the cyber incident (£13.6m), primarily the ICO penalty.

Free cash flow excluding business exits¹ for the year ended 31 December 2025 was an outflow of £54.0m (2024: outflow £110.9m), and includes £53.2m of cash costs to deliver the cost reduction programme (2024: £44.5m), and £13.6m net cash outflow in respect of the 2023 cyber incident (2024: £5.0m). The improvement year on year primarily reflects the improvement in cash generated from operations excluding business exits¹ above, continued capital investment in our contract delivery with new technology solutions and cyber capabilities, lower net capital lease payments from the ongoing property portfolio rationalisation, and lower interest outflows.

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 impacts of the cyber incident and cost reduction programme.

Impairment of goodwill

In preparing the consolidated financial statements at 31 December 2025, the Group undertook a detailed impairment review, following which a goodwill impairment of £73.7m was recognised in respect of the Contact Centre cash generating unit (CGU).

As noted above, the business's adjusted revenue¹ declined 17.5% in 2025, driven by reduced volumes in the Telecommunications vertical and contract losses, and its adjusted operating loss¹ increased to £17.0m, which includes costs associated with under-utilised property and losses arising in the German business. During the year significant cost reductions were made to improve the business's financial performance however the phasing of these reductions was later than expected in 2025, and there is more work to do in respect of the property footprint which currently represents around 60% of the Group's lease liability and the German business.

Although the Contact Centre business secured deals with a total contract value of £716.5m in 2025, up by 66% on 2024 and its win rate across all opportunities was 80%, up from 57% in 2024, the business's unweighted and weighted pipeline has reduced compared to the end of the prior year. In addition, the majority of contracts won 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, as seen with the reduction in volumes in the year.

A key aspect of the Contact Centre strategy is better technology, and the forecast for the business assumes an increase in the use of its new AI and generative AI solutions, such as AgentSuite, with expansion delivered in 2025 and further rollouts to clients planned in 2026. 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 2026 onwards. This has resulted in the impairment noted above.

Operating cash flow excluding business exits¹ by division

	Capita Experience				Capita plc £m	Total £m
	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m		
Year ended 31 December 2024	92.1	0.1	33.3	(2.9)	(39.8)	82.8
Net growth/(reduction)	42.9	6.6	(14.9)	6.4	15.9	56.9
Year ended 31 December 2025	135.0	6.7	18.4	3.5	(23.9)	139.7
<i>Operating cash conversion¹ year ended 31 December 2024</i>	73.3%	0.3%	97.7%	(223.1)%	(151.3)%	49.0%
Operating cash conversion¹ year ended 31 December 2025	88.7%	41.1%	49.2%	61.4%	(101.3)%	74.3%

Adjusted operating profit¹ to free cash flow excluding business exits¹

	2025 £m	2024 £m
Adjusted operating profit¹	113.5	84.6
Add: depreciation/amortisation and impairment of property, plant and equipment, right-of-use assets and intangible assets	74.5	84.4
Adjusted EBITDA¹	188.0	169.0
Working capital	(30.8)	(84.2)
Non-cash and other adjustments	(17.5)	(2.0)
Operating cash flow excluding business exits¹	139.7	82.8
Adjusted operating cash conversion¹	74.3%	49.0%
Pension deficit contributions	—	(6.3)
Cyber incident	(13.6)	(5.0)
Cost reduction programme	(53.2)	(44.5)
Cash generated from operations excluding business exits¹	72.9	27.0
Net capital expenditure	(46.2)	(49.3)
Interest/tax paid	(41.1)	(42.0)
Net capital lease payments	(39.6)	(46.6)
Free cash flow excluding business exits¹	(54.0)	(110.9)

1. Refer to APMs on pages 239 to 245.

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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.

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 2024 comparatives have been re-presented to exclude the 2025 business exits.

At 31 December 2025 business exits primarily comprised the following:

- **Closed book Life & Pensions business:** this business, which previously sat within the Group's Regulated Services segment within Capita Experience, has been a challenging part of the Group which, as announced at the Company's Capital Markets Day in June 2024, Capita has been actively seeking to exit. The Group has entered into a number of transition agreements for the contracts within this business which are being migrated over the coming years. In December 2025, the Group reached a transition agreement for the remaining two legacy evergreen contracts, with its last client, Royal London, and therefore this business met the criteria to be presented as a business exit.

Under the transition agreement for the Royal London contracts, Capita agreed to pay Royal London an initial payment of c.£22m. The agreement provided an option, exercisable by either Royal London or Capita, for that initial payment to be settled through the issue to Royal London of 5,670,909 ordinary shares. This option was exercised in December 2025. The resulting share based payment charge of £22.4m has been included within business exits.

The Group will also make a contribution towards Royal London's costs, consisting of three payments, each of £10m, on the first, second and third anniversary of the migration completion. The migration is expected to take five years, so these payments are expected to take place in 2031, 2032 and 2033. Provision has been made for these payments in December 2025.

The closed books and contractual dynamics have led to onerous conditions to service certain of the contracts in this business and an onerous contract provision has been recognised in prior periods. This provision was increased in 2025 to reflect the current best estimate of the costs to continue service delivery up to the expected end of these contracts and the migration costs to handover these services, reflecting the terms of the exits agreed and experience of previous contract exits;

- **Mortgage servicing business:** this business met the threshold to be held-for-sale at 31 December 2024 and its sale completed on 13 October 2025; and
- **Corporate venture business, Capita Scaling Partner:** the Capita Scaling Partner business manages the Group's investments in start-up and scale-up companies. Part of our investment in one venture was sold during the year realising a gain of £nil and a net loss of £0.5m was recognised in relation to the revaluation of the remaining Capita Scaling Partner investments. The Group will seek to maximise value from the remaining Capita Scaling Partner investments, which at 31 December 2025 had an aggregate carrying value of £3.8m (2024: £4.8m), including loans receivable by Capita of £0.7m (2024: £0.7m). In order to facilitate this, an external third party was engaged in the year to manage the disposal process for the Group's remaining Capita Scaling Partner investment.

Adjusted¹ to reported results bridge

	Operating profit/(loss)		Profit/(loss) before tax	
	2025 £m	2024 £m	2025 £m	2024 £m
Adjusted¹	113.5	84.6	74.5	40.5
Amortisation of acquired intangibles	(0.2)	(0.2)	(0.2)	(0.2)
Impairment of goodwill	(73.7)	(75.1)	(73.7)	(75.1)
Net finance income/(costs)	—	—	2.1	(0.1)
Business exits	(97.2)	9.7	(101.6)	180.4
Cyber incident	(15.9)	(1.0)	(15.9)	(1.0)
Cost reduction programme	(56.1)	(27.9)	(56.1)	(27.9)
Reported	(129.6)	(9.9)	(170.9)	116.6

Cyber incident

The Group has incurred exceptional costs associated with the March 2023 cyber incident. A charge of £15.9m has been recognised in the year ended 31 December 2025, which primarily comprises the £14m penalty from the Information Commissioner's Office and related legal fees, partly offset by insurance receipts. The cumulative total costs incurred, net of insurance receipts, in respect of the cyber incident are £42.2m. Further insurance receipts are anticipated but did not meet the criteria for recognition at 31 December 2025.

Cost reduction programme

The Group implemented a multi-year cost reduction programme in November 2023 to deliver annualised savings of £60m by Q1 2024. The programme was extended in March 2024, to deliver further annualised 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 could be delivered, the cost reduction target increased from

£160m to up to £250m, which was achieved by the end of 2025.

A charge of £56.1m (2024: £27.9m) has been recognised in the year ended 31 December 2025 for the expenses to deliver the cost reduction programme. This includes redundancy and other expenses of £53.4m (2024: £30.5m) to deliver a significant reduction in headcount, and a charge of £2.7m arising from the rationalisation of the Group's property estate (2024: a credit of £2.6m reflecting the successful exit of a number of properties which had been provided for previously). The cumulative expense recognised since the commencement of the cost reduction programme is £138.4m (2024: £82.3m), which is included within administrative expenses. Since the targeted savings were delivered by the end of 2025, no further expenses to deliver this cost reduction programme are expected beyond the end of 2025.

The cash outflow in 2025 in respect of the cost reduction programme was £53.2m (2024: £44.5m), which is included within free cash flow¹ and cash generated from operations excluding business exits¹. The cumulative cash outflow since the commencement of the

1. Refer to APMs on pages 239 to 245.

cost reduction programme in the second half of 2023 is £103.8m.

Further detail of the specific items charged in arriving at reported operating profit and profit before tax for 2025 is provided in note 2.4 to the consolidated financial statements.

Net finance costs

Net finance costs decreased by £7.1m to £39.2m (2024: £46.3m), reflecting lower debt levels, a more favourable interest rate environment, and movements in the value of non-designated foreign exchange contracts.

Reported tax charge

The reported tax credit for the year of £5.3m comprises a current tax charge of £8.6m, reflecting non-deductible business exit costs, the non-deductible ICO penalty relating to the 2023 cyber incident, non-deductible goodwill impairment, plus a deferred tax credit of £13.9m arising from changes in the accounting estimate of recognised deferred tax assets. The prior period charge of £36.2m comprised a current tax charge of £17.8m, reflecting non-deductible goodwill impairments and unrecognised current year tax losses, plus a deferred tax charge of £18.4m, 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 charge¹ noted above, and a change in the accounting estimate of recognised deferred tax assets.

Free cash flow¹ to free cash flow excluding business exits¹

The improvement in free cash flow¹ reflects the above reduction in free cash outflow excluding business exits¹, and a reduction in pension deficit contributions triggered by disposals, partly offset by the move to an outflow from those businesses being exited.

Movements in net debt

Net debt at 31 December 2025 was £461.6m (2024: £415.2m). The increase in net debt over the year ended 31 December 2025 primarily reflects the free cash outflow noted above.

Net debt does not include finance lease receivables, which at 31 December 2025 were £96.6m (2024: £95.7m) reflecting the successful sub-letting of property the Group is not utilising.

Net financial debt (pre-IFRS 16)¹ increased by £76.9m to £143.4m at 31 December 2025, resulting in a net financial debt to adjusted EBITDA¹ (both pre-IFRS 16) ratio of 1.0x. 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 2025. To accommodate for the accounting impact of providing in 2025 for the future losses related to the transition agreement reached with Royal London to exit the remaining legacy contracts, the Group obtained lender approval to amend the US private placement interest coverage covenant for the measurement periods ending 31 December 2025 and 30 June 2026, resetting the minimum permitted value to 3.0x. Upon expiry of the amendment period, the covenant reverts to its original minimum permitted value of 4.0x.

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 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

Free cash flow¹ to free cash flow excluding business exits¹

	2025 £m	2024 £m
Free cash flow¹	(82.1)	(122.7)
Business exits	28.1	(2.7)
Pension deficit contributions triggered by disposals	—	14.5
Free cash flow excluding business exits¹	(54.0)	(110.9)

Net debt

	2025 £m	2024 £m
Opening net debt	(415.2)	(545.5)
Cash movement in net debt	(19.0)	197.4
Non-cash movements	(27.4)	(67.1)
Closing net debt	(461.6)	(415.2)
Remove closing IFRS 16 impact	318.2	348.7
Net financial debt (pre-IFRS 16)¹	(143.4)	(66.5)
Cash and cash equivalents net of overdrafts	125.3	191.4
Financial debt net of swaps	(268.7)	(257.9)
Net financial debt/adjusted EBITDA¹ (both pre-IFRS 16)	1.0x	0.5x
Net debt (post-IFRS 16)/adjusted EBITDA¹	2.5x	2.3x

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 RCF and existing US private placement loan notes.

In July 2025, the Group extended the maturity of the RCF by 12 months to 31 December 2027. The available facility remains at £250m and was undrawn at 31 December 2025 (2024: undrawn). In February 2026, we entered into a £75m additional committed financing facility, with a subset of the existing lenders and terms consistent with the existing RCF. The additional facility expires 18 months from signing.

At 31 December 2025, the Group had a total of £24.6m (2024: £23.4m) invoices sold under non-recourse trade receivables financing facilities, including £17.2m (2024: £14.5m) attributable to the UK facility and £7.4m (2024: £8.9m) attributable to the German contract-specific facility. Both facilities provide an economically favourable rate versus the RCF.

At 31 December 2025, the Group had £125.3m (2024: £191.4m) of cash and cash equivalents net of overdrafts, and £266.4m (2024: £269.3m) of private placement loan notes and fixed-rate bearer notes.

1. Refer to APMs on pages 239 to 245.

Chief Financial Officer's review *continued*

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 page 86 and 87.

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 Trustee 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. These committed deficit contributions were satisfied by the end of June 2024.

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 2025 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 2025) was approximately £80.0m (2024: net asset £80.0m) on a technical provisions basis. The HPS Trustee has 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 2025, the funding level was around 100%.

The net defined benefit pension position of all reported defined benefit schemes for accounting purposes decreased from a surplus of £37.9m at 31 December 2024 to a surplus of £29.1m at 31 December 2025. The main reason for this movement is a slight improvement in assumed life expectancy and actual inflation being slightly higher than assumed over the year. The change in market conditions (which impacted both the assets and liabilities over the year), broadly cancelled each other out and did not have a material impact on the net position.

Consolidated balance sheet

At 31 December 2025 the Group's consolidated net assets were £41.8m (2024: net assets £195.7m). The movement is predominantly driven by the reported loss before tax for the year as explained above, the actuarial loss on defined benefit pension schemes, and the loss on cash flow hedges.

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 2025 and the directors gave consideration as to why this might be the case and whether assets

Available liquidity¹

	2025 £m	2024 £m
Revolving credit facility (RCF)	250.0	250.0
Less: drawing on committed facilities	—	—
Undrawn committed facilities	250.0	250.0
Cash and cash equivalents net of overdrafts	125.3	191.4
Less: restricted cash	(45.9)	(44.2)
Available liquidity¹	329.4	397.2

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.

An impairment test was performed at 31 December 2025 in respect of the parent company's investments in subsidiaries and amounts owed by subsidiary undertakings. A net impairment charge of £96.8m was recognised in respect of the parent company's investments in subsidiaries, of which £39.1m was due to the return of capital from subsidiaries in advance of their liquidation, with impairment recognised being offset by dividend income received from the subsidiaries, and a net impairment charge of £57.7m was as a result of the impairment test performed at 31 December 2025.

A net impairment charge of £9.8m was identified in respect of amounts owed by subsidiaries.

Following the impairment charge recognised, management's estimate of the value in use of the Group used in the testing of goodwill for impairment at 31 December 2025, when adjusted for the fair value of the Group's net debt, gave a value for the Group that exceeded the market capitalisation at that date, and supported the parent company net assets

Following shareholder approval at the Company's 2025 Annual General Meeting held on 28 April 2025, the parent company ("the Company") completed a share consolidation at a ratio of 15 for 1, whereby every 15 ordinary shares of 2 1/15 pence were consolidated into one ordinary share of 31 pence. The Board believe that consolidation of the Company's ordinary shares will improve marketability of its shares to investors.

Also, following shareholder approval at the 2025 AGM and subsequent sanctioning by the High Court of England and Wales, the Company completed the cancellation of its share premium account, with the balance of £1,145.5m credited to retained earnings. The capital reduction optimises the structure of the balance sheet and increases the Company's distributable reserves.

1. Refer to APMs on pages 239 to 245.