Capita plc

Full Year Results 2025

Significant progress against strategic priorities; transforming to an AI-led BPO; financial results in line with expectations

Capita plc CEO Adolfo Hernandez said:

"2025 was a pivotal year for Capita as we progressed our transformation to become the first AI-led business process outsourcer. We are building momentum as a leaner, more agile business and are well positioned to capture the market opportunity as customers increasingly look to AI and technology to improve productivity and efficiency.

“We have made strong progress across our Better Capita strategy, with Better Technology at the centre. We provide knowledge and experience of our customers Business Process Operating Systems that integrate AI into complex, real-world workflows that require accountability, security, and human oversight. As our £19.8bn pipeline shows, demand for our capabilities, AI solutions and digital delivery continues to grow, this year around two thirds of the Group's revenue was AI-enabled and we further improved customer satisfaction, with cNPS rising to +31, the highest level since we began measuring it in 2018.

“Alongside this, we delivered a major milestone by delivering £250m of annualised cost savings, strengthening margins and enabling reinvestment in our product, data and cyber capabilities. We also resolved several significant legacy challenges to simplify the business. As a consequence of our disciplined action, we saw adjusted operating profit increase 34% to £114m and the operating margin increase 140bps to 5.2%.

“With clear priorities for 2026, we remain focused on disciplined execution and are confident in our ability to drive further progress in Capita’s transformation.”

2025 Financial Results

- Adjusted revenue[1] declined 1.2% to £2.2bn (2024: 6.8% decline), with strong performances in Public Service and Pension Solutions more than offset by revenue decreases in Contact Centre
    - Public Service division (66% of Group adjusted revenue[1]) delivered its highest adjusted revenue[1] growth in the last five years increasing by 4.5%, helped by contract wins and expansion of existing scopes
    - Revenue reduction in Contact Centre of 17.5% (24% of Group adjusted revenue[1]) from ongoing impact of previously announced contract losses and volume reductions in the telecommunications vertical
    - Pension Solutions adjusted revenue[1] increased 4.5% (9% of Group adjusted revenue[1]), as we saw the benefit from indexation on existing contracts and go-live on new contracts
- Adjusted operating profit[1] increased 34.2% to £113.5m (2024: £84.6m), reflecting the benefit from the cost reduction programme which more than offset the Group’s revenue reduction
- The Group's adjusted operating margin improved to 5.2% from 3.8% in 2024. Strong performances in both Public Service and Pension Solutions, delivering operating margins above the Group's medium term target
- Reported operating loss of £129.6m (2024 loss: £9.9m) reflecting the £56.1m cost associated with our successful cost reduction programme and non-cash goodwill impairment of £73.7m recognised in the Contact Centre business
- Free cash outflow, excluding the impact of business exits[1], of £54.0m (2024 outflow: £110.9m) reflecting strong improvement in cash generated from operations. Free cash outflow, includes £53m cost to achieve savings on cost reduction programme and £14m settlement with ICO following March 2023 cyber incident. Cash flow was positive towards the end of the year as expected
- Net financial debt (pre-IFRS 16) of £143.4m (2024: £66.5m)
- Extended maturity date of £250m Revolving Credit Facility by 12 months to 31 December 2027; including a £50m accordion option with remaining terms substantially unchanged. Additional liquidity from £75m committed financing facility signed in February 2026, with same covenants as RCF, expiring in 18 months

Continued progress against strategic priorities to build a Better Capita

- Delivered £250m of annualised cost savings, with a significant proportion being realised as AI and gen AI are further embedded throughout the business. Further opportunity to deliver greater value in Contact Centre business
- cNPS improved to +31, up three points from 2024, the highest level since first measured by the Group in 2018
- Recently launched Capita’s AI Catalyst Stack, an integrated platform leveraging technology from hyperscaler partners, reducing AI solution deployments from six weeks to days
- Launch and scaled Capita’s Catalyst Lab as the mechanism to capture market and operational requirements, prototyping and solution scaling, 40 pilot products within the first nine months and 15 solutions now moved from concept to production
- Agreed hand-back terms for final contracts in the loss-making closed book Life & Pensions business unit, concluding a key component of our Manage for Value strategy, and completed the exit from our Mortgage Servicing business

- Settlement with the ICO relating to the Group's 2023 cyber incident
- Investing in our people, upskilling them for the future through our AI, data and technology academy

Growth and contract wins

- Total contract value (TCV) won increased by 36% to £2,055.3m, with a strong performance in Capita Public Services and Contact Centre, rising 28% and 66% respectively
- Improved book to bill ratio of 0.9x (2024: 0.6x); win rate across all opportunities of 64%, up from 32% in 2024
- Unweighted pipeline increased 41% from the half year to £19.8bn
- Significant wins included a renewals and extensions with the Gas Safe Register, Education Authority Northern Ireland and Primary Care Support England in Public Service. In the Contact Centre business there were wins with the BBC and Southern Water
- In December 2025, the Group went live with the administration of the Civil Service Pension Scheme, one of the largest and highly complex pension schemes in the UK. We inherited a backlog of 86,000 cases from the previous administrator, significantly higher than forecast, with over 12,000 members owed payments and 20 million poor data records which we are working jointly with the Cabinet Office to clear under an agreed urgent recovery plan

Outlook for 2026

- We are excited about our positioning in a strong market with significant opportunity ahead, leveraging the strong foundations we have put in place as the market and technology landscape continues to change and evolve
- Capita is now a leaner business, focused on delivering scalable and repeatable solutions to customers utilising its technology partners and in 2026, we will be launching further AI-powered products which will make us more competitive, re-enforcing our right to win and more relevant to our regulated and public customers who are increasingly looking to benefit from AI solutions in a trusted environment
- Reflecting good growth in Public Service and Pension Solutions, offset by challenges in Contact Centre, we expect the Group to deliver low single digit adjusted revenue[1] growth in 2026 compared to 2025
- Small decrease in adjusted operating margin[1] reflecting continued challenges in Contact Centre and increased mobilisation costs in Pension Solutions and Public Service
- We expect the Group to generate free cash flow, excluding the impact of business exits[1] between £20m - £40m, with a cash conversion of 70% - 80%

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 in the Appendix.

Investor presentation
A presentation for institutional investors and analysts hosted by Adolfo Hernandez, CEO and Pablo Andres, CFO, will be held at the Novotel, 3 Kingdom Street, Paddington, London, W2 6BD at 09:00am UK time, 10 March 2026. There will also be a live webcast (link below) which will subsequently be available on demand. The presentation slides will be published on our website at 07:00am and a full transcript will be available the following day.

Participant webcast:
https://webcast.openbriefing.com/capita-mar26/

For further information:

Capita	
Helen Parris, Director of Investor Relations	T +44 (0) 7720 169 269
Stephanie Little, Head of Investor Relations	T +44 (0) 7541 622 838
Madeleine Little, Group Head of External Communications	T +44 (0) 7860 343 604
Capita press office	T +44 (0) 2076 542 399
Brunswick	
Dan Roberts & Jonathan Glass	T + 44 (0) 2074 045 959

LEI no. CMIGEWPLHL4M7ZV0IZ88.

Chief Executive Officer's review

Summary

2025 was a pivotal year for Capita as we progressed on our transformation journey to become the first AI-led business process outsourcer (BPO). I am excited about what we have achieved since I joined in 2024, and by the platform that we have created to execute our ambitions.

Our 2025 financial performance is improving across the majority of metrics and was broadly in line with our expectations. Group adjusted revenue[1] was 1.2% lower than 2024, with revenue growth in Public Service and Pension Solutions more than offset by a 17.5% decline in Contact Centre driven by reduced volumes in the Telecommunications vertical and contract losses. We delivered a 36% increase in total contract value (TCV) won and strong growth in our unweighted sales pipeline. Our cost saving initiatives and revenue mix have contributed to a 34.2% increase in adjusted operating profit[1] and 140bps improvement in the adjusted operating margin[1] to 5.2%. The Group's free cash outflow, excluding business exits, was £54.0m, including £53.2m cash costs to achieve savings on the Group's cost reduction programme and the £14m settlement with the ICO following the Group's March 2023 cyber incident. This was a £56.9m improvement compared to 2024 as one-off cash outflows reduce as expected.

This is a time of tremendous market opportunity for Capita and our business is fundamentally in a much stronger position than a few years ago. We are well placed to help drive the required societal improvements in productivity and efficiency that AI and technology can unlock across both the public and private sectors, guided by our rigorous governance and AI charter. By utilising the platforms being created by our technology hyperscaler partners and coupling these with Capita's sector expertise, we are well positioned to take advantage of the growing opportunity and achieve our clear vision to be the trusted AI-led BPO partner. It will help ensure we drive superior results and create better outcomes for our clients and their customers.

Our transformation to a Better Capita is centred on the four strategic themes that we launched in June 2024: better technology; better delivery; better efficiencies; and better company. I am pleased with the progress achieved on each of these themes which form a strong foundation for enhancing Capita and ensuring the long-term resilience of the business.

Better technology is at the centre of our transformation and I am proud of the pace of change and the capabilities we have built in this area. The markets in which Capita operates are changing significantly, as technology becomes an important part of service delivery. AI is already enabled in around 20% of BPO services across Europe and this is expected to rise sharply, with AI services projected to account for more than 50% of a £55bn market by 2027.

Our technology strategy is at the heart of **better delivery** and will be our engine for growth in the longer term. This year, demand for our AI solutions and digital delivery continue to grow and importantly we have further improved our cNPS to +31, up three points from 2024, the highest level since first measured by the Group in 2018.

We have now delivered our targeted £250m of annualised cost savings to drive **better efficiencies**. This has enabled investment in our product offerings, data maturity and our cyber resilience, while also improving the Group's adjusted operating margin[1].

We are building a **better company** with colleagues across eight countries, helping to shape the future of the organisation. In 2025 we launched new company values, which are our guiding principles as we continue our culture improvement journey. We have maintained employee engagement at 63%, broadly in line with the prior year.

In 2025 we also resolved several legacy challenges simplifying the Group and reducing our overall risk profile. In December 2025, we announced a hand back agreement with the final customer in the loss making closed book Life & Pensions business, a key component of the completion of our manage for value strategy, and completed the exit of our Mortgage Servicing business. This year we also reached a £14m settlement with the Information Commissioner's Office (ICO), bringing to a close the investigation regarding the Group's March 2023 cyber incident.

While we have made progress in improving the competitiveness of our offerings in the Contact Centre business, the division has seen a material impact in recent years from contract losses and volume reductions on clients. We are unsatisfied with the financial performance of the business and we have not seen the level of improvement and contract wins we had hoped to deliver when we set out our strategy at the Capital Markets Day in 2024. We remain focused on operating costs and are pleased with the costs which we have taken out of the business to date, though clearly there remains work to do to improve the financial performance. We continually assess all options to improve our business and maximise value for our shareholders. We expect further progress in 2026 as cost actions fully annualise and AI-enabled delivery scales.

Building on our achievements in 2025, our strategic priorities for 2026 are strategic growth & market positioning, operational efficiency & cost discipline, technology & AI driven transformation, increasing customer-fit of AI capabilities, financial strength & value creation, people/culture & capability and responsible business and we are confident these will drive further progress in our business transformation.

Better technology, product & innovation and technology foundations:

Our markets are being significantly impacted by rapid technology evolution: with technology led services growing strongly, while services delivered with more traditional methods are declining.

Security is our first priority. Our AI deployment is guided by rigorous governance and our AI Charter, ensuring responsible innovation that our clients and stakeholders can trust. This year we made tangible progress in data management maturity against the Data Management Association (DAMA) framework, creating a foundation across Capita to leverage our investment in advanced data & analytics technology using Databricks and Snowflake, a key component of our AI Catalyst Stack.

As a Group, we see that technology, when used ethically and transparently, is unlocking human potential, and is playing a key role in automating repetitive, high-volume tasks. We are committed to our human in the loop principle and do not see AI as a headcount reduction tool. Within our delivery methods we ensure that humans focus on value add activities and complex enquiries that require empathy, judgement and decision making.

This year, we took a number of steps which will help deliver our strategy to become the first AI-led BPO. We refreshed our operating model, establishing our AI&PO function and Technology Operations team to deliver standard and repeatable propositions, making us more agile and efficient.

At the start of 2025, we launched Capita's AI Catalyst Lab, an innovation engine that enables colleagues throughout the organisation to submit ideas about how processes could be optimised in any area across the Group, with a dedicated team to evaluate, build, test and scale ideas and solutions. We are also using Capita as 'client zero', trialling and testing solutions internally before customers, and improving the efficiency of our own internal processes. Since the AI Catalyst Lab was launched more than 400 ideas have been submitted with 40 pilot products within the first nine months and 15 solutions have now moved from concept to production.

This year we also launched a number of AI-powered products which are transforming outcomes for our clients, including: Contact Centre of the Future, Document Validation & Fraud Detection, Automated Recruitment, Learning & Development and AI-powered Intelligent Mailrooms & Document Processing. In 2026, we will be launching further AI-powered products, including Process Observability, Case Management and Contact Centre Incident Response.

At the end of 2025, we launched the AI Catalyst Stack which will be fundamental to our future delivery. This is an integrated platform leveraging hyperscaler partners' technologies to automate business processes by combining process observability, rapid AI build and deployment, secure orchestration, and trusted data management. Early results have shown average deployment times reduced from six weeks to 10 days.

This year, we showcased the critical work we are delivering at global events such as the Salesforce World Tour London, Capita presented how we are leveraging Agentforce to become the UK's leading agent-driven outsourcing solution. More recently, I was asked to present at AWS re:Invent on how we are pioneering agentic AI at the Public Sector Innovation talk. We were also featured at London Tech Week by Microsoft showcasing how, as a key government partner, we are using Copilot to deliver better experiences for citizens.

We are using Capita as client zero, trialling solutions to improve the efficiency of our own internal processes before rolling them out to clients. For example, we introduced Workday on Microsoft Teams to streamline HR processes. All our colleague IT support services have now been migrated to ServiceNow, and we have three pilot client accounts currently in flight.

Early benefits are evident across live use cases: our document verification solution at Transport for London, using agentic AI to support our healthcare professionals on a contract with the Department for Work and Pensions and with AgentSuite in Contact Centre to deliver more efficient and effective outcomes. Teams have also created contract specific agents, including AskAssistant on the BBC contract and MyPensionsBuddy in our Pension Solutions business. Internally Microsoft Copilot usage continues to grow, recording around 500,000 interactions each month and saving 41,000 employee hours.

Better delivery and operating model

Our technology focus is ensuring we become more agile and embedding our strategy consistently into delivery. We actively seek client feedback through an annual cNPS survey which covers our current performance, key drivers and encourages comments on areas that customers would like us to focus on in the future. In 2025, our cNPS improved by a further three points to +31, a record high since when we began to record results in 2018.

Operational highlights across the Group in 2025 include:

- In Public Service, we signed a further three-year extension to the Primary Care Support England (PCSE) contract, driven by our operational delivery and continued innovation via our PCSE Online self-service platform;
- On our contract with Transport for London in Public Service, our AI-powered discount verification system automated 29 fraud checks, reducing processing time from five days for a manual check to under one minute;
- We launched a medical assessment scrutiny tool, leveraging AI-enabled technology, which has reduced waiting time by 17 days on our Recruiting Partnership Project with the British Army;
- Contact Centre now have nine clients using AgentSuite across six countries with the technology being utilised by more than 1,200 of our call centre agents, with further client rollouts planned across 2026;
- AgentSuite was highly commended for Best Implementation of AI in Customer Engagement at the recent Engage Awards; and
- Also in our Contact Centre business, we continued to offshore roles in line with client demands to drive efficiency expanding our presence at offshore locations with new offices opened in South Africa, India and Bulgaria.

On the two contracts where we had previously encountered operational challenges, one went live at the end of 2024 and we have seen continued operational improvements across 2025. The remaining contract transformation has been suspended while we agree an appropriate outcome with the client.

In December, the Group went live with the Civil Service Pension Scheme, one of the largest and highly complex pension schemes in the UK. We inherited a backlog of 86,000 cases from the previous administrator, significantly higher than forecast, resulting in higher-than-expected volumes of calls and complex queries which created further issues. We are working jointly with the Cabinet Office to clear this backlog under an agreed urgent recovery plan. Together with the Cabinet Office, we apologise for the worry, frustration and distress that individuals have faced during this time. We are committed to working through this backlog, with our 500-strong team.

In December 2025 we announced a transition agreement for the remaining two legacy evergreen closed book Life & Pensions contracts, with our last client, Royal London. The closed book Life & Pensions business, which was previously reported in the Regulated Services operating segment, has been a challenging part of the Group which Capita has been actively seeking to exit to eliminate the average annual cash loss of £20m.

Under the agreement, an initial £22.4m payment was settled with shares, with a further three £10m payments expected on the first, second and third anniversary of completion. The migration period is expected to take five years and both parties will cover their own migration costs during this period. We expect the continued running and migration cost to be c.£20m per annum, with these costs front-end loaded during the migration period. This provides certainty over the completion of a

key element of our manage for value strategy, eliminating a significant future annual cash outflow from the Group and enabling us to focus fully on areas where we can deliver sustainable value.

Better efficiency and cost transformation

We have now delivered the full £250m of targeted annualised cost savings, a major milestone for the Group, with savings across people (£185m), property (£14m), procurement (£36m) and offshoring (£15m). A significant proportion of these savings has been achieved through the operational efficiencies and synergies gained as we improve our processes and technology and embed AI and gen AI further through the business. In 2025, we incurred a cash cost of £53.2m to deliver the savings.

Delivery of these savings is pivotal in our journey to improve the Group's adjusted operating margin[1]. Although some savings were realised later in the year than planned, particularly in the Contact Centre business, we saw a strong adjusted operating margin[1] improvement in 2025.

The cost savings are also driving our cost competitiveness, and also created space to invest. This year we reinvested a proportion of cost savings, delivering further improvements in our data maturity and governance, investing in our product offerings and further enhancing our cyber maturity, which will benefit future years of our transformation journey.

We will maintain our cost-conscious culture going forward and will continue to drive efficiencies through our continuous improvement and better technology strategy.

Better company and building a high-performance organisation

Colleagues are at the heart of everything we do and play a critical role in delivering essential services to our customers. To build a high-performance organisation and culture, we are implementing a culture transformation programme built around our employees to help them to develop as the Group transforms.

In the first half of 2025, we launched a refreshed set of values which were co-created with colleagues across all our geographies. The refreshed values of: Customer first, always; Fearless innovation; Achieve together; and Everyone is valued will help us drive performance, enhance service delivery, and foster inclusivity. They are our guiding principles for driving behaviour, shaping our culture and driving Capita's strategic direction.

To bring our new values to life and translate them into positive actions and behaviours, we also launched our colleague and leadership playbooks as well as a new leadership programme.

To embed our new values and ensure a consistent approach to recognition, we also launched a new global recognition platform Celebrate! where all Capita colleagues can thank and recognise each other for either individual or team contributions to living our values and creating better outcomes. Since its launch in September 2025, more than 13,000 celebrations have been added to the platform.

In 2025, through our AI, data and technology academy, we continued to invest in building AI, data, and digital literacy across Capita, supporting our wider digital transformation goals. Through digital learning, targeted bootcamps, and hands-on virtual labs, more than 3,500 colleagues developed practical skills and confidence in applying AI and data tools and techniques in their day-to-day work.

Our AI Academy Multiverse partnership continues to strengthen, delivering high-quality training through applied learning. We have 445 colleagues enrolled in the AI apprenticeship programme, focused on leveraging AI responsibly to drive improved business outcomes.

Despite the Group undertaking a major transformation, it was pleasing to see our employee engagement was broadly maintained at 63% (2024: 64%) and our employee net promoter score (eNPS) improve by 11 points to –22 (2024: –33). Elsewhere the Group saw inclusion of 69%, up 1%; and wellbeing 68%, up 3%. Survey results were shared with key stakeholders and communicated to all colleagues, with leadership cascading insights across the organisation and local action plans being developed to directly respond to feedback.

Rolling 12-month attrition at the end of December was 17%, the lowest level it has been for many years, compared with 21.7% in the prior 12 months. We are using natural attrition to aid delivery of our cost savings target, particularly in those areas of the business where attrition has historically been higher, such as Contact Centre.

Growth and sales effectiveness

In 2025, we saw total contract value (TCV) won increase by 36% to £2,055.3m, with a strong performance in Public Services and Contact Centre, up 28% and 66% respectively.

Significant wins included: a renewal with expanded scope with Southern Water and extensions with the Gas Safe Register, Education Authority Northern Ireland and Primary Care Support England in Public Service and the BBC in the Contact Centre business. We also secured expansions of scope with the Royal Navy, which was operationally effective in May, a client within Pension Solutions and a new logo in the Irish Contact Centre business for a first-generation outsourcing client.

The Group's book to bill ratio was 0.9x up from 0.6x in 2024, following a strong performance in Contact Centre which had a book to bill rate of 1.3x, following the material renewal with the BBC at the end of 2025.

As we become a leaner organisation, we will be more cost competitive, which should have a positive impact on our win rate in the long term, particularly for new clients and new scopes of work. In 2025, the win rate across all opportunities was 64%, up from 32% in 2024. This was driven by an increased win rate for new and expanded scopes of work which improved from 17% in 2024 to 46% in 2025.

At the start of 2026 we secured significant contract wins including a new ten year contract in Public Service to deliver Synergy Business Process Services worth £370m and major renewal in our Pensions business worth £137m over a ten year period.

Looking ahead to 2026, the Group has opportunities with Transport for London, the Home Office, the Department for Work and Pensions, NHS England and the Road Safety Authority.

As at 31 December 2025, the total unweighted pipeline across all years was £19.8bn, a material increase from £11.1bn at 31 December 2024. This was helped by a more than doubling of the unweighted pipeline in Public Service to £17.8bn, reflecting our renewed approach to sales effectiveness and AI solutions.

The Group's order book, as measured by IFRS 15, at 31 December 2025 was £4.2bn (31 December 2024: £4.2bn) with £1.7bn revenue recognised in the year offset by £1.7bn in contract wins, scope changes including contract terminations and indexation.

Financial performance (revenue and operating profit)

Adjusted revenue[1] declined 1.2% to £2,199.5m (2024: £2,225.7m) with strong performance in Public Service which saw growth from the Health Assessment Advisory Service and Disabled Student Allowance contract wins and growth from existing contracts including Transport for London and the Royal Navy training contract. The Pension Solutions business benefitted from indexation and extensions on existing contracts. This growth was more than offset by revenue decreases in the Contact Centre, driven by reduced volumes in the Telecommunications verticals, the impact of offshoring and contract losses.

Reported revenue declined 4.5% to £2,312.3m (2024: £2,421.6m), reflecting the above movements and the impact of business exits, the most significant being the closed book Life & Pensions business.

Adjusted operating profit[1] increased 34.2% to £113.5m (2024: £84.6m), reflecting the benefit from the cost reduction programme which more than offset the Group's revenue reduction and reinvestment in the business.

The Group's adjusted operating margin[1] improved to 5.2% up from 3.8% in the prior year.

The reported operating loss was £129.6m (2024 loss: £9.9m), largely reflecting a £73.7m goodwill impairment recognised in respect of the Contact Centre business, £56.1m costs to deliver the cost reduction programme and £15.9m costs incurred as a consequence of the March 2023 cyber incident, primarily the £14m settlement with the ICO and related legal fees (2024: £1.0m); partly offset by the improvement in adjusted operating profit[1] detailed above.

Financial performance (cash flow and net debt)

Free cash flow excluding the impact of business exits[1] was an outflow of £54.0m (2024 outflow: £110.9m), reflecting a strong improvement in cash generated from operations. The Group's free cash outflow includes £53.2m costs to deliver the Group's cost reduction programme and the £14m settlement with the ICO.

Free cash outflow[1] for the Group was £82.1m (2024 outflow: £122.7m), including the outflow from businesses exited, or being exited, of £28.1m.

Net debt, including the impact of leases accounted for under IFRS 16 was £461.6m (2024: £415.2m), primarily reflecting the free cash outflow noted above which was partially offset by the reduction in the Group's IFRS 16 lease debt.

Our IFRS 16 lease liability was £318.2m (2024: £348.7m) reducing with the property rationalisation programme and monthly lease payments. The lease asset receivable related to the lease liability was £96.6m (2024: £95.7m), reflecting the successful sub-letting of property the Group is not utilising.

Net financial debt (pre-IFRS 16) increased to £143.4m as at 31 December 2025 (2024: £66.5m).

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%.

In July 2025, the Group extended the maturity date of its revolving credit facility (RCF) to 31 December 2027, a 12-month extension against the existing maturity date that includes a £50m accordion option.

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.

Outlook

Looking forward, we are excited about the strong market opportunity we have, leveraging the strong foundations we have put in place as the market and technology landscape continues to change and evolve. Capita is now a leaner business, focused on delivering scalable and repeatable solutions to customers utilising its technology partners. It is a less complex business committed to improving its financial performance.

For the Group as a whole, we expect to deliver low single-digit adjusted revenue growth[1], compared to 2025, with low to mid single-digit growth in Public Service and mid-teen growth in Pension Solutions more than offsetting the continued revenue reductions in Contact Centre where we expect to see a mid to high single-digit reduction in 2026 and Regulated Services where revenue will reduce materially given the non-repeat of one-offs from 2025.

We expect a small reduction in adjusted operating margin[1] in 2026 compared to 2025. Public Service is anticipated to deliver a consistent operating profit in 2026 compared to 2025, with a small reduction in margin reflecting mobilisation costs associated with Synergy Business Process Services. While the trends will improve across 2026 in the Contact Centre business, we expect the business to remain loss making in 2026. Reflecting mobilisation costs associated with the Civil Service Pension Scheme go live in 2026, we expect a reduction in operating profit in Pension Solutions. Regulated Services is anticipated to be breakeven in 2026.

We continue to expect to be free cash flow positive in 2026, delivering a positive free cash flow excluding business exits[1] of between £20m - £40m, reflecting the non-repeat of 2025 cash flows to deliver the cost reduction programme and ICO settlement, with cash conversion of 70% to 80%.

Net financial debt will be broadly similar to 2025 reflecting cash outflows associated with business exits, predominantly closed book Life & Pensions.

1. Refer to alternative performance measures (APMs) in the Appendix.

Divisional performance review

The following divisional financial performance is presented on an adjusted[1] basis. The calculation of adjusted figures and our KPIs are contained in the APMs in the Appendix to this statement.

Public Service

Market and growth drivers

Public Service is the number one[2] strategic supplier of Software and IT Services (SITS) and business process services (BPS) to the UK Government.

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

Digital BPS continues to be an area of fast growth, driven by the Government's ambition to improve productivity, reduce backlogs and modernise citizen services using AI-enabled and digital solutions.

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's core focus is to improve the productivity and efficiency of public service and create a better citizen experience through the use of technology-enabled delivery.

The division's deep sector knowledge, domain expertise and proven track record in delivering complex services - built through strong, long-standing collaboration with Government departments, alongside our strengthened hyperscaler partnerships, means the Public Service division is well positioned as a trusted delivery partner for complex transformations.

The UK Government's AI Opportunities Action Plan, published in January 2025, sets out their plans to accelerate AI adoption across the UK to boost economic growth, provide jobs for the future and improve people's everyday lives. With our focus on unlocking the transformative potential of AI to improve the delivery of complex processes at scale, whether for commercial businesses or for government, Capita is uniquely placed to deliver in line with the plan's vision for the future.

We are adopting and implementing AI, tailored around individual contract needs, working with our hyperscaler partners and operating an outcome-led delivery model. We are already delivering on a number of the Government's priorities on a large scale. For example our Primary Healthcare Extraction Tool, has reduced waiting time by 17 days through a fully digitised medical scrutiny journey. We have also developed an efficient solution that uses AI technology input to accurately interpret both typed and handwritten correspondence for Freedom of Information and Subject Access Requests enquiries.

Our repeatable solutions are being industrialised and scaled across the division allowing us to deliver more agile services and we are exploring options for potential expansions to increase the divisions addressable market and accelerate growth, in some cases with private companies where we have strong proposition alignment.

Operational performance and better delivery

Across the year, the division's average KPI performance was broadly consistent at 93%. The division's standalone cNPS was +37, up nine points compared to 2024, with the highest scoring areas for account management and working relationships; sector and experience knowledge; and transparency and knowledge.

Digital innovation and transformation were key areas of focus in 2025 as we embedded technology more consistently across the division. Our strong operational performance and continued innovation via our PCSE Online self-service platform drove a further three-year extension on our PCSE contract with NHS England, with the first 18-month period valued at £83m. This represents a significant relationship reset on a historically challenged contract and provides a strong foundation for future growth.

We are embedding higher levels of technology in our service delivery across our contract base. For example, in 2025, to support Transport for London on the opening of the Silvertown Tunnel scheme, we introduced an AI-powered discount verification automating 26 fraud checks. This tool has increased the accuracy of the discount verification while significantly improving the review time of applications. We have identified a number of further possible use cases across the sector.

This year, we also introduced a new self-service scheduling system for the Gas Safe Register, successfully delivering on one of the key commitments we made to the Health and Safety Executive during the recent contract rebid.

In Local & Regional Partnerships, our Appian aged debt tool is helping councils to collect aged council tax debt and has already enabled Lambeth Council and Bexley Council to save over £3m.

Other delivery highlights from the year include:

- Creating AI agentic agents, to transform knowledge management and quality assurance on a contract with the Department for Work & Pensions;
- In May, we delivered the 10th service transition which saw further expansion on our successful Royal Navy training contract. The latest service commencement saw 200 additional personnel join to fulfil training services for Marine Engineering at HMS Sultan;
- On the division's Smart DCC contract, Public Service has put in place and built a significant national network enabling smart meter monitoring which will now be transitioned to a not for profit service provider in the coming year;
- Supporting more than 28,000 disabled students, ensuring they receive the assistance they need to thrive in their education;
- Processing more than 6 million patient registrations with GP practices across England;
- Delivered more than 900 courses at the Fire Service College;

- Supporting more than 170 schools in Northern Ireland in delivering fully electronic mock examinations with the support of our Technology Operations team; and
- We launched a medical assessment scrutiny tool, leveraging AI-enabled technology, which has reduced waiting time by 17 days on our Recruiting Partnership Project with the British Army.

In November 2025, Ofgem, in line with the usual annual price control process, confirmed they were consulting on a proposal to disallow c.£31m of costs incurred by the Smart Data Communications Company (Smart DCC) for the regulatory year 2024/2025. Since November, Smart DCC has engaged constructively with Ofgem to seek a reduction to the level of disallowed cost in the final price determination, which has not yet been issued. In preparing the 2025 financial statements, we have made an estimate of what, based on discussions to date, the 2024/2025 price determination will be.

On the two contracts where we had previously encountered operational challenges, one went live at the end of 2024 and we have seen continued operational improvements across 2025. The remaining contract transformation has been suspended while we agree an appropriate outcome with the client.

Growth

Across 2025, Public Service won contracts with a TCV of £1,185.8m, up 28% from 2024. There were material wins with Education Authority Northern Ireland, Gas Safe Register and with NHS England on our PCSE contract and a further expansion of scope on our successful contracts with the Royal Navy. The division also won a number of deals using agentic AI as a core element of the proposition, including with Transport for London and local councils including Barnet and Kent.

Reflecting the TCV performance this year, the division's book to bill ratio was 0.8x with an improved win rate across all opportunities of 51%, up from 24% in 2024, following the material loss of a contract in the Defence vertical, which was lost on price. The defence vertical saw a particularly strong year, winning 100% of opportunities bid for across 2025.

At the start of the year, we set out a clear objective to improve our win rate on mid-sized deals with a TCV of between £5m and £50m, which has been lower than the average historically. We are therefore very encouraged to have seen a significant improvement in wins of this size this year, with 28 mid-sized deals won, delivering over £750m of TCV in the year, predominantly new business and expansions of scope, with clients Vale & South, Bexley Council and with a customer delivering training services at the Fire Service College.

Material opportunities for the division in 2026 including a renewal with Transport for London, with the Department for Work and Pensions, and a number of opportunities within our Learning business. At the start of 2026 the division secured a significant contract win with a new ten-year contract to deliver Synergy Business Process Services worth £370m.

The division's total unweighted pipeline for 2025 stood at £17.8bn, more than doubling from £8.1bn, in line with our refreshed growth strategy and sustained efforts to identify high quality opportunities within the pipeline to support our future growth ambitions. The division's year-end weighted pipeline stood at £2.0bn, up from £1.2bn in the prior year, reflecting the increase in overall pipeline.

The divisional order book stands at £2,720m, a decrease of £203m from 2024, reflecting the revenue recognised in the period which more than offset wins in the period.

Financial performance

Divisional financial summary	2025	2024	% change
Adjusted revenue[1] (£m)	1,450.0	1,387.2	4.5%
Adjusted operating profit[1] (£m)	121.0	89.1	35.8%
Adjusted operating margin[1] (%)	8.3%	6.4%	
Adjusted EBITDA[1] (£m)	152.2	125.6	21.2%
Operating cash flow excluding business exits[1] (£m)	135.0	92.1	46.6%
Order book (£m)	2,720.1	2,923.4	(7.0)%
Total contract value secured (£m)	1,185.8	928.7	27.7%

Adjusted revenue[1] increased by 4.5% to £1,450.0m, reflecting the benefit from the Health Assessment Advisory Service contract win, the Disabled Students Allowance contract and growth and scope expansions on contracts with Transport for London, Royal Navy and Primary Care Support England, partially offset by the flow through of contracts lost in previous years.

Adjusted operating profit[1] increased 35.8% to £121.0m, delivering an adjusted operating margin of 8.3%. The strong increase reflected the benefit from the division's revenue growth, flow through from the cost reduction programme, partly offset by continued reinvestment in our offerings and a £9m impact from the rise of National Insurance.

Operating cash flow excluding business exits[1] increased 46.6% to £135.0m with operating cash conversion[1] of 88.7% (2024: 73.3%) reflecting the division's increased operating profit and favourable timing of receipts at the end of 2025.

Outlook

For 2026, reflecting the mobilisation of contract wins, we expect the division to deliver low to mid single-digit revenue growth, which offsets the impact of previously announced contract losses, including the Standards and Testing Agency and Scottish Wide Area Network.

We expect operating profit to be broadly similar with a small reduction in operating margin, reflecting the mobilisation costs associated with contracts including the Synergy Business Process Services offsetting the flow through from revenue growth.

1. Refer to alternative performance measures (APMs) in the Appendix.
2. TechMarketView.

Capita Experience

Experience comprises two focused business areas; the Contact Centre business and Pension Solutions. In addition, Regulated Services, comprises a business which is being managed for value. Following the agreement to hand back the remaining contracts within the closed book Life & Pensions business in Regulated Services, this business unit has now been moved to business exits within the Group accounts.

1. Contact Centre

Markets and growth drivers

Contact Centre is a customer experience business, managing millions of interactions with customers in the UK, Ireland, Germany and Switzerland with 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; Telecommunications, Media & Technology; Energy & Utilities; and Retail, delivering predominantly front offices services, with some contracts linked to middle-office back-office services. The global customer experience market is worth $117bn[2] with the market expected to grow at between 2 and 4%[2] per annum.

Contact Centre services and business process outsourcing services centred around general enquiries & complaints, technical support, billing & collections and sales & order processing.

The customer experience market has been evolving rapidly in recent years, particularly in the delivery of front office services, as technology continues to evolve. Most recently and in line with our strategy, there has been a sector wide focus, on the implementation of AI to ensure commercial viability of offerings both for customer experience providers and their clients.

Our competitors are mostly global and include Teleperformance, Concentrix, Tata Consulting Services and Foundever.

Strategy and better technology

The Contact Centre vision is to be a leading regional player with global quality standards and an aim to become a first-choice partner of national and international companies.

The Contact Centre business's strength is in front office services with strong AI offerings, which are being expanded to middle-office and back-office services to support first time resolution and outcomes. For example, delivering to utility companies real time scheduling of field engineers for first contact resolution.

We are disciplined on growing our client base, delivering to customers with a similar size and market presence to the business. We are delivering in areas where we have expertise, around our existing market sectors, with our human in the loop principle providing empathy and trust for clients and customers. We are utilising market leading technology for our client delivery. In 2025, we expanded our AgentSuite offering (launched in 2024) to include sales assistance, Sales Convert. We now have 1,200 colleagues using AgentSuite across the business, with further client expansion planned in 2026.

In 2025, we worked with specialist AI providers including Agentforce, SymTrain, Sanas, GetVocal and Centrical, embedding them into contracts across our portfolio. These tools are supporting our human in the loop strategy by improving on-boarding and increasing speed to competency, which impact directly client satisfaction and will improve the business's financial performance in the longer term.

The divisions adjusted revenues declined 17.5% in 2025, driven by reduced volumes in the Telecommunications vertical and contract losses as expected, and an adjusted operating loss[1] of £17.0m, including c. £15m of costs associated with under utilised property and c. £10m from the loss making German business. During the year, significant cost reductions were made in the Contact Centre business to improve its financial performance; however, the phasing of these reductions was later than expected in 2025. We have more work to do in respect of our German business and property footprint which currently represents around 60% of the Groups lease liability.

Operational performance and better delivery

Across the year, the division’s average in-month KPI performance was 91% (2024: 93%). The division’s standalone cNPS performance was maintained at +38 points (2024: +38 points).

Our offshoring strategy is continuing to drive improvements in quality and flexibility of our delivery, while improving our cost efficiency. The division now has offshore centres of excellence across India, South Africa, Poland and Bulgaria with each location delivering speciality services. For example, our South Africa centre of delivery is specialising in voice delivered services and AI augmented agents.

We continue to build our offshore presence and these global centres are improving the quality and cost competitiveness of the services, while allowing us to deliver a 24/7 service around our clients’ individual delivery needs.

Operational highlights for the year include:

- We now have nine clients live on AgentSuite across six countries in the Contact Centre business with the technology being utilised by more than 1,200 of our call centre agents (including team leaders and operational directors), with further client rollouts planned across 2026;
- AgentSuite was highly commended for best implementation of AI in Customer Engagement at the recent Engage Awards;
- We now have over 10,000 call centre agents utilising AI in their day-to-day delivery;
- We continued to offshore roles in line with client demands to drive efficiency, expanding our presence in our offshore locations with new offices opened in South Africa, India and Bulgaria;
- The recent expansion of our presence in Bulgaria with a new, larger office in Plovdiv, with more than 100 colleagues. We plan to expand further in 2026 reflecting our commitment to our people, technology and client partnerships in the region;
- Also, in August 2025, we opened a new office in Mumbai which is a specialist retail and ecommerce hub; and

- Being recognised at multiple awards, including winning the Engage Awards 2025 (Best implementation of AI in Customer engagement) and ECCCSA (Best BPO Partnership and Greatest Impact of AI by an Outsourcer), both for our work with Southern Water and nominations at the UK National Contact Centre awards, CCA global awards 2025 and Centrical Select awards.

This year the business has seen continued challenges and revenue reductions from contract losses and with clients in the Telecommunications vertical, where we have seen lower volumes and scope reductions on some contracts. This has had a material impact on the business's financial performance which is not where it needs to be. We have improved the competitiveness of our offering but we have not yet seen the level of improvement in financial performance and contract wins we expected. This will be an area of focus for the business and Group going forwards.

Since 2024, the business has launched customer service bundles across its Retail and Telecommunications, Media and Technology verticals and a standalone collections bundle. These bundles offer repeatable, modular and scalable solutions, which can be efficiently tailored to client needs to allow more effective and agile service delivery. Since the launch of these bundles, we have seen an increase in pipeline in these sectors and we have had success with a number of new logo wins.

Growth

In 2025, the Contact Centre business secured deals with a TCV of £716.5m up by 66% from 2024. The business's book to bill was 1.3x compared with 0.7x in the prior year.

Material wins in the year included major renewals with the BBC and a major European telecommunications customer, a renewal with expansion of scope with Southern Water, a three-year extension with Scottish Power and a new logo first generation outsourcer win in Ireland with a TCV of £56m.

The win rate across all opportunities in Contact Centre for the year was 80%, up from 57% in 2024, with a significant increase in the business's win rate for new scopes of work which increased to 43% up from 22% in the prior year.

The business's unweighted pipeline now stands at £1.5bn, down from £2.3bn at the end of 2024. There are material opportunities in 2026 with a number of retail and utilities customers.

We are focused on growing the Contact Centre pipeline, as we look to improve the business's revenue performance, with a focus on increased diversification of opportunities. We are targeting both high volume, smaller and quicker to deploy opportunities alongside more traditional bespoke large multi year deals with a higher opportunity value. The weighted pipeline stands at £0.2bn, down from £0.3bn in the prior year.

Going forward, alongside our reduced costs to deliver which will improve our cost competitiveness, we have implemented new sales processes, governance and KPI framework to enable better sales effectiveness and efficiency. We expect in the medium term to see improvements in win rates across all opportunities.

The order book stands at £949.2m, up from £644.6m at 31 December 2024, reflecting the TCV performance of the business.

Financial performance

Divisional financial summary	2025	2024	% change
Adjusted revenue[1] (£m)	536.7	650.9	(17.5)%
Adjusted operating loss[1] (£m)	(17.0)	(5.9)	(188.1)%
Adjusted operating margin[1] (%)	(3.2)%	(0.9)%	
Adjusted EBITDA[1] (£m)	16.3	34.3	(52.5)%
Operating cash flow excluding business exits[1] (£m)	6.7	0.1	6,600.0%
Order book (£m)	949.2	644.6	47.3%
Total contract value secured (£m)	716.5	432.1	65.8%

Adjusted revenue[1] decreased 17.5% to £536.7m, as the business saw continued volume reductions in the Telecommunications vertical, reduced revenue reflecting our increased presence in near and offshore locations and the impact of contract losses.

Adjusted operating loss[1] was £17.0m (2024 loss: £5.9m) as the benefit from the Group's cost reduction programme did not offset the impact of the revenue decline, reinvestment and the rise in National Insurance. 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.

Operating cash flow excluding business exits[1] increased from £0.1m to £6.7m, reflecting the 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.

Outlook

Given the challenging conditions in this business, we expect to see a mid to high single-digit revenue reduction in the Contact Centre business, reflecting; contract losses, reduced volumes, and our ongoing offshoring activities.

We expect the Contact Centre business to remain loss making in 2026, with an improving trend in the second half.

1. Refer to alternative performance measures (APMs) in the Appendix.
2. NelsonHall.

2. Pension Solutions

Markets and growth drivers

Pension Solutions is our pension administration and pension consulting business, with a focus on defined benefit schemes. It administers more than 400 private and public sector pension schemes based in the UK, servicing over 7 million scheme members a year. The division has a number of long-standing and stable relationships with clients built on our proven track record.

Pension Solutions also provides consulting services including actuarial, investment and data services to its clients via more than 500 expert pension consultants, which accounts for around one-third of its revenue.

Strategy and better technology

Pension Solutions' vision is one team creating better outcomes for members today, tomorrow and when needed.

More widely, the pension industry is on a journey to members having an end-to-end digital experience, with increased automation and self-service options to allow a 24/7 service offering.

Within the UK pension market, we are seeing growing demand on data and remediation services driven by changing legislation and regulatory requirements on UK pension arrangements.

We have been investing strongly in our digital pensions platform and in December 2025, we went live with our Digital Pension Solutions tool, following a multi-year design and development programme, allowing us to deliver digitally-enabled pension administration at significant scale.

Built upon Pension Solutions' existing infrastructure and Microsoft Dynamics, this tool is providing clients with higher levels of operational resilience, increased engagement and an improved ability to reach underrepresented scheme members. For scheme members, the tool is enhancing their digital experience, offering a more flexible service and money management.

This tool went live in late 2025 with a number of clients, serving 1.5 million UK citizens with operations support across five Capita locations, and further significant roll outs are planned across 2026.

We expect this will provide Pension Solutions with a higher level of differentiation in a competitive market by improving operational scalability, enhancing the member experience, driving efficiencies. By leveraging the best technology, we will remain competitive in a dynamic regulatory environment.

Operational performance and better delivery

This year the business's average in-month KPI performance was 98% (2024: 94%). Pension Solutions saw a small decrease in cNPS to -6 points from -3 points in 2024.

This year the business has delivered further cost efficiencies through its organisational right sizing and further aligning to its market segments. We have seen success and internal productivity improvements in the business's Consulting and Transformation teams with internal team usage of Copilot, including the launch of an email resolution agent.

The business has continued to increase its use of a global delivery model with further work being completed by colleagues in overseas locations, where appropriate and in line with client needs and requirements. This is cementing our position to offer clients more flexibility in their delivery alongside our expanded digital tools.

In December, Pension Solutions went live with the Civil Service Pension Scheme, one of the largest and highly complex pension schemes in the UK. The backlog inherited from the previous administrator was significantly higher than forecast and we are working jointly with the Cabinet Office to clear this backlog with an urgent recovery plan in place. We expect to return to service level standards by the end of June 2026.

Growth

In 2025, Pension Solutions won contracts with a TCV of £150.4m up from £144.9m in 2024. The business saw a win rate across all opportunities of 93%, up from 89% in 2024, with a strong performance in renewals at 97%, reflecting our strength in this sector.

Material wins included a renewal with expanded scope worth £37m for the UK arm of a global company and renewals with Scottish & Newcastle Pension Plan, AXA and extensions with the Teachers' Pension Scheme as part of the previously announced transition to a new service provider. Overall, the business's book to bill rate was 0.8x, unchanged from 2024.

The unweighted pipeline for the business was £0.5bn down from £0.7bn at the end of 2024. In January 2026, the business secured a material renewal with a major client with a TCV of £137m over an extended ten year period. The business has further material opportunities expected to close in 2026 with both public and private sector clients.

The order book at 31 December 2025 was £465.1m, an increase from £441.3m at 31 December 2024, as wins more than offset the revenue recognised in the year.

Financial performance

Divisional financial summary	2025	2024	% change
Adjusted revenue[1] (£m)	187.0	179.0	4.5%
Adjusted operating profit[1] (£m)	29.9	28.1	6.4%
Adjusted operating margin[1] (%)	16.0%	15.7%	
Adjusted EBITDA[1] (£m)	37.4	34.1	9.7%
Operating cash flow excluding business exits[1] (£m)	18.4	33.3	(44.7)%
Order book (£m)	465.1	441.3	5.4%
Total contract value secured (£m)	150.4	144.9	3.8%

Adjusted revenue[1] increased 4.5% to £187.0m, as we saw the benefit from indexation on existing contracts and go-live on the Civil Service Pension Scheme contract.

Adjusted operating profit[1] increased by 6.4% to £29.9m reflecting the impact of the revenue growth seen in 2025 and savings from the cost reduction programme which was partially offset by lower interest rates.

Operating cash flow excluding business exits[1] decreased by 44.7% to £18.4m, reflecting the investment for the Civil Service Pension Scheme (CSPS) of £26m, and timing of a milestone payment.

Outlook

In 2026, we expect to see mid-teen digit revenue growth reflecting the annualised impact of the Civil Service Pension Scheme and continued benefit from the Teachers' Pension Scheme, which we expect to hand back in the next year.

Reflecting the continued mobilisation costs associated with the Civil Service Pension Scheme we expect to see a reduction in operating profit and margin.

1. Refer to alternative performance measures (APMs) in the Appendix.
2. External market research including ONS, House of Commons Library and Pensions Policy Institute.

3. Regulated Services

Following the agreement to hand back the remaining contracts within closed book Life & Pensions, this business is now presented as a business exit (and its results excluded from the Group's adjusted results), therefore Regulated Services now comprises our Mortgages Software business which we are managing for value.

In the first half of the year, we agreed the termination of a contract within the Mortgage Software business. As a result of the termination, we received a one-off £6m termination payment.

Financial performance

Divisional financial summary	2025	2024	% change
Adjusted revenue[1] (£m)	25.8	8.6	200.0%
Adjusted operating profit[1] (£m)	5.4	1.3	315.4%
Adjusted operating margin[1] (%)	20.9%	15.1%	
Adjusted EBITDA[1] (£m)	5.7	1.3	338.5%
Operating cash flow excluding business exits[1] (£m)	3.5	(2.9)	220.7%
Order book (£m)	106.5	231.4	(54.0)%
Total contract value secured (£m)	2.6	7.2	(63.9)%

Adjusted revenue[1] increased 200.0% to £25.8m, due to a £19m one-off benefit from a contract exit in the Mortgage Software business.

Adjusted operating profit[1] was £5.4m (2024: £1.3m), benefiting from a £6m one-off termination payment following the above noted contract exit in the Mortgage Software business.

Operating cash flow excluding business exits[1] increased 220.7% to an inflow of £3.5m, driven by the termination fee received from the aforementioned contract exit, and cash impact of savings delivered through the cost reduction programme.

Outlook

Reflecting the non-repeat of the one-off benefits from the contract termination agreed in 2025 we expect the business to see significant revenue reduction and be breakeven in 2026.

1. Refer to alternative performance measures (APMs) in the Appendix.

Chief Financial Officer's review

This preliminary announcement is extracted from Capita's financial statements for the year ended 31 December 2025 and the basis of its preparation can be found in the notes to the financial statements in this announcement.

Overview

Adjusted revenue[1] decline 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 profit[1] is driven by improved contract performance in Public Service and the in-year benefit from the £250m cost reduction programme.

Adjusted basic earnings per share[1] increased to 49.71p (2024: adjusted basic earnings per share[1] 1.60p) reflecting the increase in adjusted operating profit[1], reduction in the net finance costs excluded from adjusted profit, and the lower adjusted total tax charge of £19.0m (2024: charge of £34.6m). The lower adjusted tax charge 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.

The decline in reported revenue of 4.5% reflects the reduction in adjusted revenue[1] 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 profit[1] 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).

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 charge[1] 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 exits[1] improved 68.7% to an inflow of £139.7m (2024: inflow £82.8m), reflecting the increased adjusted operating profit[1] 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 exits[1] increased by £45.9m to £72.9m, reflecting the above improvement in operating cash flow excluding business exits[1] 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 exits[1] 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 exits[1] 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 flow[1] reflects the above reduction in free cash outflow excluding business exits[1], 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 EBITDA[1] (both pre-IFRS 16) ratio of 1.0x, as a result of the free cash flow[1] noted above. This is in line with the Group's medium term target ratio of ≤1.0x.

Summary of financial performance

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 in the appendix.

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 classified as business exits and therefore 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 revenue[1]

Adjusted revenue[1] bridge by division	Capita Public Service £m	Capita Experience: Contact Centre £m	Capita Experience: Pension Solutions £m	Capita Experience: Regulated Services £m	Total £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 revenue[1] reduced 1.2% year-on-year. The adjusted revenue[1] 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;
  - **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 profit[1]

Adjusted operating profit[1] bridge by division	Capita Public Service £m	Capita Experience: Contact Centre £m	Capita Experience: Pension Solutions £m	Capita Experience: Regulated Services £m	Capita plc £m	Total £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**

Adjusted operating profit[1] 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 tax[1]

Adjusted profit before tax[1] increased year-on-year to £74.5m (2024: £40.5m) reflecting the above improvements in adjusted operating profit[1] 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 charge[1]

The adjusted tax charge for the year was £19.0m (2024: charge £34.6m). The reduction is mainly as a result of a reduction in adjusted profits resulting in a lower tax charge and the 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 exits[1]

Operating cash flow excluding business exits[1] by division	Capita Public Service £m	Capita Experience: Contact Centre £m	Capita Experience: Pension Solutions £m	Capita Experience: Regulated Services £m	Capita plc £m	Total £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**
Operating cash conversion[1] year ended 31 December 2024	*73.3%*	*0.3%*	*97.7%*	*(223.1)%*	*(151.3)%*	*49.0%*
Operating cash conversion[1] year ended 31 December 2025	***88.7%***	***41.1%***	***49.2%***	***61.4%***	***(101.3)%***	***74.3%***

Operating cash flow excluding business exits[1] and operating cash flow conversion[1] increased in 2025 driven by the following:

- ***Public Service:*** higher adjusted operating profit[1] 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 flow[1]

Adjusted operating profit[1] to free cash flow excluding business exits[1]	2025 £m	2024 £m
Adjusted operating profit[1]	**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 EBITDA[1]	**188.0**	169.0
Working capital	(30.8)	(84.2)
Non-cash and other adjustments	(17.5)	(2.0)
Operating cash flow excluding business exits[1]	**139.7**	82.8
Adjusted operating cash conversion[1]	***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 exits[1]	**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 exits[1]	**(54.0)**	(110.9)

Operating cash conversion[1] improvement reflects the increased adjusted operating profit[1] detailed above, and the flow through to adjusted EBITDA[1], 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. Non-cash and other adjustments include movement in provisions, and amendments and the early termination of leases.

Cash generated from operations excluding business exits[1] of £72.9m reflects the above operating cash flow excluding business exits[1], 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 exits[1] 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 exits[1] 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 profit[1] and adjusted profit before tax[1] 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.

Adjusted[1] to reported results bridge	Operating profit/(loss)		Profit/(loss) before tax	
	2025 £m	2024 £m	2025 £m	2024 £m
Adjusted[1]	**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

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 revenue[1] declined 17.5% in 2025, driven by reduced volumes in the Telecommunications vertical and contract losses, and its adjusted operating loss[1] 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 German business and property footprint which currently represents around 60% of the Group's lease liability.

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.

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.

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 flow[1] and cash generated from operations excluding business exits[1]. The cumulative cash outflow since the commencement of the 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 5.

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 charge[1] noted above, and a change in the accounting estimate of recognised deferred tax assets.

Free cash flow[1] to free cash flow excluding business exits[1]

Free cash flow[1] to free cash flow excluding business exits[1]	2025 £m	2024 £m
Free cash flow[1]	**(82.1)**	(122.7)
Business exits	**28.1**	(2.7)
Pension deficit contributions triggered by disposals	**—**	14.5
Free cash flow excluding business exits[1]	**(54.0)**	(110.9)

The improvement in free cash flow[1] reflects the above reduction in free cash outflow excluding business exits[1], 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 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 EBITDA[1] (both pre-IFRS 16)	**1.0x**	0.5x
Net debt (post-IFRS 16)/adjusted EBITDA[1]	**2.5x**	2.3x

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 EBITDA[1] (both pre-IFRS 16) ratio of 1.0x. Over the medium term, the Group is targeting a net financial debt to adjusted EBITDA[1] (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.

Available liquidity[1]	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 liquidity[1]	**329.4**	397.2

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 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 £250.0m 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.

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.

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.

Share premium reduction and share consolidation

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 alternative performance measures in the Appendix.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in January 2024, 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 2028.

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

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.

Since then, the transformation to a Better Capita has made significant progress to ensure the long-term resilience of the business. In particular:

- An efficiency programme has delivered £250m of targeted annualised cost savings, which put the Group in a position to fund its profitable growth.
- Agreement has been reached with the final customer in the loss making closed book Life & Pensions business to hand-back their contracts and thereby reduce the uncertainty of future cash outflows.
- Reached a £14m settlement with the Information Commissioners Office in respect of the Group's 2023 cyber incident.
- Adjusted operating margin[1] improvement from 3.8% to 5.2% in 2025.
- Reduced free cash outflow before the impact of business exits[1] of £54.0m, and higher operating cash conversion[1] of 74% in 2025 (2024: £110.9m outflow and 49% respectively).
- £250m revolving credit facility (RCF) committed until 31 December 2027, the additional committed financing facility of £75m providing additional liquidity upon signing in February 2026 for eighteen months, and the US private placement debt issued in March 2025 with maturities over the period to 2030.

The base case financial projections

The foregoing elements provide the backdrop to the three-year business plan approved by the Board in March 2026. The main assumptions underpinning the base case financial projections in the Group's business plan are set out below:

- Adjusted revenue[1] growth in 2026 and beyond, including improved performance in the Contact Centre business.
- Adjusted operating margin[1] expansion over the business plan period reflecting the benefit of the already delivered cost savings and adjusted revenue[1] growth.
- The transition to positive free cash flow[1] in 2026.
- £250m RCF committed assumed to be renewed and/or extended for the duration of the viability period.

The most material assumptions, from a viability assessment perspective, relate to the delivery of adjusted revenue[1] growth and renewal and/or extension of the RCF. Capita has been successful in obtaining new and extended financing facilities over the last few years. As such, in concluding on viability the Board believes that it is reasonable to assume that the Group will be successful in refinancing the RCF in line with the assumptions underpinning the base case financial projections.

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 in the strategic report within the 2025 Annual Report and Accounts 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, that could be implemented including, but not limited to, substantially reducing (or removing in full) bonus and incentive payments, reducing discretionary spend, and reductions or delays in capital investment, 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.

In addition, the Board has assumed the additional committed financing facility of £75m is renewed and/or extended. Capita has been successful in obtaining new and extended financing facilities over the last few years. As such, in concluding on viability the Board believes that it is reasonable to assume that the Group will be successful in refinancing both the RCF in line with the assumptions underpinning the base case financial projections, and the additional committed financing facility.

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 RCF beyond its December 2027 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.

1. Refer to alternative performance measures in the Appendix.

Forward looking statements

This full-year results statement is prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its Directors, employees, agents and advisers accept and assume no liability to any person in respect of this trading update except as would arise under English law. Statements contained in this trading update are based on the knowledge and information available to Capita's Directors at the date it was prepared and therefore facts stated and views expressed may change after that date.

This document and any materials distributed in connection with it may include forward-looking statements, beliefs, opinions or statements concerning risks and uncertainties, including statements with respect to Capita's business, financial condition and results of operations. Those statements, and statements which contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning, reflect Capita's Directors' beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and which may cause results and developments to differ materially from those expressed or implied by those statements and forecasts.

No representation is made that any of those statements or forecasts will come to pass or that any forecast results will be achieved. You are cautioned not to place any reliance on such statements or forecasts. Those forward-looking and other statements speak only as at the date of this trading update. Capita undertakes no obligation to release any update of, or revisions to, any forward-looking statements, opinions (which are subject to change without notice) or any other information or statement contained in this trading update. Furthermore, past performance cannot be relied on as a guide to future performance.

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Capita share for the current or future financial years would necessarily match or exceed the historical published earnings per Capita share.

Nothing in this document is intended to constitute an invitation or inducement to engage in investment activity. This document does not constitute or form part of any offer for sale or subscription of, or any solicitation of any offer to purchase or subscribe for, any securities nor shall it, or any part of it, nor the fact of its distribution form the basis of, or be relied on in connection with any contract, commitment or investment decision in relation thereto. This document does not constitute a recommendation regarding any securities.

Consolidated income statement

For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Revenue	4	**2,312.3**	2,421.6
Cost of sales		**(1,844.3)**	(1,905.1)
Gross profit		**468.0**	516.5
Administrative expenses (including goodwill impairment of £73.7m (2024: £75.1m))		**(597.6)**	(526.4)
Operating loss	4	**(129.6)**	(9.9)
Share of results in associates and losses on financial assets	9	**(0.5)**	(11.8)
Finance income	6	**12.5**	10.0
Finance costs	6	**(51.7)**	(56.3)
(Loss)/gain on disposal of businesses	9	**(1.6)**	184.6
(Loss)/profit before tax		**(170.9)**	116.6
Income tax credit/(charge)	7	**5.3**	(36.2)
Total (loss)/profit for the year		**(165.6)**	80.4
Attributable to:			
Owners of the Company		**(164.1)**	76.7
Non-controlling interests		**(1.5)**	3.7
		(165.6)	80.4
(Loss)/earnings per share			
– basic[1]	8	**(144.13)p**	68.06p
– diluted[1]		**(144.13)p**	66.10p
Adjusted operating profit	5	**113.5**	84.6
Adjusted profit before tax	5	**74.5**	40.5
Adjusted basic earnings per share[1]	8	**49.71p**	1.60p
Adjusted diluted earnings per share[1]	8	**49.71p**	1.55p

1.2024 comparatives have been re-presented from those previously published to reflect the 15 for 1 share consolidation undertaken in April 2025 (refer to note 8).

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	2025 £m	2024 £m
Total (loss)/profit for the year	**(165.6)**	80.4
Other comprehensive income/(expense)		
Items that will not be reclassified subsequently to the income statement		
Actuarial loss on defined benefit pension schemes	**(11.5)**	(11.8)
Tax effect on defined benefit pension schemes	**2.8**	2.8
Items that will or may be reclassified subsequently to the income statement		
Exchange differences on translation of foreign operations	**(2.0)**	0.2
(Loss)/gain on cash flow hedges	**(14.4)**	9.9
Cash flow hedges recycled to the income statement	**9.7**	(2.8)
Tax effect on cash flow hedges	**1.2**	(1.8)
Other comprehensive expense for the year net of tax	**(14.2)**	(3.5)
Total comprehensive (expense)/income for the year net of tax	**(179.8)**	76.9
Attributable to:		
Owners of the Company	**(178.4)**	73.2
Non-controlling interests	**(1.4)**	3.7
	(179.8)	76.9

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

At 31 December 2025

	Notes	2025 £m	2024 £m
Non-current assets			
Property, plant and equipment		**57.5**	68.5
Intangible assets		**97.6**	79.8
Goodwill	11	**300.1**	372.4
Right-of-use assets		**158.5**	180.7
Contract fulfilment assets		**233.3**	257.5
Financial assets		**98.1**	99.0
Deferred tax assets	7	**128.7**	111.6
Employee benefits		**33.7**	42.9
Trade and other receivables		**11.4**	10.0
		1,118.9	1,222.4
Current assets			
Financial assets		**6.8**	20.6
Income tax receivable		**3.5**	7.0
Disposal group assets held-for-sale	9	**—**	0.1
Trade and other receivables		**350.2**	335.3
Cash and cash equivalents		**264.1**	253.6
		624.6	616.6
Total assets		**1,743.5**	1,839.0
Current liabilities			
Overdrafts		**138.8**	62.2
Trade and other payables		**405.7**	353.2
Disposal group liabilities held-for-sale	9	**—**	0.1
Income tax payable		**3.5**	3.8
Deferred income		**373.6**	435.4
Lease liabilities		**39.5**	42.9
Financial liabilities		**119.5**	88.2
Provisions	12	**70.9**	81.4
		1,151.5	1,067.2
Non-current liabilities			
Trade and other payables		**13.9**	6.7
Deferred income		**6.5**	30.5
Lease liabilities		**278.7**	305.8
Financial liabilities		**159.8**	183.2
Deferred tax liabilities	7	**6.6**	7.0
Provisions	12	**80.1**	37.9
Employee benefits		**4.6**	5.0
		550.2	576.1
Total liabilities		**1,701.7**	1,643.3
Net assets		**41.8**	195.7
Capital and reserves			
Share capital		**37.2**	35.2
Share premium		**20.7**	1,145.5
Employee benefit trust shares		**(1.6)**	(0.3)
Capital redemption reserve		**1.8**	1.8
Other reserves		**(15.1)**	(9.5)
Retained earnings/(deficit)		**4.4**	(972.8)
Equity attributable to owners of the Company		**47.4**	199.9
Non-controlling interests		**(5.6)**	(4.2)
Total equity		**41.8**	195.7

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital £m	Share premium £m	Employee benefit trust shares £m	Capital redemption reserve £m	Retained (deficit)/ earnings £m	Other reserves £m	Total attributable to the owners of the parent £m	Non-controlling interests £m	Total equity £m
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 income/(expense)	—	—	—	—	(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	—	—	—	—	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 9)	—	—	—	—	—	—	—	(9.1)	(9.1)
Exercise of share options under employee long term incentive plans	—	—	1.0	—	(1.0)	—	—	—	—
Parent Company shares purchased	—	—	(0.6)	—	—	—	(0.6)	—	(0.6)
Dividends paid[1]	—	—	—	—	—	—	—	(0.7)	(0.7)
Derecognition of put-options held by non-controlling interests	—	—	—	—	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**
Loss for the year	**—**	**—**	**—**	**—**	**(164.1)**	**—**	**(164.1)**	**(1.5)**	**(165.6)**
Other comprehensive (expense)/income	**—**	**—**	**—**	**—**	**(8.7)**	**(5.6)**	**(14.3)**	**0.1**	**(14.2)**
Total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(172.8)**	**(5.6)**	**(178.4)**	**(1.4)**	**(179.8)**
Share-based payment	**—**	**—**	**—**	**—**	**5.0**	**—**	**5.0**	**—**	**5.0**
Tax effect of share based payment	**—**	**—**	**—**	**—**	**0.7**	**—**	**0.7**	**—**	**0.7**
Share premium cancellation[2]	**—**	**(1,145.5)**	**—**	**—**	**1,145.5**	**—**	**—**	**—**	**—**
Exercise of share options under employee long-term incentive plans	**—**	**—**	**1.2**	**—**	**(1.2)**	**—**	**—**	**—**	**—**
Shares issued	**2.0**	**20.7**	**(0.3)**	**—**	**—**	**—**	**22.4**	**—**	**22.4**
Parent Company shares purchased	**—**	**—**	**(2.2)**	**—**	**—**	**—**	**(2.2)**	**—**	**(2.2)**
At 31 December 2025	**37.2**	**20.7**	**(1.6)**	**1.8**	**4.4**	**(15.1)**	**47.4**	**(5.6)**	**41.8**

1. No dividends were declared, paid or proposed in 2025 or 2024 on the Parent Company's ordinary shares
2. Following shareholder approval at the Company's 2025 Annual General Meeting on 28 April 2025 and subsequent sanctioning by the High Court of England and Wales on 10 June 2025, the Company cancelled its share premium account. The effect of this capital reduction was to increase the distributable reserves of the Company through a transfer to retained earnings.

Share capital – The balance classified as share capital is the nominal proceeds on issue of the Parent Company's equity share capital, comprising 31 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 earnings – Net profits/(losses) accumulated in the Group after dividends are paid.

Other reserves – This consists of the foreign currency translation reserve deficit of £13.1m (2024: £11.0m deficit) and the cash flow hedging reserve deficit of £2.0m (2024: £1.5m surplus).

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 2025

	Notes	2025 £m	2024 £m
Cash generated from operations	10	**47.8**	16.0
Income tax paid		**(5.7)**	(4.0)
Income tax received		**2.8**	5.1
Interest received		**7.8**	8.0
Interest paid		**(48.0)**	(50.3)
Net cash inflow/(outflow) from operating activities		**4.7**	(25.2)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(9.5)**	(16.6)
Purchase of intangible assets		**(38.2)**	(33.5)
Proceeds from sale of property, plant and equipment and intangible assets		**1.4**	0.3
Proceeds from disposal of associates and joint ventures		**—**	0.3
Additions to originated loans receivable		**—**	(0.5)
Proceeds from sale of investments held at fair value through profit and loss		**0.5**	1.4
Capital element of lease rental receipts		**4.2**	5.9
Deferred consideration from sale of subsidiary companies		**—**	20.0
Total proceeds received from disposal of businesses, net of disposal costs	9	**(2.1)**	249.1
Cash held by businesses when sold	9	**—**	(25.2)
Net cash (outflow)/inflow from investing activities		**(43.7)**	201.2
Cash flows from financing activities			
Dividends paid to non-controlling interests		**—**	(0.7)
Purchase of Parent Company shares by the Employee benefit trust		**(0.8)**	(0.6)
Capital element of lease rental payments		**(44.7)**	(53.6)
Proceeds on issue of private placement loan notes		**93.4**	—
Gain from cross-currency swaps		**0.8**	—
Repayment of private placement loan notes		**(89.0)**	—
Proceeds from cross-currency interest rate swaps		**13.1**	3.4
Proceeds from other finance		**0.2**	—
Debt financing arrangement costs		**(1.5)**	—
Net cash outflow from financing activities		**(28.5)**	(51.5)
(Decrease)/increase in cash and cash equivalents		**(67.5)**	124.5
Cash and cash equivalents at the beginning of the year		**191.4**	67.6
Effect of exchange rates on cash and cash equivalents		**1.4**	(0.7)
Cash and cash equivalents at 31 December		**125.3**	191.4
Cash and cash equivalents comprise:			
Cash and cash equivalents		**264.1**	253.6
Overdrafts		**(138.8)**	(62.2)
Total		**125.3**	191.4

Cash generated from operations excluding business exits	10	**72.9**	27.0
Free cash flow excluding business exits	10	**(54.0)**	(110.9)

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1.1 Corporate information

Capita plc is a public limited company incorporated in England and Wales whose shares are publicly traded.

These consolidated financial statements of Capita plc for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 9 March 2026.

1.2 Basis of preparation, judgements and estimates, and going concern

(a) Basis of preparation
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.

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.

These consolidated financial statements have been prepared by applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2024.

(b) Adjusted results
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 the appendix for further details of the Group's APMs.

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; the costs associated with the cyber incident in March 2023, and the expenses associated with the cost reduction programme.

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. To enable comparability of the adjusted results, the 2024 results have been re-presented for those businesses exited, or in the process of being exited, during 2025.

While the Board considers APMs to be helpful to the reader it 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.

A reconciliation between reported and adjusted operating profit and profit before tax is provided in note 5, and a reconciliation between reported cash generated from operations and cash generated from operations before business exits together with the calculation of free cash flow as an APM is provided in the appendix.

(c) Judgements and estimates
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 amounts, events or actions, actual results may differ.

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.

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 consistent with the risks and opportunities set out in the strategic report in the Annual Report. None of these risks had a material effect on the critical accounting estimates and assumptions or on the consolidated financial statements of the Group.

(d) Going concern
In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2025, 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. The Board has considered the period from the date of approval of these financial statements to 30 June 2027 ('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 2026-2028 business plan as approved by the Board in March 2026.

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 2025 and extends to 31 December 2027. In February 2026, the Company 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. In a severe but plausible downside scenario, the facility is partially drawn.

1.2 Basis of preparation judgements and estimates, and going concern continued

Financial position at 31 December 2025

At 31 December 2025 the Group had net debt of £461.6m (2024: £415.2m), net financial debt (pre-IFRS 16)[1] of £143.4m (2024: £66.5m), available liquidity[1] of £329.4m (2024: £397.2m) and was in compliance with all debt covenants.

Board assessment

Base case scenario
Under the base case scenario, the Group forecasts growth in revenue, profit and cash flow over the medium term. When combined with available committed facilities, this allows the Group to manage scheduled debt repayments (with no need for future refinancing of these repayments). The most material sensitivities to the base case are the risk of not delivering the planned revenue growth.

The base case projections used for going concern assessment purposes reflect business disposals completed up to the date of approval of these consolidated financial statements. The base case financial forecasts demonstrate liquidity headroom and compliance with all debt covenant measures throughout the going concern period to 30 June 2027.

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;
- 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 unexpected one-off incidents.

The likelihood of simultaneous crystallisation of the above risks is considered by the Board 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 liquidity. 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, substantially reducing (or removing in full) bonus and incentive payments, reducing discretionary spend and reductions or delays in capital investment. 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 2027.

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 continue 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 2027.

2 Preliminary announcement

A duly appointed and authorised committee of the Board of Directors approved the preliminary announcement on 9 March 2026.

The financial information set out above does not constitute the Group's consolidated financial statements for the years ended 31 December 2025 or 2024 but is derived from those financial statements.

Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered in due course. The auditor has reported on those financial statements.

Their report for the accounts of 2025 was (i) unqualified, (ii) did not include a reference of any matters to which the auditor drew attention by way of emphasis without modifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Their report for the accounts of 2024 was (i) unqualified, (ii) did not include a reference of any matters to which the auditor drew attention by way of emphasis without modifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Copies of this announcement can be obtained from the Company's registered office at 2 Kingdom Street, London, W2 6BD, or on the Company's corporate website www.capita.com/investors.

It is intended that the Annual Report and Accounts will be posted to shareholders late April 2026. It will be available to members of the public at the registered office and on the Company's Corporate website https://www.capita.com/investors from that date.

1. Refer to the alternative performance measures (APMs) in the Appendix.

3 Contract accounting

At 31 December 2025, the Group had the following results and balance sheet items related to long-term contracts:

	Notes	2025 £m	2024 £m
Long-term contractual revenue	4	**1,746.7**	1,871.7
Contract fulfilment assets (non-current)		**233.3**	257.5
Accrued income		**145.7**	132.7
Deferred income		**380.1**	465.9
Onerous contract provisions		**71.6**	46.2

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 76% of Group reported revenue in 2025 (2024: 77%).

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 the 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.

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 a contract's life-cycle, 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 review 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. At half year, the Audit and Risk Committee review contracts in the high or medium risk categories, and, additionally at full year if not already identified, those contracts material by virtue of their size relative to the Group are reviewed.

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 £1.2 billion (2024: £1.0 billion) or 52% (2024: 41%) of Group reported revenue. Non-current contract fulfilment assets at 31 December 2025 were £233.3m (2024: £257.5m), of which £66.4m (2024: £119.3m) 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, £60.4m at 31 December 2025 (2024: £67.8m). 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 £63.9m at 31 December 2025 (2024: £95.9m) 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 £66.5m at 31 December 2025 (2024: £35.3m) and primarily relate to the contracts with Royal London in the closed book Life & Pensions business (refer to note 12).

3 Contract accounting continued

Following these reviews, and reviews of smaller contracts across the business, non-current contract fulfilment asset impairments of £0.9m (2024: £0.7m) were identified and recognised within adjusted cost of sales, of which £nil (2024: £nil) relates to non-current contract fulfilment assets added during the period. Additionally, a net onerous contract provision release of £0.3m (2024: £0.3m net charge), were identified and recognised in adjusted cost of sales, with a further cost of £40.6m (2024: £21.8m) excluded from adjusted cost of sales as part of the agreed exit of the contracts with Royal London in the closed book Life & Pensions business (refer to note 9).

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, £66.4m (2024: £119.3m) of non-current contract fulfilment assets relates to major contracts with ongoing transformational activities; and, £60.4m (2024: £67.8m) of non-current contract fulfilment assets and £66.5m (2024: £35.3m) of onerous contract provisions relate to major contracts in 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 BBC 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.

4 Revenue and 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 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 in the Annual Report. Inter-segmental pricing is based on set criteria and is either charged on an arm's length basis or at cost.

The tables below 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. Capita Public Service goes to market through three subdivisions: Local and Regional Partnerships; Defence and National Preparedness; 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; the CODM reviews the operating results for each of these three subdivisions separately, and therefore each subdivision is an operating segment. Comparative information has been re-presented to reflect businesses moved to business exits during 2025.

Adjusted revenue, excluding results from businesses exited in both years (adjusting items), was £2,199.5m (2024: £2,225.7m), a decline of 1.2% (2024: a decline of 6.8%).

Year ended 31 December 2025	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	**1,198.8**	**288.7**	**130.9**	**24.6**	**1,643.0**	**103.7**	**1,746.7**
Short-term contractual	**133.5**	**229.2**	**56.1**	**—**	**418.8**	**9.1**	**427.9**
Transactional (point-in-time)	**117.7**	**18.8**	**—**	**1.2**	**137.7**	**—**	**137.7**
Total segment revenue	**1,450.0**	**536.7**	**187.0**	**25.8**	**2,199.5**	**112.8**	**2,312.3**
Trading revenue	**1,470.0**	**554.4**	**189.8**	**25.8**	**2,240.0**	**—**	**2,240.0**
Inter-segment revenue	**(20.0)**	**(17.7)**	**(2.8)**	**—**	**(40.5)**	**—**	**(40.5)**
Total adjusted segment revenue	**1,450.0**	**536.7**	**187.0**	**25.8**	**2,199.5**	**—**	**2,199.5**
Business exits – trading	**—**	**—**	**—**	**—**	**—**	**116.1**	**116.1**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**(3.3)**	**(3.3)**
Total segment revenue	**1,450.0**	**536.7**	**187.0**	**25.8**	**2,199.5**	**112.8**	**2,312.3**

Year ended 31 December 2024							
Continuing operations							
Long-term contractual	1,148.4	408.4	127.9	5.5	1,690.2	181.5	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	—	3.1	102.1	4.9	107.0
Total segment revenue	1,387.2	650.9	179.0	8.6	2,225.7	195.9	2,421.6
Trading revenue	1,409.9	676.7	179.8	9.5	2,275.9	—	2,275.9
Inter-segment revenue	(22.7)	(25.8)	(0.8)	(0.9)	(50.2)	—	(50.2)
Total adjusted segment revenue	1,387.2	650.9	179.0	8.6	2,225.7	—	2,225.7
Business exits – trading	—	—	—	—	—	196.1	196.1
Inter-segment revenue	—	—	—	—	—	(0.2)	(0.2)
Total segment revenue	1,387.2	650.9	179.0	8.6	2,225.7	195.9	2,421.6

4 Revenue and segmental information continued

Geographical location

The Group generates revenue largely in the UK and Europe. The table below presents revenue by geographical location.

	2025			2024		
	United Kingdom £m	**Rest of Europe £m**	**Total £m**	United Kingdom £m	Rest of Europe £m	Total £m
Revenue	**2,061.2**	**251.1**	**2,312.3**	2,150.3	271.3	2,421.6

Order book

The tables below show the order book for each division, categorised into long-term contractual and short-term contractual. 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:

		Capita Experience			
Order book 31 December 2025	**Capita Public Service £m**	**Contact Centre £m**	**Pension Solutions £m**	**Regulated Services £m**	**Total £m**
Long-term contractual	**2,686.7**	**890.0**	**450.9**	**106.5**	**4,134.1**
Short-term contractual	**33.4**	**59.2**	**14.2**	**—**	**106.8**
Total	**2,720.1**	**949.2**	**465.1**	**106.5**	**4,240.9**

		Capita Experience			
Order book 31 December 2024	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	Total £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

The table below shows the expected timing of revenue to be recognised from long-term contractual orders at 31 December 2025:

		Capita Experience			
Time bands of expected revenue recognition from long-term contractual orders	**Capita Public Service £m**	**Contact Centre £m**	**Pension Solutions £m**	**Regulated Services £m**	**Total £m**
< 1 year	**834.3**	**221.8**	**102.0**	**63.3**	**1,221.4**
1–5 years	**1,659.3**	**634.4**	**234.5**	**43.2**	**2,571.4**
> 5 years	**193.1**	**33.8**	**114.4**	**—**	**341.3**
Total	**2,686.7**	**890.0**	**450.9**	**106.5**	**4,134.1**

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 £157.7m (2024: £309.0m[1]). 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 £4.1 billion (2024: £3.9 billion) revenue to be earned on long-term contracts, £3.1 billion (2024: £3.1 billion[1]) 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 £0.7-£0.9 billion (2024: £0.8-£1.0 billion[1]) 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 £350.0m from one customer in Capita Public Service represented more than 10% of the Group's total revenues (2024: £325.8m from one customer in the Capita Public Service division).

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 3). Consequently, the prior year amounts are not directly comparable to those disclosed for the current period.

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 £422.1m (2024: £492.2m).

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 in adjusted revenue of £13.4m which related to a termination of a contract in the Regulated Services business in Capita Experience (2024: £1.8m recognised in adjusted revenue which primarily related to a partial termination of a contract within Capita Public Service; and, £7.4m excluded from adjusted revenue which related to termination of contracts in the Regulated Services business within Capita Experience).

4 Revenue and segmental information continued

Segmental profit

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. The closed book Life & Pensions business within business exits has also been allocated a share of the costs of the central functions that relate to the running of the business which the Group expects will no longer be incurred when the business exit has completed.

	Notes	Capita Public Service £m	Capita Experience			Capita plc £m	Total adjusted £m	Adjusting items £m	Total reported £m
			Contact Centre £m	Pension Solutions £m	Regulated Services £m				
Adjusted operating profit/(loss)	5	**121.0**	**(17.0)**	**29.9**	**5.4**	**(25.8)**	**113.5**	**—**	**113.5**
Cost reduction programme	5	**(18.1)**	**(19.7)**	**(3.2)**	**(3.0)**	**(12.1)**	**—**	**(56.1)**	**(56.1)**
Business exits (trading)	9							**(23.4)**	**(23.4)**
Total trading result		**102.9**	**(36.7)**	**26.7**	**2.4**	**(37.9)**	**113.5**	**(79.5)**	**34.0**
Non-trading items:									
Business exits	9						**—**	**(73.8)**	**(73.8)**
Other adjusting items	5						**—**	**(89.8)**	**(89.8)**
Operating profit/(loss)							**113.5**	**(243.1)**	**(129.6)**
Finance income	6								**12.5**
Finance costs	6								**(51.7)**
Share of results in associates and losses on financial assets	9								**(0.5)**
Loss on disposal of businesses	9								**(1.6)**
Loss before tax									**(170.9)**
Supplementary Information									
Depreciation and amortisation		**30.4**	**32.9**	**7.5**	**0.3**	**2.2**	**73.3**	**3.3**	**76.6**
Impairment of property, plant and equipment, intangible, right-of-use assets and goodwill		**0.8**	**0.4**	**—**	**—**	**—**	**1.2**	**73.9**	**75.1**
Non-current contract fulfilment assets utilisation, impairment and derecognition		**60.6**	**9.9**	**6.5**	**13.1**	**—**	**90.1**	**—**	**90.1**
Net onerous contract provisions (net of additions, releases and unwinding of discount)		**—**	**(0.3)**	**—**	**—**	**—**	**(0.3)**	**40.6**	**40.3**

Year ended 31 December 2024	Notes	Capita Public Service £m	Capita Experience			Capita plc £m	Total adjusted £m	Adjusting items £m	Total reported £m
			Contact Centre £m	Pension Solutions £m	Regulated Services £m				
Adjusted operating profit/(loss)	5	89.1	(5.9)	28.1	1.3	(28.0)	84.6	—	84.6
Cost reduction programme	5	(11.3)	(5.3)	(0.8)	(0.5)	(10.0)	—	(27.9)	(27.9)
Business exits (trading)	9							17.7	17.7
Total trading result		77.8	(11.2)	27.3	0.8	(38.0)	84.6	(10.2)	74.4
Non-trading items:									
Business exits	9						—	(8.0)	(8.0)
Other adjusting items	5						—	(76.3)	(76.3)
Operating profit/(loss)							84.6	(94.5)	(9.9)
Finance income	6								10.0
Finance costs	6								(56.3)
Share of results in associates and losses on financial assets	9								(11.8)
Gain on disposal of businesses	9								184.6
Profit before tax									116.6
Supplementary Information									
Depreciation and amortisation		35.8	39.3	6.0	—	1.7	82.8	7.1	89.9
Impairment of property, plant and equipment, intangible, right-of-use assets and goodwill		0.7	0.9	—	—	—	1.6	84.6	86.2
Non-current contract fulfilment assets utilisation, impairment and derecognition		57.2	5.1	3.9	0.4	—	66.6	1.7	68.3
Net onerous contract provisions (net of additions, releases and unwinding of discount)		—	0.3	—	—	—	0.3	21.8	22.1

4 Revenue and segmental information continued

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.

	2025				2024			
	United Kingdom £m	**Europe £m**	**Other £m**	**Total £m**	United Kingdom £m	Europe £m	Other £m	Total £m
Non-current assets	**821.7**	**22.0**	**14.7**	**858.4**	922.6	25.0	21.3	968.9

5 Adjusted operating profit and adjusted profit before tax

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.

While the Board considers APMs to be helpful to the reader it 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; the costs associated with the cyber incident in March 2023, and the expenses associated with the cost reduction programme.

The items below are excluded from the adjusted results:

		Operating profit/(loss)		Profit/(loss) before tax	
	Notes	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Reported		**(129.6)**	(9.9)	**(170.9)**	116.6
Amortisation and impairment of acquired intangibles		**0.2**	0.2	**0.2**	0.2
Impairment of goodwill	11	**73.7**	75.1	**73.7**	75.1
Net finance (income)/costs	6	**—**	—	**(2.1)**	0.1
Business exits expense/(gain)	9	**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
Adjusted		**113.5**	84.6	**74.5**	40.5

1. Adjusted operating profit increased by 34.2% (2024: increased 5.5%) and adjusted profit before tax increased by 84.0% (2024: increased 22.2%). Adjusted operating profit of £113.5m (2024: profit £84.6m) was generated on adjusted revenue of £2,199.5m (2024: £2,225.7m) resulting in an adjusted operating margin of 5.2% (2024: 3.8%).

2. The tax charge on adjusted profit before tax is £19.0m (2024: £34.6m charge) resulting in adjusted profit after tax of £55.5m (2024: £5.9m profit).

3. The adjusted operating profit and adjusted profit before tax for 2024 has been re-presented for the impact of business exits during 2025 and the change in adjusting items. This has resulted in adjusted operating profit decreasing from £95.9m to £84.6m and adjusted profit before tax decreasing from £50.0m to £40.5m.

Amortisation and impairment of acquired intangible assets: The Group recognised acquired intangible amortisation of £0.2m (2024: £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 (income)/costs: Relate to movements in the mark-to-market value of forward foreign exchange contracts to cover anticipated future expenses and therefore have no equivalent offsetting transaction in the accounting records, also refer to note 6.

Business exits: The trading result of 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, and the gain or loss on business disposals are excluded from the Group's adjusted results. Note 9 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, investment to reinforce Capita's cyber security environment, and, in 2025, a £14m penalty from the Information Commissioner's Office (ICO). A charge of £15.9m has been recognised in the year ended 31 December 2025, which primarily comprises the ICO penalty of £14m and related legal fees, offset by insurance receipts (2024: charge of £1.0m). Cumulatively the net costs incurred total £42.2m and are included within administrative expenses. 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 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 up to £250m. This target was met by the end of 2025.

5 Adjusted operating profit and adjusted profit before tax continued

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 £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.

Refer to note 10 for the cash flow impact of the above.

6 Finance income and finance costs

The table below shows the composition of finance income and finance costs, including those excluded from adjusted profit:

	2025 £m	2024 £m
Finance income		
Interest income included in adjusted profit		
Interest on cash	**(1.8)**	(1.5)
Interest on finance lease assets	**(5.4)**	(5.6)
Net interest income on defined benefit pension schemes	**(2.3)**	(2.1)
Total interest income included in adjusted profit	**(9.5)**	(9.2)
Interest income included in business exits		
Interest on cash	**(0.9)**	(0.8)
Total interest income included in business exits	**(0.9)**	(0.8)
Other finance income excluded from adjusted profit		
Non-designated foreign exchange forward contracts – change in mark-to-market value	**(1.0)**	—
Fair value hedge ineffectiveness[2]	**(1.1)**	—
Total finance income excluded from adjusted profit	**(3.0)**	(0.8)
Total finance income	**(12.5)**	(10.0)
Finance costs		
Interest expense included in adjusted profit		
Private placement loan notes[1]	**20.0**	20.0
Bank loans and overdrafts	**5.3**	8.0
Cost of non-recourse trade receivables financing	**2.6**	3.4
Interest on finance lease liabilities	**20.6**	21.9
Total interest expense included in adjusted profit	**48.5**	53.3
Interest expense included in business exits		
Trading interest expense		
Bank loans and overdrafts	**—**	0.5
Interest on finance lease liabilities	**0.2**	0.8
Discount unwind on provisions	**2.2**	1.6
Total trading business exit Interest expense	**2.4**	2.9
Non-trading interest expense		
Other financing costs	**0.8**	—
Total non-trading business exit Interest expense	**0.8**	—
Total finance costs included in business exits	**3.2**	2.9
Other finance costs excluded from adjusted profits		
Non-designated foreign exchange forward contracts – change in mark-to-market value	**—**	(0.4)
Fair value hedge ineffectiveness[2]	**—**	0.5
Total finance costs excluded from adjusted profit	**3.2**	3.0
Total finance costs	**51.7**	56.3
Total net finance costs	**39.2**	46.3

1. Private placement loan notes comprise US dollar and British pound sterling private placement loan notes.
2. Fair value hedge ineffectiveness arises from changes in currency basis, and the movement in a provision for counterparty risk associated with the swaps.

7 Taxation

Income tax charge

The reported income tax credit for the year is £5.3m on reported loss before tax of £170.9m (2024: reported income tax charge of £36.2m on reported profit of £116.6m), and an adjusted income tax charge for the period of £19.0m on adjusted profit before tax of £74.5m (2024: adjusted income tax charge of £34.6m on adjusted profit of £40.5m). This includes £0.2m (2024: £0.2m) 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 (2024: 25.0%) are non-deductible business exit costs, a non-deductible fine relating to the cyber incident, non-deductible goodwill impairment, changes in the accounting estimate of recognised deferred tax assets and movement in unrecognised temporary differences relating to losses, fixed assets and other provisions.

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:

	2025			2024		
Consolidated income statement	**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	**7.5**	**7.1**	**0.4**	15.3	13.6	1.7
Adjustment in respect of prior years	**1.1**	**1.1**	**—**	2.5	2.5	—
Deferred tax						
On origination and reversal of temporary differences	**(14.3)**	**10.4**	**(24.7)**	19.5	19.6	(0.1)
Adjustment in respect of prior years	**0.4**	**0.4**	**—**	(1.1)	(1.1)	—
Total (credit)/charge	**(5.3)**	**19.0**	**(24.3)**	36.2	34.6	1.6

1. To enable a like-for-like comparison of adjusted results, the 2024 comparatives have been re-presented to exclude from adjusted profit those businesses classified as business exits during 2025. Refer to note 9.

Consolidated statement of comprehensive income and consolidated statement of changes in equity	**2025 £m**	2024 £m
Deferred tax movement on cash flow hedges	**(1.2)**	1.8
Deferred tax movement in relation to actuarial changes on defined benefit pension schemes	**(2.2)**	7.0
Current income tax movement on defined benefit pension scheme contributions	**(0.6)**	(9.8)
Deferred tax movement in relation to share-based payments	**(0.7)**	0.2
Total credit	**(4.7)**	(0.8)

7 Taxation continued

The reconciliation between the total tax charge and the accounting profit multiplied by the UK corporation tax rate is as follows:

		Total tax		Current tax	
		2025 £m	2024 £m	**2025 £m**	2024 £m
(Loss)/profit before tax		**(170.9)**	116.6	**(170.9)**	116.6
Notional (credit)/charge at UK corporation tax rate of 25.0%		**(42.7)**	29.2	**(42.7)**	29.2
Adjustments in respect of current income tax of prior years	a	**1.1**	2.5	**1.1**	2.5
Adjustments in respect of deferred tax of prior years	b	**0.4**	(1.1)	**—**	—
Non-deductible expenses – adjusted		**0.5**	5.0	**0.5**	5.0
Non-deductible expenses – business exit	c*	**8.3**	2.7	**8.3**	2.7
Non-deductible expenses – specific items		**3.5**	—	**3.5**	—
Loss/(profit) on disposal of businesses	d*	**0.4**	(46.1)	**0.4**	(46.1)
Pillar Two income taxes		**0.2**	0.2	**0.2**	0.2
Non-deductible goodwill impairment	e*	**18.4**	18.7	**18.4**	18.7
Tax provided on unremitted earnings	f	**(0.2)**	(0.5)	**—**	—
Attributable to different tax rates in overseas jurisdictions	g	**(1.1)**	(0.5)	**(0.6)**	(0.1)
Movement in unrecognised temporary differences		**5.3**	26.1	**—**	—
Current year movement in uncertain tax positions		**0.6**	—	**0.6**	—
Fixed asset temporary differences		**—**	—	**3.1**	4.2
Current tax impact on other temporary differences		**—**	—	**0.2**	(3.5)
Carry forward of losses in current period	h	**—**	—	**15.6**	5.0
At the effective total tax rate of 3.1% (2024: 31.0%) and the effective current tax rate of (5.0)% (2024: 15.3%)	i	**(5.3)**	36.2	**8.6**	17.8
Tax (credit)/charge reported in the income statement		**(5.3)**	36.2	**8.6**	17.8

* These £27.1m (2024: £(24.7)m) 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 £1.1m prior year charge adjustment includes: (i) £0.4m credit which has a corresponding impact within deferred tax of prior years; and, (ii) a £1.5m charge to adjust for finalisation of submitted tax returns.There is no opposite deferred tax credit in relation to the temporary difference true-ups because these are unrecognised.

b Adjustments in respect of deferred tax of prior years mainly relate to £0.4m of charges which have a corresponding impact within current income tax of prior years.

c* Business exit: relates to non-deductible exit costs associated with the closed book Life & Pensions business. Refer to note 9 for further details.

d* Relates to the gain/loss on disposal of entities in the current year. Refer to note 9 for further details.

e* Relates to the goodwill impairments as detailed further in note 11.

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 £8.6m (2024: £17.8m) results in an effective current tax rate of (5.0)%, which is different from the UK statutory rate of tax of 25% predominantly due to a non-deductible business exit costs, unrecognised losses, interest disallowance carried forward, and other expenses not deductible for tax purposes, including non-qualifying depreciation, fines and capital related costs. The impact of differing overseas tax rates is covered in footnote g.

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	77.8	**8.6**	**—**	**(0.1)**	**86.3**
Provisions and other temporary differences	8.2	**(0.2)**	**1.2**	**(0.3)**	**8.9**
Pension schemes	(8.6)	**(0.2)**	**2.2**	**—**	**(6.6)**
Share-based payments	1.3	**0.2**	**0.7**	**—**	**2.2**
Tax losses[1]	30.7	**5.2**	**—**	**—**	**35.9**
	109.4	**13.6**	**4.1**	**(0.4)**	**126.7**
Jurisdictional netting	2.2				**2.0**
Net deferred tax assets	111.6	**13.6**	**4.1**	**(0.4)**	**128.7**
Deferred tax liabilities					
Acquired intangibles	(0.1)	**—**	**—**	**—**	**(0.1)**
Contract fulfilment assets	(0.1)	**0.1**	**—**	**—**	**—**
Unremitted earnings	(4.6)	**0.2**	**—**	**(0.1)**	**(4.5)**
	(4.8)	**0.3**	**—**	**(0.1)**	**(4.6)**
Jurisdictional netting	(2.2)				**(2.0)**
Net deferred tax liabilities	(7.0)	**0.3**	**—**	**(0.1)**	**(6.6)**
Net deferred tax	104.6	**13.9**	**4.1**	**(0.5)**	**122.1**

1. Mainly trading losses available to shelter future profits and deferred interest.
2. Other movements includes foreign exchange movements and business disposals.

7 Taxation continued

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.

The UK Government has proposed reducing the main rate of capital allowances from 18% to 14%. As the change has not yet been substantively enacted, deferred tax balances in these financial statements continue to be measured using the existing enacted rates. The impact of any future rate changes will be recognised in the period in which they become substantively enacted.

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 2025 has been based on the forecast accounting profits in the 2026-2028 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 11). A long-term growth rate of 1.5%, as used for impairment test purposes, has been applied to the years beyond 2028. 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, tax deductible business exit 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 an increase 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 credit to the income statement of £13.9m, and a credit to OCI and changes in equity of £4.1m. This is included in the movement in unrecognised temporary differences of £5.3m in the tax reconciliation table above, which also includes unrecognised current year temporary differences (mainly losses) of £18.9m. The reported income statement charge includes a £24.7m change in the deferred tax asset estimate due to the impact on future taxable profits of the disposal of the closed book Life & Pensions business, reflected in the tax arising on business exits (see note 9).

Deferred tax asset recognition depends on the reliability of management's forecasts and is sensitive to 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 £11.3m.

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 it is not probable that future taxable profits will be available against which these can be offset. The table below shows the amounts split between UK and non-UK jurisdictions.

	2025 £m Gross Amount	2024 £m Gross Amount
UK:		
Tax losses	**690.7**	667.6
Other temporary timing differences	**234.5**	239.2
	925.2	906.8
Non-UK:		
Tax losses	**93.6**	64.0
Other temporary timing differences	**15.1**	12.4
	108.7	76.4
Total	**1,033.9**	983.2

The £50.7m increase in unrecognised tax losses and other temporary differences reflects the increase in unrecognised temporary differences arising during the year due to: deferred interest; tax deductible cost reduction programme and business exit expenses.

Assets have no time expiry, but some losses are subject to specific loss restriction rules.

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 £44.9m (2024: £45.6m). A deferred tax liability of £4.3m (2024: £4.5m) 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.

8 Earnings/(loss) per share

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.

		2025 pence	2024 pence[1]
Basic (loss)/earnings per share	– reported	**(144.13)**	68.06
	– adjusted	**49.71**	1.60
Diluted (loss)/earnings per share	– reported	**(144.13)**	66.10
	– adjusted	**49.71**	1.55

1. 2024 comparatives have been re-presented from those previously published to reflect the 15 for 1 share consolidation undertaken in April 2025).

The following tables show the earnings and share data used in the basic and diluted earnings/(loss) per share calculations:

		2025 £m	2024 £m
Reported (loss)/profit before tax for the period		**(170.9)**	116.6
Income tax credit/(charge)	7	**5.3**	(36.2)
Reported (loss)/profit for the period		**(165.6)**	80.4
Less: Non-controlling interests		**1.5**	(3.7)
Total (loss)/profit attributable to shareholders		**(164.1)**	76.7
Adjusted profit before tax[1] for the period	5	**74.5**	40.5
Income tax charge	7	**(19.0)**	(34.6)
Adjusted profit for the period		**55.5**	5.9
Less: Non-controlling interests		**1.1**	(4.1)
Adjusted profit attributable to shareholders		**56.6**	1.8

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in the Appendix.

	2025 thousands	2024 thousands[1]
Weighted average number of ordinary shares (excluding Employee benefit trust shares) for basic earnings per share	**113,856**	112,694
Dilutive potential ordinary shares:		
Employee share options	**—**	3,341
Weighted average number of ordinary shares (excluding Employee benefit trust shares) adjusted for the effect of dilution	**113,856**	116,035

1. 2024 comparatives have been re-presented from those previously published to reflect the 15 for 1 share consolidation undertaken in April 2025).

At 31 December 2025, 3,507,176 (2024: none) share 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.

9 Business exits and assets held-for-sale

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 completed 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 2024 comparatives have been re-presented to exclude the businesses classified as business exits during 2025.

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, at 31 December 2025 no businesses were deemed to have met this threshold. At 31 December 2024 one business (the Group's mortgage servicing business) was deemed to have met this threshold, before it was subsequently sold in 2025.

2025 business exits
Business exits at 31 December 2025 primarily comprised the following business:

Closed book Life & Pensions business:
The closed book Life & Pensions 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 customer, Royal London, and therefore this business met the criteria to be presented as a business exit. The transition of the Royal London contracts is expected to take five years due to the complex nature of the contracts and systems, and data interdependencies.

Under the transition agreement for the Royal London contracts, Capita agreed to pay Royal London an initial c.£22m. The agreement provided an option, exercisable by either Royal London or Capita, for this 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 in non-trading administrative business exit expenses.

The Group will also make a contribution towards Royal London's costs, comprising three £10m payments on the first, second and third anniversaries 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, with the resultant charge included in non-trading administrative business exit expenses.

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 had 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 hand over these services, reflecting the terms of the exits agreed and experience of previous contract exits. Refer to note 12.

Mortgage servicing business:
This business was held-for-sale at 31 December 2024, and its sale was completed on 13 October 2025.

Other business exits:
As disclosed in the 2024 Annual Report, in 2024 the Group decided to exit its corporate venture business (Capita Scaling Partner) within Capita Experience, and a small 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. Part of our investment in one venture was sold during the year realising a gain of £nil which, in the table below, is included within 'share of results in associates and losses on financial assets'. Also included is a net loss of £0.5m 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). To facilitate this, an external third party was engaged to manage the disposal process for the Group's remaining investments.

	2025			2024 (Re-presented)[1]		
Income statement impact	**Trading £m**	**Non-trading £m**	**Total £m**	Trading £m	Non-trading £m	Total £m
Revenue	**112.8**	**—**	**112.8**	195.9	—	195.9
Cost of sales	**(122.2)**	**—**	**(122.2)**	(161.7)	—	(161.7)
Gross (loss)/profit	**(9.4)**	**—**	**(9.4)**	34.2	—	34.2
Administrative expenses	**(14.0)**	**(73.8)**	**(87.8)**	(16.5)	(8.0)	(24.5)
Operating (loss)/profit	**(23.4)**	**(73.8)**	**(97.2)**	17.7	(8.0)	9.7
Share of results in associates and losses on financial assets	**—**	**(0.5)**	**(0.5)**	—	(11.8)	(11.8)
Finance income	**0.9**	**—**	**0.9**	0.8	—	0.8
Finance costs	**(2.4)**	**(0.8)**	**(3.2)**	(2.9)	—	(2.9)
(Loss)/gain on disposal of businesses	**—**	**(1.6)**	**(1.6)**	—	184.6	184.6
(Loss)/profit before tax	**(24.9)**	**(76.7)**	**(101.6)**	15.6	164.8	180.4
Taxation	**—**	**24.7**	**24.7**	(1.7)	—	(1.7)
(Loss)/profit after tax	**(24.9)**	**(52.0)**	**(76.9)**	13.9	164.8	178.7

1. To enable a like-for-like comparison of adjusted results, the 2024 comparatives have been re-presented to include the businesses classified as business exits during 2025.

9 Business exits and assets held-for-sale continued

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 2024 (being Capita One and the Group's 75% shareholding in Fera Science Limited (Fera)).

Trading expenses primarily comprise payroll costs of £64.9m (2024: £108.4m) and information technology costs of £33.6m (2024: £52.1m).

Non-trading administrative expenses include costs associated with the agreed exit of the Royal London contracts in the closed book Life & Pensions business of £62.5m (which includes provision for migration costs, the initial share based payment charge recognised by the Group, and provision for the £30m contribution to Royal London's running costs, as set out earlier in this note); project costs of £11.3m (2024: £1.1m); and, in the comparative period, asset impairments of £8.7m.

2025 disposals

During 2025 the Group disposed of its mortgage servicing business. During 2024 the Group disposed of two businesses: Capita One, and the Group's 75% shareholding in Fera.

The (loss)/gain arising was determined as follows:

	2025 £m	2024 £m
Disposal group assets held-for-sale[1]	**0.1**	157.8
Disposal group liabilities held-for-sale[1]	**(0.2)**	(82.9)
Net identifiable assets sold	**(0.1)**	74.9
Non-controlling interests	**—**	(9.1)
	(0.1)	65.8
Sales price:		
received in cash	**0.1**	269.8
Less: disposal costs	**(1.8)**	(19.4)
Net sales price	**(1.7)**	250.4
(Loss)/gain on disposal of businesses	**(1.6)**	184.6

The net cash (outflow)/inflow was determined as follows:

	2025 £m	2024 £m
Net cash inflow		
Proceeds received	**0.1**	269.8
Less disposal costs:		
income statement charge	**(1.8)**	(19.4)
change in accrued disposal costs during the year	**(0.4)**	(1.3)
Total proceeds received net of disposal costs paid	**(2.1)**	249.1
Total cash held by businesses when sold		
Cash held by businesses classified as held-for-sale	**—**	(25.2)
Total cash held by businesses when sold	**—**	(25.2)
Net cash (outflow)/inflow	**(2.1)**	223.9

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.

Disposal costs of £0.7m, relating to businesses disposed of in the current year, were recognised in prior years and are excluded from the above loss on disposal of businesses.

Disposal group assets and liabilities held-for-sale

At 31 December 2025, no businesses were deemed to have met the threshold to be treated as held-for-sale (2024: the mortgage servicing business was deemed to have met the held-for-sale threshold).

	2025 £m	2024 £m
Property, plant and equipment	**—**	0.1
Disposal group assets held-for-sale	**—**	0.1
Accruals	**—**	0.1
Disposal group liabilities held-for-sale	**—**	0.1

Business exit cash flows

Businesses exited and being exited had a cash generated from operations outflow of £25.1m up to the date of exit (2024: cash inflow of £3.5m). A reconciliation of cash generated from/(used by) operations excluding business exits, is included in note 10.

10 Cash flow information

Additional cash flow information

	Notes	2025 Reported £m	2025 Excluding business exits[1] £m	2024 Reported £m	2024 Excluding business exits[1] £m
Cash flows from operating activities:					
Reported operating loss	5	**(129.6)**	**(129.6)**	(9.9)	(9.9)
Remove: business exit operating loss/(profit)	9	**—**	**97.2**	—	(9.7)
Total operating loss		**(129.6)**	**(32.4)**	(9.9)	(19.6)
Adjustments for non-cash items:					
Depreciation		**55.0**	**53.8**	66.5	64.1
Amortisation of intangible assets		**21.6**	**19.7**	23.4	18.9
Share-based payment expense[3]		**27.4**	**5.0**	6.0	6.0
Employee benefits		**7.5**	**7.5**	8.5	8.5
(Gain)/loss on sale of property, plant and equipment and intangibles		**(0.3)**	**(0.3)**	1.7	1.7
Amendments and early terminations of leases		**(4.8)**	**(4.7)**	(6.8)	(6.8)
Impairment of non-current assets		**75.1**	**75.0**	86.2	76.9
Other adjustments:					
Movement in provisions[2]		**30.5**	**(15.8)**	(31.2)	(23.4)
Defined benefit pension deficit contributions		**—**	**—**	(20.8)	(6.3)
Regular defined benefit pension contributions		**(8.1)**	**(8.1)**	(8.4)	(8.4)
Movements in working capital[2]:					
Trade and other receivables		**(19.6)**	**(29.0)**	16.4	21.5
Non-recourse trade receivables financing		**1.2**	**1.2**	(11.8)	(11.8)
Trade and other payables		**54.3**	**47.6**	(65.2)	(60.4)
Deferred income		**(86.7)**	**(70.9)**	(33.2)	(28.0)
Contract fulfilment assets (non-current)		**24.3**	**24.3**	(5.4)	(5.9)
Cash generated from operations		**47.8**	**72.9**	16.0	27.0
Adjustments for free cash flows:					
Income tax paid		**(5.7)**	**(3.9)**	(4.0)	(4.0)
Income tax received		**2.8**	**2.8**	5.1	5.1
Interest received		**7.8**	**7.2**	8.0	7.2
Interest paid		**(48.0)**	**(47.2)**	(50.3)	(50.3)
Net cash inflow/(outflow) from operating activities		**4.7**	**31.8**	(25.2)	(15.0)
Purchase of property, plant and equipment		**(9.5)**	**(9.4)**	(16.6)	(16.2)
Purchase of intangible assets		**(38.2)**	**(38.2)**	(33.5)	(33.4)
Proceeds from sale of property, plant and equipment and intangible assets		**1.4**	**1.4**	0.3	0.3
Capital element of lease rental receipts		**4.2**	**4.2**	5.9	5.9
Capital element of lease rental payments		**(44.7)**	**(43.8)**	(53.6)	(52.5)
Free cash flow[1]		**(82.1)**	**(54.0)**	(122.7)	(110.9)

1. Definitions of the alternative performance measures and related key performance indicators (KPIs) can be found in the Appendix.
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. The reported share based payment expense in 2025 includes £22.4m in respect of the transition agreement with Royal London. Refer to note 9.

Cyber incident: In relation to the exceptional cyber incident costs referred to in note 5, the net cash outflow during the year ended 31 December 2025 was £13.6m (2024: £5.0m) 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 2023 is £38.7m.

Cost reduction programme: In relation to the implementation of the cost reduction programme detailed in note 5, the cash outflow during the year ended 31 December 2025 was £53.2m (2024: £44.5m), and is included within free cash flow excluding business exits, and cash generated from operations excluding business exits. The cumulative cash outflow since the commencement of the cost reduction programme in 2023 is £103.8m.

10 Cash flow information continued

Free cash flow and cash generated from operations (alternative performance measures - refer to Appendix)

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. To enable comparability of the adjusted results, the 2024 results have been re-presented for those businesses exited, or in the process of being exited, during 2025.

These measures are analysed below:

	Free cash flow		Cash generated/(used) by operations	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Reported (including business exits)	**(82.1)**	(122.7)	**47.8**	16.0
Business exits	**28.1**	(2.7)	**25.1**	(3.5)
Defined benefit pension deficit contributions triggered by disposals	**—**	14.5	**—**	14.5
Excluding business exits	**(54.0)**	(110.9)	**72.9**	27.0

A reconciliation of net cash flow to movement in net debt is included below.

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.

Defined benefit pension deficit contributions triggered by disposals: The Trustees of the Group's main defined benefit pension scheme (HPS) agreed with the Group to 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 Group paid all the outstanding deficit contributions in 2024. There are no further agreed deficit contributions to be paid at this time.

Reconciliation of net cash flow to movement in net debt

Year ended 31 December 2025	**Net debt at 1 January £m**	**Cash flow movements £m**	**Total Non-cash movement[1] £m**	**Net debt at 31 December £m**
Cash, cash equivalents and overdrafts	**191.4**	**(67.5)**	**1.4**	**125.3**
Private placement loan notes	**(271.9)**	**(4.4)**	**7.5**	**(268.8)**
Unamortised transaction costs on debt issuance	**2.6**	**1.5**	**(1.7)**	**2.4**
Carrying value of private placement loan notes	**(269.3)**	**(2.9)**	**5.8**	**(266.4)**
Cross-currency interest rate swaps	**12.2**	**(13.9)**	**0.4**	**(1.3)**
Fair value of private placement loan notes	**(257.1)**	**(16.8)**	**6.2**	**(267.7)**
Other finance	**(0.1)**	**(0.2)**	**—**	**(0.3)**
Lease liabilities	**(348.7)**	**65.5**	**(35.0)**	**(318.2)**
Total net liabilities from financing activities	**(605.9)**	**48.5**	**(28.8)**	**(586.2)**
Deferred consideration payable	**(0.7)**	**—**	**—**	**(0.7)**
Net debt	**(415.2)**	**(19.0)**	**(27.4)**	**(461.6)**

Year ended 31 December 2024	Net debt at 1 January £m	Cash flow movements £m	Total Non-cash movement[1] £m	Net debt at 31 December £m
Cash, cash equivalents and overdrafts	67.6	124.5	(0.7)	191.4
Private placement loan notes	(267.0)	—	(4.9)	(271.9)
Unamortised transaction costs on debt issuance	4.5	—	(1.9)	2.6
Carrying value of private placement loan notes	(262.5)	—	(6.8)	(269.3)
Cross-currency interest rate swaps	13.6	(3.4)	2.0	12.2
Fair value of private placement loan notes	(248.9)	(3.4)	(4.8)	(257.1)
Other finance	(0.1)	—	—	(0.1)
Lease liabilities	(363.4)	76.3	(61.6)	(348.7)
Total net liabilities from financing activities	(612.4)	72.9	(66.4)	(605.9)
Deferred consideration payable	(0.7)	—	—	(0.7)
Net debt	(545.5)	197.4	(67.1)	(415.2)

1. The non-cash movement relates to: the effect of changes in foreign exchange rates on cash; fair value changes on the swaps; amortisation of private placement loan notes issuance costs; and additions, terminations and foreign exchange rate effects on the Group's lease liabilities.

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 2025, the Group's £250m committed revolving credit facility was undrawn (31 December 2024: undrawn).

11 Goodwill

At 31 December 2025, the carrying value of goodwill was £300.1m (2024: £372.4m).

Cash-generating units

Reflecting the way management exercises oversight and monitors the Group's performance, 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 Group's operating segments, with goodwill allocated to these groups of CGUs (hereafter referred to as CGUs) accordingly.

Carrying amount of goodwill allocated to CGUs:

		Capita Experience			
CGU	Capita Public Service £m	Contact Centre £m	Pension Solutions £m	Regulated Services £m	Total £m
At 1 January	239.4	72.3	60.7	—	372.4
Impairment – excluded from adjusted profit	—	**(73.7)**	—	—	**(73.7)**
Exchange movement	—	**1.4**	—	—	**1.4**
At 31 December	**239.4**	**—**	**60.7**	**—**	**300.1**

Business exits

As set out in note 9, one business (the Group's mortgage servicing business) was fully disposed of during the year. This business had been transferred to disposal group assets held-for-sale at 31 December 2024, however there was no goodwill attributable to it.

The impairment test

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, where value in use would typically be the expected cash flows to be generated operating the business into perpetuity.

As described in the Chief Financial Officer's review, the Group delivered the targeted £250m cost savings by the end of 2025. The recoverable amount of each group of CGUs has therefore been calculated using value in use (being the present value of future cash flows for each CGU).

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.

At 31 December 2024, an impairment of £75.1m was recognised in respect of the Contact Centre CGU. Whilst progress has been made in improving the competitiveness of the Contact Centre business, it has seen a material impact from contract losses and volume reduction on clients. The financial performance is unsatisfactory and the level of improvement and contract wins that it was hoped would be delivered when the Group's strategy was set out at the Capital Markets Day in 2024, has not been seen.

The business's adjusted revenue[1] declined 17.5% in 2025, driven by reduced volumes in the Telecommunications vertical and contract losses, and its adjusted operating loss[1] 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 German business and property footprint which currently represents around 60% of the Group's lease liability.

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.

These trends were reflected in the financial projections used for impairment testing previously, which resulted in the impairment of the Contact Centre CGU at the end of 2024. However, as improvement in financial performance has not yet been seen, and to reflect sector wide headwinds, and taking account of the 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 2026 onwards. At 31 December 2025, a goodwill impairment of £73.7m was recognised in respect of the Contact Centre CGU.

At 31 December 2025, the carrying value post impairment of the Contact Centre CGU was aligned to its estimated recoverable amount of £(31.0)m, which is inclusive of lease liabilities. The estimated recoverable amounts of the other CGUs exceeded their respective carrying values. The key inputs to the calculations are described below, including changes in market conditions.

Forecast cash flows

The cash flow projections prepared for the impairment test are derived from the 2026-2028 business plan approved by the Board, which are prepared on a nominal basis. The key assumption in the business plan includes the delivery of planned revenue growth. 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 2026 onwards to reflect recent performance.

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;
- unforeseen operational issues leading to contract losses and cash outflows; and
- unexpected financial costs linked to unexpected one-off incidents.

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 2026 cash flows to reflect the assumed build-up in working capital to reach a normalised working capital position for each CGU.

1. Refer to alternative performance measures in the Appendix.

11 Goodwill continued

Allocation of central function costs
The Board has considered an appropriate methodology to apply when allocating central function costs. The methodology applied for the 2025 impairment test was aligned to that applied in reporting segmental performance (refer to note 4). 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 2026 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 (2029 and 2030) and for the terminal period. The 2025 long-term growth rate is 1.5% (2024: 1.6%).

Discount rates
Management estimates discount rates using nominal post-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, which are all based on publicly available external sources.

		Capita Experience	
	Capita Public Service	Contact Centre	Pension Solutions
2025	**10.2%**	**10.6%**	**8.9%**
2024	10.5%	11.2%	10.6%

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 sensitivity to the cash flow forecasts is the risk of not delivering the planned revenue growth.

The sensitivity scenarios applied estimate potential 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 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 2026 to 2028, and the long-term growth rate (1.5%) applied to the 2028 downside cash flows to generate projected cash flows for 2029, 2030, and the terminal period. We have also considered the impact of all the scenarios together, which is also a reasonable possible alternative.

In respect of the Capita Public Service and Pension Solution CGUs, no potential impairments have been identified under any of these sensitivity scenarios, including the combination sensitivity scenario.

Following the impairment in respect of the Contact Centre CGU as at 31 December 2025 detailed above, there is no longer any goodwill attributable to this CGU, and as such, no further risk of additional goodwill impairment in any of the sensitivity scenarios.

The calculated recoverable value of the Contact Centre CGU under each of the sensitivity scenarios detailed above gives rise to a potential impairment of non-goodwill balances attributable to the CGU, which comprise right-of-use assets, intangible assets, property, plant and equipment, and corporate assets allocated to the CGU for impairment testing purposes.

Given the potential for additional impairments under the different sensitivity scenarios, management continue to closely monitor the performance of this CGU and will consider the impact of any changes to the key assumptions, including due to the performance issues of the Contact Centre business detailed further above.

If the estimated recoverable amount was to decline further, impairment would only be recognised to the extent that the standalone fair value less cost of disposal or value in use of the individual assets did not support their carrying value at that time. Accordingly, it is impracticable to disclose the extent of the possible impact of changes to key assumptions on the carrying value of the non-goodwill assets within the CGU.

Comparison to share price and market capitalisation
The Company's market capitalisation, adjusted for the fair value of net debt, 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 2025. 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 delivery of a sustainable improvement in financial performance.

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 2025, despite the continuing low market capitalisation of the Group.

12 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	Closed book Life & Pensions business exit provision £m	Other provisions £m	Total £m
At 1 January	9.1	6.4	30.2	6.4	62.2	—	5.0	119.3
Reclassification	**—**	**—**	**7.7**	**—**	**(51.6)**	**43.9**	**—**	**—**
Provisions in the year	**39.1**	**2.0**	**30.2**	**3.8**	**3.5**	**62.5**	**0.7**	**141.8**
Releases in the year	**(0.1)**	**(0.6)**	**(11.6)**	**(2.1)**	**(2.8)**	**(0.6)**	**(0.4)**	**(18.2)**
Utilisation	**(40.4)**	**(3.6)**	**(23.3)**	**(3.1)**	**(8.0)**	**(13.6)**	**(2.1)**	**(94.1)**
Unwinding of discount and changes in the discount rate	**—**	**—**	**—**	**—**	**0.1**	**2.1**	**—**	**2.2**
At 31 December	**7.7**	**4.2**	**33.2**	**5.0**	**3.4**	**94.3**	**3.2**	**151.0**

	31 December 2025 £m	31 December 2024 £m
Current	**70.9**	81.4
Non-current	**80.1**	37.9
	151.0	119.3

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 5 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, except for the closed book Life & Pension business (see below). 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.

Property provision: The provision primarily covers obligations to make dilapidation payments on the Group's leased properties. The Group's assessment is that the likelihood of a cash outflow at lease commencement is remote. Usually, the event which changes the assessment of the likelihood of a cash outflow to being probable, and which therefore triggers the provision, occurs as the Group nears the end of a lease and the condition of the property and the likelihood of dilapidations being payable can be assessed. Typically, an outflow would occur within one to three years of the provision being made. The provision is based on the best estimate of the cost of performing required works or the expected settlement with the landlord.

The provision also includes unavoidable running costs of leasehold property where the space is vacant or currently not planned to be used for ongoing operations but excludes the impact of the cost reduction programme detailed in note 5 (where such costs are included in the cost reduction provision). The expectation is this will be incurred over the remaining periods of the leases which vary up to two 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, except for those in the closed book Life & Pensions business which have been transferred to a separate category of provision (see below). Customer contract lifetime reviews are used to determine the value of an onerous contract provision. The contract lifetime review reflects the best estimate of forecast external revenues and costs over the remaining contract term. These provisions are forecast to unwind over periods of up to two years.

Closed book Life & Pensions business exit provision: The provision is in respect of customer contracts in the closed book Life & Pensions business, which the Group is in the process of exiting and which met the criteria to be presented as a business exit in December 2025 when the exit of the one remaining customer, Royal London, was agreed (refer to note 9).

The closed books and contractual dynamics have led to onerous conditions to service certain of the contracts in this business. The onerous contract provision in respect of these contracts was transferred from the customer contract provision category (see above) in December 2025 when the business met the criteria to be presented as a business exit. Management then re-assessed the likely length of these contracts, reflecting the terms of the exits agreed and experience of previous contract exits.

The provision comprises 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.

The provision also includes the contribution the Group will make towards Royal London's costs, consisting of three £10m payments 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. The provision is therefore forecast to unwind over the periods until 2033.

If there are delays in the migration, the agreed principles state that the party at fault will bear the cost of the overrun. A delay in the migration could require a material adjustment to the amount of the above provision. Management have estimated the potential impact that a delay of twelve months could have on the provision as at 31 December 2025 as an increase of between £8m and £16m depending on the party at fault.

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.

13 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, sureties and bank guarantees of £52.9m (2024: £24.7m). On adoption of IFRS 17 *Insurance Contracts* the Group had the option to apply either IFRS 17 or IFRS 9 *Financial Instruments* for external debt guarantees, of which the Group elected to apply IFRS 9. The Group accounts for performance guarantees under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* because they do not meet the criteria to be recognised as an insurance contract.

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.

14 Post balance sheet events

The following events occurred after 31 December 2025, and before the approval of these consolidated financial statements, but have not resulted in adjustment to the 2025 financial results:

Additional committed financing facility
In February 2026, the Group entered into a £75m additional committed financing facility, with a subset of the existing lenders and terms consistent with the existing revolving credit facility. The additional facility expires eighteen months from signing.

Appendix - 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 total revenue less 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; and, the change in adjusted revenue:

	2025	2024
Total reported revenue per the income statement	**£2,312.3m**	£2,421.6m
Deduct: business exits (note 9)	**£(112.8)m**	£(195.9)m
Adjusted revenue	**£2,199.5m**	£2,225.7m
Change in adjusted revenue	**(1.2)%**	(6.8)%

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 5. A reconciliation of reported to adjusted operating profit is provided in note 5.
Reported / adjusted operating margin R	**No direct equivalent**	Calculated as the reported / adjusted operating profit divided by reported / adjusted revenue. This measure is an indicator of the Group's operating efficiency. The table below shows the components, and calculation, of reported / adjusted operating profit margin:

		Reported		**Adjusted**	
		2025	2024	**2025**	2024
Revenue	a	**£2,312.3m**	£2,421.6m	**£2,199.5m**	£2,225.7m
Operating profit (note 5)	b	**£(129.6)m**	£(9.9)m	**£113.5m**	£84.6m
Operating margin	b/a	**(5.6)%**	(0.4)%	**5.2%**	3.8%

Reported EBITDA	**No direct equivalent**	Calculated as reported profit/(loss) before tax prior to: depreciation, amortisation and impairment of property, plant and equipment, intangible assets, goodwill and right-of-use assets; net finance costs; the share of results in associates and losses on financial assets and gain/loss on business disposal. The directors believe that reported 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. The table below shows the calculation of reported EBITDA:

	2025	2024
Reported (loss)/profit before tax	**£(170.9)m**	£116.6m
Add back: net finance costs (note 6)	**£39.2m**	£46.3m
Add back: depreciation and impairment of property, plant and equipment	**£19.6m**	£26.0m
Add back: depreciation and impairment of right-of-use assets	**£36.2m**	£42.5m
Add back: amortisation and impairment of intangibles	**£22.2m**	£32.5m
Add back: goodwill impairment (note 11)	**£73.7m**	£75.1m
Add back: loss/(gain) on business disposal (note 9)	**£1.6m**	£(184.6)m
Add back: share of results in associates and losses on financial assets (note 9)	**£0.5m**	£11.8m
Reported EBITDA	**£22.1m**	£166.2m
Reported EBITDA margin	**1.0%**	6.9%

Alternative performance measures continued

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Income statement continued		
Adjusted EBITDA R	**No direct equivalent**	Calculated as adjusted profit before tax prior to: 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:

	Post IFRS 16		Pre IFRS 16	
	2025	2024	**2025**	2024
Adjusted profit before tax	**£74.5m**	£40.5m	**£81.9m**	£49.0m
Add back: adjusted net finance costs (note 6)	**£39.0m**	£44.1m	**£23.8m**	£27.8m
Add back: adjusted depreciation and impairment of property, plant and equipment	**£19.2m**	£24.2m	**£19.2m**	£24.2m
Add back: depreciation and impairment of right-of-use assets	**£35.3m**	£41.2m	**£—m**	£—m
Add back: adjusted amortisation and impairment of intangibles	**£20.0m**	£19.0m	**£20.0m**	£19.0m
Adjusted EBITDA	**£188.0m**	£169.0m	**£144.9m**	£120.0m
Adjusted EBITDA margin	**8.5%**	7.6%	**6.6%**	5.4%

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Adjusted profit/ (loss) before tax R	**Profit/(loss) before tax**	Calculated as profit or loss before tax excluding the items detailed in note 5, 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 5.
Adjusted profit/ (loss) after tax R	**Profit/(loss) after tax**	Calculated as the above adjusted profit/(loss) before tax, less the tax expense on adjusted profit/ (loss). The table below shows a reconciliation:

	2025	2024
Adjusted profit before tax (note 5)	**£74.5m**	£40.5m
Tax expense on adjusted profit (note 7)	**£(19.0)m**	£(34.6)m
Adjusted profit after tax	**£55.5m**	£5.9m

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Adjusted basic earnings per share R	**Basic earnings per share**	Calculated as the adjusted profit/(loss) 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 8.
Adjusted diluted earnings per share R	**Diluted earnings per share**	Calculated as the adjusted profit/(loss) 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 8.
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 10 which includes: business exits (trading results, non-trading expenses) and pension deficit contributions triggered by business disposals. A reconciliation of reported to cash generated from/(used by) operations excluding business exits is provided in note 10.
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 excludes 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 10.

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 R	**No direct equivalent**	Operating cash flow calculated as 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.

		Reported		Excluding business exit	
		2025	2024	**2025**	2024
Reported/Adjusted Operating (loss)/profit		**£(129.6)m**	£(9.9)m	**£113.5m**	£84.6m
Depreciation		**£55.0m**	£66.5m	**£53.8m**	£64.1m
Amortisation of intangible assets		**£21.6m**	£23.4m	**£19.5m**	£18.7m
Impairment of non-current assets		**£75.1m**	£86.2m	**£1.2m**	£1.6m
Reported/Adjusted EBITDA	a	**£22.1m**	£166.2m	**£188.0m**	£169.0m
Add back: EBITDA element of cyber incident and cost reduction programme		**£71.9m**	£28.7m	**£—m**	£—m
Trade and other receivables (note 10)		**£(19.6)m**	£16.4m	**£(29.0)m**	£21.5m
Non-recourse trade receivables financing (note 10)		**£1.2m**	£(11.8)m	**£1.2m**	£(11.8)m
Trade and other payables (note 10)		**£54.3m**	£(65.2)m	**£47.6m**	£(60.4)m
Deferred income (note 10)		**£(86.7)m**	£(33.2)m	**£(70.9)m**	£(28.0)m
Contract fulfilment assets (non-current) (note 10)		**£24.3m**	£(5.4)m	**£24.3m**	£(5.9)m
Add back: Working capital element of cyber incident and cost reduction programme		**£(4.0)m**	£0.4m	**£(4.0)m**	£0.4m
Working capital		**£41.4m**	£(70.1)m	**£(30.8)m**	£(84.2)m
Share-based payment expense (note 10)		**£27.4m**	£6.0m	**£5.0m**	£6.0m
Employee benefits (note 10)		**£7.5m**	£8.5m	**£7.5m**	£8.5m
(Gain)/loss on sale of property, plant and equipment and intangible assets (note 10)		**£(0.3)m**	£1.7m	**£(0.3)m**	£1.7m
Amendments and early terminations of leases (note 10)		**£(4.8)m**	£(6.8)m	**£(4.7)m**	£(6.8)m
Movement in provisions (note 10)		**£30.5m**	£(31.2)m	**£(15.8)m**	£(23.4)m
Other contributions into pension schemes (note 10)		**£(8.1)m**	£(8.4)m	**£(8.1)m**	£(8.4)m
Non-cash element of cyber incident and cost reduction programme		**£(1.1)m**	£20.4m	**£(1.1)m**	£20.4m
Non-cash and other adjustments		**£51.1m**	£(9.8)m	**£(17.5)m**	£(2.0)m
Operating cash flow	b	**£114.6m**	£86.3m	**£139.7m**	£82.8m
Operating cash conversion	b/a			**74.3%**	49.0%

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).

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

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 note 10.

Alternative performance measures continued

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Cash flows and net debt continued		
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.

	2025	2024
Net debt (note 10)	**£461.6m**	£415.2m
Remove: IFRS 16 impact	**£(318.2)m**	£(348.7)m
Net financial debt (pre-IFRS 16)	**£143.4m**	£66.5m

APM	Closest equivalent IFRS measure	Definition, Purpose and Reconciliation
Gearing: net debt to adjusted EBITDA ratio	**No direct equivalent**	This ratio is calculated as net debt divided by adjusted EBITDA 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:

	Post-IFRS 16		Pre-IFRS 16	
	2025	2024 [1]	2025	2024 [1]
Adjusted EBITDA	**£188.0m**	£186.1m	**£144.9m**	£135.1m
EBITDA in respect of business exits not yet completed	**£(0.2)m**	£(7.7)m	**£(0.2)m**	£(7.7)m
Adjusted EBITDA (including business exits not yet completed)	**£187.8m**	£178.4m	**£144.7m**	£127.4m
Net debt/net financial debt	**£461.6m**	£415.2m	**£143.4m**	£66.5m
Net debt/net financial debt to adjusted EBITDA ratio	**2.5x**	2.3x	**1.0x**	0.5x

1. To ensure consistent presentation of the ratios between years, the 2024 comparatives have not been represented.

N New APM in the year

U Definition updated in the year

R Comparatives re-presented

Appendix - 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 2024 comparatives have not been represented because they are not required to be represented for covenant purposes.

		2025	2024	Source
Covenants				
Adjusted operating profit[1]		**£113.5m**	£95.9m	Line information in note 5
Add back: covenant adjustments[2] and amortisation		**£(2.8)m**	£54.1m	
Adjusted EBITA	a1	**£110.7m**	£150.0m	
Less: IFRS 16 EBITA impact and covenant adjustments[6]		**£8.9m**	£(8.8)m	
Adjusted EBITA (excluding IFRS 16)	a2	**£119.6m**	£141.2m	
Adjusted EBITA		**£110.7m**	£150.0m	
Add back: covenant adjustments[3] and depreciation		**£56.7m**	£55.8m	
Covenant calculation – adjusted EBITDA	b1	**£167.4m**	£205.8m	
Less: IFRS 16 EBITDA impact and covenant adjustments[6]		**£(27.2)m**	£(51.1)m	
Covenant calculation – adjusted EBITDA (excluding IFRS 16)	b2	**£140.2m**	£154.7m	
Adjusted EBITA (US PP covenants)	a3	**£110.7m**	£150.0m	Adjusted for difference in exceptional items treatment
Adjusted EBITDA (US PP covenants)	b3	**£167.4m**	£205.8m	Adjusted for difference in exceptional items treatment
Adjusted interest charge		**£(39.0)m**	£(45.9)m	Line information in note 6
Add back: covenant adjustments[4]		**(£1.1m)**	£2.0m	
Borrowing costs	c1	**£(40.1)m**	£(43.9)m	
Less: IFRS 16 impact		**£15.2m**	£16.8m	
Borrowing costs (excluding IFRS 16)	c2	**£(24.9)m**	£(27.1)m	
5.1 Interest cover (US PP covenant)	a3/c2	**4.4x**	**5.5x**	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 in 2024 has been reduced to 3.0 in 2025.
5.2 Interest cover (other financing agreements)	a2/c2	**4.8x**	**5.2x**	Adjusted EBITA/Borrowing costs with both variables excluding IFRS 16. Minimum permitted value of 4.0
Net debt		**£461.6m**	£415.2m	Line information in note 10
Add back: covenant adjustments[5]		**£45.9m**	£44.2m	
Less: IFRS 16 impact		**£(318.2)m**	£(348.7)m	
Covenant calculation - adjusted net debt (excluding IFRS 16)	d1	**£189.3m**	£110.7m	
6.1 Adjusted net debt to post IFRS 16 adjusted EBITDA ratio (US PP covenant)	d1/b3	**1.1x**	**0.5x**	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	**1.4x**	**0.7x**	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 year 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.
6. Covenant adjustments include adjustments relating to items which are required to be included in the other financing agreement covenant calculation.