

QinetiQ Holdings Limited

Strategic report for the year ended 31 March 2024

The Directors present their Strategic report for the year ended 31 March 2024.

Principal activity

The principal activity of the Company is to act as a holding company.

Business review

The profit before taxation was £42.5m (2023: £241.5m) and net assets were £439.0m (2023: £441.6m).

The decrease in the profit before tax was due to a reduction in dividends receivable from subsidiary companies, and an increase in net finance expense. The increase in net finance expense was due to a full year of the £273.3m term loan which was entered into in the prior year to fund the acquisition of Avantus Federal LLC. As part of financing the acquisition, the Company entered into a floating rate term loan of £273.3m with its banking partners which had an initial term of 3 years, to mature on 27 September 2025 with two one-year extensions available and with interest periods set to three months. In the current period the company has exercised one of the extensions and the loan will now mature on 27 September 2026.

Principal risks and uncertainties

The key risks and uncertainties impacting the Company relate to the following:

- Weak performance from a subsidiary company resulting in the write down of the Company's investments; and
- The Company is a participating employer of the QinetiQ pension scheme, a defined benefit scheme. In the event of default by the participating employers of the scheme, QinetiQ Holdings Limited could be held liable for the pension liabilities of the other participating employers.

These risks are managed and monitored at the QinetiQ Group plc level.

Key performance indicators ('KPIs')

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Section 172 (1) statement

The Directors welcome their responsibilities to promote the success of the Company in accordance with section 172 (1) of the 2006 Companies Act. The Company is a holding company which is part of QinetiQ Group plc, and stakeholder management for the Group and its subsidiaries is managed at that level. More information can be found in the Annual Report and Accounts of the Group for 2024.

Approved by the Board on 15 July 2024 and signed on its behalf by:



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James Field
Company Secretary and Director
Cody Technology Park
Ively Road
Farnborough
Hampshire
GU14 0LX