

This announcement contains inside information.



ROLLS-ROYCE HOLDINGS PLC - 2025 Half Year Results

31 July 2025

Strong first half performance, demonstrating our transformation in action; FY25 guidance raised

- **Strong first half performance** driven by continued progress in our multi-year transformation, despite challenges from the supply chain and tariffs
- **Underlying operating profit** rose by 50% to £1.7bn with a margin of 19.1%, reflecting the impact of our strategic initiatives, operational effectiveness, and performance management
- **Free cash flow** of £1.6bn driven by higher operating profit and continued LTSA balance growth
- **Full year 2025 guidance raised:** we now expect £3.1bn-£3.2bn underlying operating profit and £3.0bn-£3.1bn free cash flow
- **Growing resilience:** Net cash balance stood at £1.1bn and TCC/GM ratio improved to 0.35x
- **Shareholder returns:** An interim dividend of 4.5p per share to be paid in September; and, in addition, we completed £0.4bn of our planned £1bn share buyback programme for 2025 during the period

Tufan Erginbilgic, CEO said: "Our multi-year transformation continues to deliver. Our actions led to strong first half year results, despite the challenges of the supply chain and tariffs. We are continuing to expand the earnings and cash potential of Rolls-Royce."

We delivered continued strong operational and strategic progress in the first half of 2025. In Civil Aerospace, we achieved significant time on wing milestones and delivered improved aftermarket profitability. In Power Systems, where we now see further growth potential, we continued to capture profitable growth across data centres and governmental. In addition, Rolls-Royce SMR was selected as the sole provider of the UK's first small modular reactor programme. We expect Rolls-Royce SMR to be profitable and free cash flow positive by 2030.

A strong start to the year gives us confidence to raise our guidance for 2025. We now expect to deliver underlying operating profit of £3.1bn-£3.2bn and free cash flow of £3.0bn-£3.1bn. This builds further conviction in our mid-term targets, which include underlying operating profit of £3.6bn-£3.9bn and free cash flow of £4.2bn-£4.5bn. We see these targets as a milestone, not a destination, with substantial growth prospects beyond the mid-term."

Half Year 2025 Group Results

£ million	Underlying H1 2025 ¹	Underlying H1 2024 ¹	Statutory H1 2025	Statutory H1 2024
Revenue	9,057	8,182	9,490	8,861
Operating profit	1,733	1,149	2,074	1,646
Operating margin %	19.1%	14.0%	21.9%	18.6%
Profit before taxation	1,689	1,035	4,841	1,416
Basic earnings per share (pence) ²	15.74	8.95	52.38	13.71
Free cash flow	1,582	1,158		
Return on capital (%) ^{2, 3}	16.9%	13.8%		
Net cash flow from operating activities			2,018	1,669
			30 Jun 2025	31 Dec 2024
Net cash			1,084	475

¹ All underlying income statement commentary is provided on an organic basis unless otherwise stated. A reconciliation of alternative performance measures to their statutory equivalent is provided on pages 43 to 46

² In H1 2025, the Group recognised a £277m credit to underlying profit after tax (PAT) in respect of deferred tax assets on UK tax losses. This £277m credit has been adjusted in the calculation of the dividend per share, earnings per share and return on capital. For further details, see note 5, page 29

³ Adjusted Return on Capital is defined on page 46 and is abbreviated to return on capital

Half Year 2025 performance summary

- **Strategic delivery:** The first half of 2025 has been another period of strong strategic delivery, with significant year on year improvement across all key financial metrics. Driving this improvement were our strategic initiatives, including commercial optimisation and cost efficiency benefits. Strong financial performance was achieved despite an uncertain external environment, including continued supply chain challenges and tariffs. We expect to fully offset the impact of the announced tariffs through the mitigating actions we are taking. We are closely monitoring the potential indirect impact on economic growth, foreign exchange rates, and inflation and we will continue to take the necessary actions. We have seen some improvement in the supply chain, notably the availability of finished parts, helped by our actions, although we continue to see inflationary pressure in product costs.
- **Significant operating profit and margin growth:** Underlying operating profit was £1.7bn (H1 2024: £1.1bn) with an operating margin of 19.1% (H1 2024: 14.0%). The largest margin improvement was in Civil Aerospace, which delivered an operating margin of 24.9% (H1 2024: 18.0%). This was driven by strong large engine aftermarket performance, contractual margin improvements, and higher spare engine profit. Defence delivered an underlying operating margin of 15.4% (H1 2024: 15.5%), driven by improved performance in transport offset by the continued impact of supply chain challenges. Power Systems reported an operating margin of 15.3% (H1 2024: 10.3%), primarily driven by continued profitable growth in power generation, notably in data centres, and governmental. Across all divisions, our cost efficiency actions have helped to mitigate the impact of inflation.
- **Sustainable free cash flow growth:** Free cash flow was £1.6bn (H1 2024: £1.2bn), driven by strong operating profit and continued long-term service agreement (LTSA) balance growth. Civil net LTSA balance growth net of risk and revenue sharing agreements (RRSAs) of £472m (H1 2024: £544m) in the period was supported by higher large engine flying hours (EFH) at 109% of 2019 levels (H1 2024: 101%) and an improved EFH rate, partly offset by higher shop visit volumes. The actions we are taking to improve LTSA contracts are driving both higher margins and stronger cash flows.
- **Building further resilience:** As well as strengthening the balance sheet, we are delivering a more robust and less volatile free cash flow that is more resilient to the external environment. Net cash increased by £609m to £1.1bn (2024 FY: £475m). Gross debt stood at £3.5bn, of which 1.0bn matures in October 2025 and will be repaid from free cash flow, and lease liabilities were £1.4bn. Together with cash and cash equivalents of £6.0bn, we have a robust liquidity position of £8.5bn at 30 June 2025 (2024 FY: £8.1bn). In addition, total underlying cash costs as a proportion of underlying gross margin (TCC/GM) continued to improve to 0.35x (H1 2024: 0.49x).
- **Growing shareholder returns:** In line with our capital framework, we will pay an interim dividend per share of 4.5p in September¹. We are making good progress with our £1bn share buyback programme for 2025, having completed £0.4bn by the end of June. Taken together, the 6p dividend per share in respect of the full year 2024, the interim dividend, and the share buyback will see us return £1.9bn to shareholders through 2025.

¹ Further information on the dividend and the Company's Dividend Reinvestment Programme can be found in Note 7 to the condensed consolidated interim financial statements, page 30

Transformation programme and strategic initiatives

Our strategic framework is founded on four strategic pillars. We continue to make strong progress against each of these pillars.

- **Portfolio choices & partnerships:**
 - ČEZ Group became a shareholder in Rolls-Royce SMR in March. Alongside a commitment to buy up to six Small Modular Reactors (SMRs), ČEZ Group brings significant experience as a nuclear power plant operator with an established nuclear supply chain.
 - Rolls-Royce and Turkish Technic announced plans to establish a state-of-the-art maintenance, repair, and overhaul (MRO) facility at Istanbul Airport which will help address growing long-term aftermarket demand. This facility will be operational by the end of 2027, providing maintenance services for Trent XWB-84, Trent XWB-97, and Trent 7000 engines.
 - In Power Systems, we are continuing to invest in our next generation engine that will offer higher power density, lower emissions, and improved fuel consumption compared to its peers, and will enter into service in 2028. We are also significantly upgrading our military engines, with higher power density, to capture growing demand.
 - In July, we completed the sale of our naval propulsors business to Fairbanks Morse Defence (FMD) and we expect to close the sale of the naval handling business, also to FMD, at a later date.
- **Advantaged businesses & strategic initiatives:**
 - In Civil Aerospace, we continue to drive for improved commercial terms and lower costs across our widebody and business aviation contracts, which will deliver a significant benefit to underlying operating profit and cash flow to the mid-term and beyond. All our original equipment (OE) contracts have now been successfully renegotiated. We have also now renegotiated the most significant onerous aftermarket contracts and expect to largely conclude the remainder through 2025 and 2026.
 - Our time on wing programme, which will deliver more than an 80% improvement on average across modern Trent engines by 2027, is progressing well. We have now either delivered or secured more than half of the targeted improvement. A significant milestone achieved in the period, supporting this target, was on the Trent XWB-84 where the analysis of millions of hours of operating data will allow us to systematically raise the cycle limit of critical parts, and combined with a compressor blade modification, further increases the time on wing of this engine. The achievement of this milestone, combined with the renegotiations of onerous contracts, supported total gross contractual margin improvements of £402m in the period.
 - In June, the improved high-pressure turbine (HPT) blade for the Trent 1000 TEN, that will more than double the time on wing of the engine, was certified. We remain on track to deliver improvements for the Trent 1000 and Trent 7000 that will deliver a further 30% time on wing benefit by the end of this year. In addition, the Airbus A350-900 powered by the new Trent XWB-84EP variant, which will improve fuel consumption by more than 1% relative to the baseline engine and deliver a further time on wing benefit, entered into service in May.

- In business aviation, the Pearl 700-powered Gulfstream G800 was certified by the FAA and EASA in April, ahead of the aircraft's entry into service later this year. On the Pearl 10X engine, for the Dassault Falcon 10X, we have successfully completed all major engine certification tests and will submit the certification reports to the regulators for approval.
 - In Defence, we were awarded a £0.5bn five-year support contract with the UK Ministry of Defence for maintenance and service of the EJ200 engine that powers the UK Royal Air Force's Typhoon aircraft. We also secured orders for Trent 7000 engines for the new upgraded Airbus MRTT+ (multi role tanker transport plus) aircraft. In addition, we signed a sustainment contract worth £1.0bn with the US Air Force for the AE 2100 engines.
 - In Power Systems, we have made focused investments in our production capacity in the US that will support continued data centre growth. Demand for our backup power generators for data centres remains very strong, and we now expect higher revenue growth, at around 20% per year to the mid-term in the power generation segment (previously 15%-17%). Our governmental business is also well positioned to capture the benefits from increased European defence spending. As a result, we now expect higher governmental revenue growth of 12%-14% per year to the mid-term, mainly driven by growth in land defence.
- **Efficiency & Simplification:**
 - Our TCC/GM ratio further improved to 0.35x. This represents a best-in-class ratio and a competitive advantage as we transform Rolls-Royce into a more resilient business.
 - We have delivered more than £450m of Efficiency & Simplification benefits since the start of 2022 and remain on track to deliver more than £500m by the end of this year. Our Efficiency & Simplification targets are supported by zero-based budgeting and our Group Business Services (GBS) strategy. GBS efficiencies are scaling up: we have opened a new GBS centre in Poland and are expanding our centre in India.
 - We have delivered more than £850m of gross third-party cost savings since the start of 2022 which has helped to partially offset inflationary pressures, and we remain on track to deliver more than £1bn by the end of this year.
- **Lower carbon & digitally enabled businesses:**
 - In June, Rolls-Royce SMR was chosen as the sole provider in the Great British Energy - Nuclear (GBEN) SMR competition to build three SMR units in the UK. Contractual terms are expected to be finalised in the fourth quarter of 2025, resulting in a two-stage contract that will see the first SMR connected to the grid by the mid-2030s. This project will start to generate revenues and profit from late 2025 onwards, with positive cash flows throughout. We expect Rolls-Royce SMR to be profitable and free cash flow positive by 2030. We continue to see significant international interest in Rolls-Royce SMRs, including in Sweden where we have been shortlisted as one of two potential SMR providers by Vattenfall.
 - In Power Systems, our battery energy storage systems (BESS) business has won major orders, including for the Ignitis Group in Lithuania, which are supporting strong revenue growth and our ambition to achieve breakeven performance in the near-term.
 - We are increasingly adopting Artificial Intelligence (AI) across the Group as part of our digital strategy. We are testing our own Generative AI platform for a variety of use cases including accelerating new product introductions and more efficient MRO processes. We are also working to provide greater transparency across our supply chain through digital, data and AI.
 - Our Engine Health Monitoring (EHM) has moved to the cloud for key widebody and business aviation engines. This offers improved performance, scalability, and resilience as well as advanced AI capabilities that can be used for improvements in engine performance.

These strategic initiatives are continuing to expand the earnings and cash potential of the business.

Outlook and 2025 guidance

A strong first half delivery gives us confidence to raise our full year 2025 guidance, despite a challenging and uncertain external environment. This reflects the continued execution of our strategic initiatives, notably commercial optimisation and cost efficiencies.

2025 financial guidance	Updated	Previous
Underlying operating profit	£3.1bn-£3.2bn	£2.7bn-£2.9bn
Free cash flow	£3.0bn-£3.1bn	£2.7bn-£2.9bn

Operating profit guidance for the full year 2025 now stands at £3.1bn-£3.2bn. Compared to an operating profit of £1.7bn in the first half, we expect a slightly lower delivery in the second half of 2025 due to a lower contribution from net contractual margin improvements (H1 2025: £288m), an increased number of OE deliveries and higher MRO

investment related costs in Civil Aerospace.

Free cash flow guidance for the full year 2025 now stands at £3.0bn-£3.1bn. We expect a slightly lower free cash flow in the second half compared to the first half of 2025. This reflects a slightly lower operating profit in the second half of the year, alongside an increased number of large engine major shop visits with a significant increase in Trent 1000 major shop visits. Investments across the Group will also be higher in the second half as we continue to support growth to the mid-term and beyond.

As guided in February, our free cash flow guidance for full year 2025 still includes a £150-200m cash impact related to the aerospace supply chain. Our actions have resulted in some improvements in parts availability across the supply chain. However, we anticipate challenges to persist through 2025 and 2026.

Our guidance assumes Civil net LTSA creditor growth at the low end of the range of £0.8bn-£1.2bn. In Civil Aerospace, we continue to expect large EFH in the range of 110-115% of 2019 levels and 1,400-1,500 total shop visits. We now expect total OE deliveries at the low end of the 540-570 range.

Mid-term targets

We are making good progress towards our mid-term targets, which were set in February 2025 and are based on a 2028 timeframe. These mid-term targets remain significantly underpinned by our actions, investments, and strategic initiatives, including the benefits of efficiency and simplification across the Group. The performance improvements that underpin these targets and the actions required to deliver them are owned across the Group and supported by rigorous performance management.

	Mid-term targets (2028)
Group targets:	
Underlying operating profit	£3.6bn-£3.9bn
Underlying operating margin	15%-17%
Free cash flow	£4.2bn-£4.5bn
Return on capital	18%-21%
Divisional margin targets:	
Civil Aerospace	18%-20%
Defence	14%-16%
Power Systems	14%-16%

We continue to see our mid-term targets as a milestone, not a destination, and we see strong growth prospects beyond the mid-term across the Group.

Financial performance by business

£ million	Underlying revenue	Organic change ¹	Underlying operating profit/(loss)	Organic change ¹	Underlying operating margin	Organic margin change ¹
Civil Aerospace	4,786	17%	1,193	63%	24.9%	7.1pt
Defence	2,223	1%	342	0%	15.4%	(0.2)pt
Power Systems	2,042	20%	313	89%	15.3%	5.6pt
All Other Businesses ²	6	nm ³	(78)	nm ³	nm ³	nm ³
Corporate/eliminations	-	nm ³	(37)	6%	nm ³	nm ³
Total	9,057	13%	1,733	50%	19.1%	4.9pt

Trading cash flow

£ million	H1 2025	H1 2024
Civil Aerospace	1,111	1,038
Defence	327	234
Power Systems	425	121
All Other Businesses ²	17	(71)
Corporate/eliminations	(33)	(33)
Total trading cash flow	1,847	1,289
Underlying operating profit charge exceeded by contributions to defined benefit schemes	(6)	(18)
Taxation	(259)	(113)
Total free cash flow	1,582	1,158

¹ Organic change is the measure of change at constant translational currency applying full year 2024 average rates to 2024 and 2025 and excludes M&A and business closures. All underlying income statement commentary is provided on an organic basis unless otherwise stated

² All Other Businesses include the financial results of Rolls-Royce SMR (also referred to as Rolls-Royce SMR Limited), electrical power solutions and the UK Civil Nuclear business (see note 2 for further details)

³ nm is defined as not meaningful

Civil Aerospace

	Large	Business aviation/

H1 2025 key Civil Aerospace operational metrics:	engine	regional	Total	Change
OE deliveries	122	115	237	1
LTSA engine flying hours (millions)	8.1	1.5	9.6	0.6
Total LTSA shop visits	494	202	696	72
...of which major shop visits	217	189	406	12

Significantly improved Civil Aerospace operating profit reflects strong large engine aftermarket performance, across both LTSA and time and materials, net contractual margin improvements, and higher spare engine profit.

In the first half of 2025, a total of 349 large engines were ordered (H1 2024: 273) with a gross book-to-bill of 2.9x (H1 2024: 2.3x). The Trent XWB-97 and Trent 7000 were our bestselling engines in the period, with 163 and 148 orders, respectively. Significant new orders included Riyadh Air, Vietjet Air, STARLUX and AviLease. As a result of strong order inflow, our large engine order book increased by 12% and now stands at 2,056 engines at the end of June 2025.

Total OE deliveries of 237 engines were broadly similar to the prior period (H1 2024: 236), with 115 business aviation deliveries (H1 2024: 116) and 122 total large engine deliveries (H1 2024: 120). In the first half of 2025 we delivered 23 large spare engines (H1 2024: 21), which represented 19% of total large engine deliveries (H1 2024: 18%). Total shop visits increased by 12% versus the prior period to 696 (H1 2024: 624); of these 217 were large engine major shop visits (H1 2024: 195).

Underlying revenue of £4.8bn increased 17%, driven by higher shop visit volumes and commercial optimisation. Underlying OE revenue grew by 12% in the period to £1.5bn and services revenue grew by 19% to £3.3bn. LTSA revenue catch-ups were £126m (H1 2024: £258m).

Underlying operating profit was £1.2bn (24.9% margin) versus £740m in H1 2024 (18.0% margin). The significant increase in operating profit was driven by stronger large engine aftermarket performance, with higher LTSA volumes and margins alongside increased time and materials profit, a larger contribution from contractual margin improvements, and improved spare engine profits.

Our efforts to improve the commercial terms and reduce costs across our large engine and business aviation contracts supported gross contractual margin improvements of £402m. These were primarily driven by the continued successful renegotiation of onerous contracts in the period, alongside the achievement of key time on wing milestones on the Trent XWB-84.

These benefits were partially offset by £114m of additional charges associated with the impact of prolonged supply chain challenges, which were booked across onerous provisions and contract catch-ups. As a result, net contractual margin improvements were £288m (H1 2024: £223m), comprising contract catch-ups of £107m (H1 2024: £216m) and onerous provision releases of £181m (H1 2024: £7m).

Trading cash flow of £1.1bn was slightly higher than the prior period (H1 2024: £1.0bn). Cash flow in the period was largely driven by operating profit alongside continued net LTSA balance growth. LTSA balance growth net of RRSAs of £472m (H1 2024: £544m) was supported by continued EFH growth, a higher normalised EFH rate due to our commercial actions, with LTSA invoiced flying hour receipts of £3.0bn (H1 2024: £2.9bn). This was offset by an increased number of shop visits. Large EFH rose by 8% versus the prior period to 109% of 2019 levels, driven primarily by new aircraft deliveries. Business aviation and regional EFH were broadly unchanged in the period.

Defence

Operating profit was similar to the prior period, with improved performance in transport offset by the absence of a one-off benefit in submarines and the impact of continued supply chain challenges.

Demand remains high, with an order intake of £4.0bn and a book-to-bill ratio of 1.8x. Combat and transport order intake was particularly strong, and with improved profitability. Order backlog now stands at £18.8bn, equivalent to around four years of revenue, with order cover approaching 100% for the remainder of 2025.

Revenues of £2.2bn were flat compared to the prior period¹. Transport revenues grew by 29%, with strong growth across both OE and aftermarket. This was offset by lower submarines revenues¹, which fell by 19% due to the absence of a one-off benefit in the prior period of £180m. Key milestones in the period included the first engine delivery for the MQ-25 programme and the first MV-75 FLRAA engine entering development testing.

Operating profit was £342m (15.4% margin) compared to £345m (15.5% margin) in the prior period. This reflects improved performance in transport, across both OE and aftermarket, offset by the absence of the submarines one-off benefit in the prior period and the continued impact of supply chain constraints, notably in naval.

Trading cash flow was £327m compared to £234m in the prior period, with a similar operating profit alongside an improved working capital performance.

Power Systems

In Power Systems, significantly improved operating profit and margins primarily reflects profitable growth in both power generation, driven by data centres, and governmental.

Order intake was £2.9bn with a book-to-bill ratio of 1.4x. This represents a 32% increase compared to the prior period, driven by strong power generation demand where order intake rose by 68%, which included an 85% year on year increase in data centre orders. As a result of strong order intake, the order backlog now stands at a record level, with OE order coverage of 100% for the remainder of 2025 and 43% for 2026. Order coverage ratios are high relative to history, with increased coverage in both power generation and governmental.

Underlying revenue was £2.0bn, an increase of 20% versus the prior period. Power generation revenue growth was 26%, including data centre revenue growth of 45%. Governmental revenue growth was 19%, driven by higher demand in land defence and services. Underlying OE revenues grew by 21% to £1.4bn. Underlying services revenue grew by 17% to £661m.

Underlying operating profit grew by 89% to £313m. Underlying operating margin rose by 5.6pts to 15.3% (H1 2024: 10.3%). The increase in underlying operating profit reflects profitable growth in power generation, driven by data centres, governmental growth, and improved BESS profitability.

Trading cash flow was £425m with a conversion ratio of 136% versus £121m and 64% last year. The increase in trading cash flow was mainly due to higher operating profit alongside an improved working capital performance, reflecting the benefits of our working capital initiatives alongside some timing benefits associated with customer advances in H1 2025.

¹ Defence revenues in H1 2024 included a £180m benefit of a one-off capital and lease transaction. Excluding this, Defence revenues in H1 2025 grew 10%, submarine revenues grew 6%

Statutory and underlying Group financial performance

	H1 2025				H1 2024	
£ million	Statutory	Impact of hedge book ¹	Impact of acquisition accounting	Impact of other non-underlying items	Underlying	Underlying
Revenue	9,490	(433)	-	-	9,057	8,182
Gross profit	2,927	(102)	7	(260)	2,572	1,977
Operating profit	2,074	(102)	8	(247)	1,733	1,149
Gain arising on disposal of businesses	679	-	-	(679)	-	-
Profit before financing and taxation	2,753	(102)	8	(926)	1,733	1,149
Net financing income/(costs)	2,088	(2,163)	-	31	(44)	(114)
Profit before taxation	4,841	(2,265)	8	(895)	1,689	1,035
Taxation	(433)	572	(2)	(230)	(93)	(298)
Profit for the period	4,408	(1,693)	6	(1,125)	1,596	737
Basic earnings per share (pence) ²	52.38				15.74	8.95

Revenue: Underlying revenue of £9.1bn was up 13%, with strong growth in Civil Aerospace and Power Systems. Statutory revenue of £9.5bn was 7% higher compared with the prior period. The difference between statutory and underlying revenue is driven by statutory revenue being measured at average prevailing exchange rates (H1 2025: GBP:USD 1.30; H1 2024: GBP:USD 1.27) and underlying revenue being measured at the hedge book achieved rate during the period (H1 2025 GBP:USD 1.44; H1 2024: GBP:USD 1.48).

Operating profit: Underlying operating profit of £1.7bn (19.1% margin) versus £1.1bn (14.0% margin) in the prior period. The largest increase in underlying operating profit was in Civil Aerospace, driven by strong large engine aftermarket performance, contractual margin improvements and higher spare engine profit. Power Systems delivered significantly higher profit as a result of continued profitable growth in power generation, notably in data centres, and governmental. Statutory operating profit was £2.1bn, higher than the £1.7bn underlying operating profit due to a £102m negative impact from currency hedges in the underlying results, and items excluded from the underlying results, being: £8m relating to the amortisation of intangible assets arising on previous acquisitions; £247m of other non-underlying items comprising a £185m impairment reversal related to a Civil Aerospace programme asset impairment previously recorded, £83m onerous provision release, and charges relating to transformation and restructuring costs of £21m.

Gain arising on disposal of businesses: During the period, ČEZ Group made a strategic investment into Rolls-Royce SMR. As a result, Rolls-Royce SMR was deconsolidated as it transitioned from a subsidiary to an equity-accounted investment, resulting in a profit on disposal of the subsidiary of £679m.

Profit before taxation: Underlying profit before taxation of £1.7bn included £(44)m net financing costs comprising £147m interest receivable, £(125)m interest payable and £(66)m of other financing charges and costs of undrawn facilities. Statutory profit before tax of £4.8bn included £1.6bn net fair value gains on derivative contracts, net foreign exchange gains of £529m, £(64)m other financing charges, costs of undrawn facilities and pension scheme financing and £(11)m net interest payable.

Taxation: Underlying tax charge of £(93)m (H1 2024: £(298)m) reflects an overall tax charge on profits of Group companies, offset by a tax credit of £31m relating to utilisation of a previously unrecognised deferred tax asset on UK tax losses against profits in the period, and a further £277m relating to recognition of a previously unrecognised deferred tax asset on UK tax losses. These are reflected in the statutory tax charge of £(433)m (H1 2024: £(280)m) which also includes a further tax credit of £286m on recognition of a previously unrecognised deferred tax asset on UK tax losses, a £170m tax credit relating to the deconsolidation of Rolls-Royce SMR from the Group, and a £13m tax credit relating to other non-underlying items.

¹ Reflecting the impact of measuring revenue and costs at the average exchange rate during the period and the valuation of assets and liabilities using the period end exchange rate rather than the rate achieved on settled foreign exchange contracts in the period or the rate expected to be achieved by the use of the

Free cash flow

£ million	H1 2025				H1 2024	
	Cash flow	Impact of hedge book	Impact of acquisition accounting	Impact of other non-underlying items	Funds flow	Funds flow
Operating profit	2,074	(102)	8	(247)	1,733	1,149
Depreciation, amortisation and impairment	256	-	(8)	185	433	427
Movement in provisions	(395)	(8)	-	109	(294)	(106)
Movement in Civil Aerospace LTSA balance	440	1	-	-	441	715
Movement in RRSA prepayments for LTSA parts	46	(15)	-	-	31	(171)
Movement in cost to obtain contracts	(48)	-	-	-	(48)	7
Settlement of excess derivatives	(116)	-	-	-	(116)	(75)
Interest received	150	-	-	-	150	124
Other operating cash flows	64	-	-	-	64	(10)
Operating cash flow before working capital and income tax	2,471	(124)	-	47	2,394	2,060
Working capital ¹	226	(247)	-	(1)	(22)	(228)
Cash flows on other financial assets and liabilities held for operating purposes	(389)	358	-	-	(31)	(5)
Income tax	(290)	-	-	31	(259)	(113)
Cash from operating activities	2,018	(13)	-	77	2,082	1,714
Capital element of lease payments	(91)	13	-	-	(78)	(112)
Capital expenditure	(349)	-	-	-	(349)	(291)
Cash received on maturity of share based payment schemes	38	-	-	-	38	-
Investments	31	-	-	-	31	17
Interest paid	(136)	-	-	-	(136)	(157)
Other	71	-	-	(77)	(6)	(13)
Free cash flow	1,582	-	-	-	1,582	1,158

Free cash flow in the period was £1.6bn, an improvement of £0.4bn compared with the prior period driven by:

Underlying operating profit of £1.7bn, £0.6bn higher than the prior period. This reflects higher underlying operating profit in Civil Aerospace and Power Systems, driven by our strategic initiatives, including commercial optimisation and cost efficiency benefits.

Movement in provisions of £(294)m driven by utilisation across several provisions held, including onerous contracts, warranty and guarantees, transformation and restructuring.

Movement in Civil LTSA balance was £441m, driven by continued EFH growth and a higher normalised EFH rate due to our commercial actions, offset by an increased number of shop visits.

Movements in prepayments to RRSAs for LTSA parts of £31m (H1 2024: £(171)m) arises as amounts recognised in the income statement (as parts supplied by RRSA partners are used) have been in excess of payments to RRSA partners in the period, where the RRSA partner receives a share of the cashflows the Group has received from its customers.

Interest received of £150m, £26m higher than the prior period. This reflects a higher average cash balance through the period.

Other operating cash flows of £64m include share of results and dividends received from joint ventures and associates, flows relating to our defined benefit post-retirement schemes, and share based payments.

Working capital outflows of £(22)m, compared to £(228)m in the prior period. A net inflow of £586m from receivables, payables and contract liabilities reflecting the benefits from our working capital initiatives was offset by a £(608)m increase in inventories to meet demand across the Group.

¹ Working capital includes inventory, trade and other receivables and payables, and contract assets and liabilities (excluding Civil Aerospace LTSA balances, prepayment to RRSAs and costs to obtain contracts)

Income tax of £(259)m, net cash tax payments for the first half of 2025 were higher than the prior period of £(113)m due to higher profit and some timing impacts, including final payments made in respect of the prior year.

Capital expenditure of £(349)m, includes £(202)m of property, plant and equipment additions and £(167)m of intangibles additions. The combined additions were higher than the prior period as a result of investment in R&D, technology and site improvements across the Group.

Interest paid of £(136)m, including lease interest payments, is £21m lower than the prior period. The reduction in interest charges is across interest paid, interest element of lease payments and fees paid on undrawn facilities.

Balance Sheet

£ million	30 June 2025	31 December 2024	Change
Intangible assets	4,488	4,402	86
Property, plant and equipment	3,732	3,724	8
Right-of-use assets	785	761	24
Joint ventures and associates	1,244	592	652
Civil Aerospace LTSA ¹	(10,693)	(10,184)	(509)

2024	2023	2022	
RRSA prepayments for parts ¹	1,836	1,668	168
Costs to obtain contracts ¹	183	135	48
Working capital ¹	(1,816)	(1,731)	(85)
Provisions	(1,617)	(1,994)	377
Net cash ²	1,084	475	609
Net financial assets and liabilities ²	75	(1,980)	2,055
Net post-retirement scheme deficits	(192)	(191)	(1)
Taxation	3,249	3,383	(134)
Assets and liabilities held for sale ³	69	53	16
Other net assets and liabilities	7	6	1
Net assets/(liabilities)	2,434	(881)	3,315
Other items			
US hedge book (US bn)	21	19	

Key drivers of balance sheet movements were:

Joint ventures and associates: The £0.7bn increase was largely a result of Rolls-Royce SMR being recognised at its fair value as an equity-accounted investment following the strategic investment by ČEZ Group (ČEZ) in Rolls-Royce SMR during the period.

Civil LTSA: The £(509)m movement in the net liability balance was mainly driven by an increase in invoiced LTSA receipts exceeding revenue recognised in the period.

Working capital: The £(1.8)bn net working capital position increased by £(85)m compared to the prior period. The movement comprised an increase in contract liabilities of £(495)m and £(109)m increase in net payables due to changes in operational volumes and timing of supplier payments. This was partly offset by a £519m increase in inventory reflecting higher sales volumes.

Provisions: The £377m net reduction in provisions was due to onerous contract loss reversals and utilisation being greater than onerous contract loss charges in the period, supported by continued efforts to renegotiate our most significant onerous contracts.

Net cash: Increased from £475m to £1.1bn driven by a free cash inflow of £1.6bn. Our liquidity position is strong with £8.5bn of liquidity including cash and cash equivalents of £6.0bn and undrawn facilities of £2.5bn. Net cash included £(1.4)bn of lease liabilities (2024 FY: £(1.6)bn).

¹ The total of these lines represent inventory, trade receivables and payables, contract assets and liabilities and other assets and liabilities in the statutory balance sheet

² Net cash includes £(50)m (2024: £33m) of the fair value of derivatives included in fair value hedges and the element of fair value relating to exchange differences on the underlying principal of derivatives in cash flow hedges

³ Assets and liabilities held for sale relate to the sale of the naval propulsors & handling business

Net financial assets and liabilities: A £2.1bn increase in the net financial assets primarily driven by fair value gains on foreign exchange and commodity contracts due to the impact of the movement in GBP:USD exchange rates.

Taxation: The net tax asset reduced by £(134)m to £3.2bn. The decrease primarily relates to a £(502)m reduction in deferred tax related to foreign exchange derivatives, which moved from a net financial liability to a net financial asset position, and a £(200)m reduction in deferred tax assets driven by a reactivation of previously disallowed interest and asset impairment reversals. These are partly offset by the recognition of a £563m deferred tax asset relating to UK tax losses that was previously not recognised. Deferred tax liabilities have decreased by £7m.

Results meeting and webcast

Our results presentation will be held at UBS, 5 Broadgate, London EC2M 2QS and webcast live at 09:00 (BST) today. Attendance is by pre-registration only. Downloadable materials will also be available on the Investor Relations section of the Rolls-Royce website: <https://www.rolls-royce.com/investors/results-and-events.aspx>

To register for the webcast, including Q&A participation, please visit the following link:

<https://app.webinar.net/bmy0V0Qnd1o>

Please use this same link to access the webcast replay which will be made available shortly after the event concludes. Photographs and broadcast-standard video are available at www.rolls-royce.com

Enquiries:

Investors:
Jeremy Bragg +44 7795 840875
Ruchi Malaiya +44 7900 189184

Media:
Richard Wray +44 7810 850055

The person responsible for arranging the release of this announcement on behalf of Rolls-Royce Holdings plc is Claire-Marie O'Grady, Chief Governance Officer

This results announcement contains forward-looking statements. Any statements that express forecasts, expectations and projections are not guarantees of future performance and will not be updated. By their nature, these statements involve risk and uncertainty, and a number of factors could cause material differences to the actual results or developments. This report is intended to provide information to shareholders, is not designed to be relied upon by any other party, or for any other purpose and Rolls-Royce Holdings plc and its directors accept no liability to any other person other than under English law.

LSE: RR.; ADR: RYCEY; LEI: 213800EC7997ZBLZJH69

Condensed Consolidated Interim Financial Statements

Condensed consolidated income statement

For the half-year ended 30 June 2025

	Notes	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Revenue	2	9,490	8,861
Cost of sales ^{1,2}		(6,563)	(6,753)
Gross profit	2	2,927	2,108
Commercial and administrative costs	2	(631)	(641)
Research and development ²	2, 3	(246)	101
Share of results of joint ventures and associates		24	78
Operating profit		2,074	1,646
Gain arising on disposal of business ³	20	679	-
Profit before financing and taxation		2,753	1,646
Financing income	4	2,342	306
Financing costs	4	(254)	(536)
Net financing income/(costs) ⁴		2,088	(230)
Profit before taxation		4,841	1,416
Taxation	5	(433)	(280)
Profit for the period		4,408	1,136
Attributable to:			
Ordinary shareholders		4,416	1,149
Non-controlling interests (NCI)		(8)	(13)
Profit for the period		4,408	1,136
Other comprehensive (expense)/income (OCI)		(330)	123
Total comprehensive income for the period		4,078	1,259
Earnings per ordinary share attributable to ordinary shareholders:	6		
Basic		52.38p	13.71p
Diluted		52.15p	13.63p

¹ Cost of sales includes a net release for expected credit losses of £13m (30 June 2024: £19m charge). Further details can be found in note 11

² In the period ended 30 June 2025, the impact of an exceptional impairment reversal was included within both cost of sales, £176m (30 June 2024: £132m), and research and development, £9m (30 June 2024: £413m). Further details can be found in notes 2 and 8

³ An exceptional gain on disposal was recognised as a result of the deconsolidation of Rolls-Royce SMR Limited during the period. Further details can be found in note 20

⁴ Included within net financing are fair value changes on derivative contracts. Further details can be found in notes 2, 4 and 15

Condensed consolidated statement of comprehensive income

For the half-year ended 30 June 2025

	Notes	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Profit for the period		4,408	1,136
Other comprehensive (expense)/income (OCI)			
Actuarial movements in post-retirement schemes	17	(20)	124
Revaluation to fair value of other investments		1	(3)
Share of OCI of joint ventures and associates		(1)	(6)
Related tax movements		9	35
Items that will not be reclassified to profit or loss		(11)	150
Foreign exchange translation differences on foreign operations		(296)	(24)

NCI disposed through disposal of business	20	(23)	-
Movement on fair values charged to cash flow hedge reserve		(58)	(16)
Reclassified to income statement from cash flow hedge reserve		51	15
Share of OCI of joint ventures and associates		5	(2)
Related tax movements		2	-
Items that will be reclassified to profit or loss		(319)	(27)
Total other comprehensive (expense)/income		(330)	123
Total comprehensive income for the period		4,078	1,259
Attributable to:			
Ordinary shareholders		4,109	1,272
NCI		(31)	(13)
Total comprehensive income for the period		4,078	1,259

Condensed consolidated balance sheet

At 30 June 2025

	Notes	30 June 2025 £m	31 December 2024 £m
ASSETS			
Intangible assets	8	4,488	4,402
Property, plant and equipment	9	3,732	3,724
Right-of-use assets	10	785	761
Investments - joint ventures and associates ¹		1,244	592
Investments - other		6	5
Other financial assets	15	777	126
Deferred tax assets		3,475	3,660
Post-retirement scheme surpluses	17	750	790
Non-current assets		15,257	14,060
Inventories		5,611	5,092
Trade receivables and other assets	11	8,717	8,713
Contract assets	12	1,703	1,813
Taxation recoverable		51	71
Other financial assets	15	400	209
Cash and cash equivalents		6,044	5,575
Current assets		22,526	21,473
Assets held for sale	20	157	153
TOTAL ASSETS		37,940	35,686
LIABILITIES			
Borrowings and lease liabilities	13	(2,071)	(1,097)
Other financial liabilities	15	(416)	(642)
Trade payables and other liabilities	14	(8,105)	(8,009)
Contract liabilities	12	(7,048)	(6,309)
Current tax liabilities		(53)	(117)
Provisions for liabilities and charges	16	(525)	(589)
Current liabilities		(18,218)	(16,763)
Borrowings and lease liabilities	13	(2,838)	(4,035)
Other financial liabilities	15	(736)	(1,640)
Trade payables and other liabilities	14	(1,766)	(1,965)
Contract liabilities	12	(9,602)	(9,447)
Deferred tax liabilities		(224)	(231)
Provisions for liabilities and charges	16	(1,092)	(1,405)
Post-retirement scheme deficits	17	(942)	(981)
Non-current liabilities		(17,200)	(19,704)
Liabilities associated with assets held for sale	20	(88)	(100)
TOTAL LIABILITIES		(35,506)	(36,567)
NET ASSETS / (LIABILITIES)		2,434	(881)
EQUITY			
Called-up share capital ²		1,691	1,701
Share premium ²		-	1,012
Capital redemption reserve ²		2	168
Cash flow hedge reserve		13	13
Translation reserve		307	603
Retained earnings / (accumulated losses) ²		395	(4,409)
Equity attributable to ordinary shareholders		2,408	(912)
Non-controlling interest (NCI)		26	31
TOTAL EQUITY		2,434	(881)

¹ An equity-accounted investment was recognised at fair value on the balance sheet as a result of the deconsolidation of Rolls-Royce SMR Limited during the period. Further details can be found in note 20

² On 1 May 2025 Rolls-Royce Holdings plc performed a bonus issue of one share from its merger reserve for £6,962m. This merger reserve was presented within retained earnings / (accumulated losses) within the consolidated statement of changes in equity. The company subsequently performed a capital reduction against share capital, share premium, and capital redemption reserve

Condensed consolidated cash flow statement

For the half-year ended 30 June 2025

	Notes	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Reconciliation of cash flows from operating activities			
Operating profit		2,074	1,646
Loss on disposal of property, plant and equipment		4	1
Share of results of joint ventures and associates		(24)	(78)
Dividends received from joint ventures and associates		30	15
Amortisation and impairment of intangible assets	8	111	(287)
Depreciation and impairment of property, plant and equipment	9	132	205
Depreciation and impairment of right-of-use assets	10	13	129
Impairment of and other movements on investments		-	4
(Decrease)/Increase in provisions		(395)	38
Increase in inventories		(608)	(641)
Movement in trade receivables/payables and other assets/liabilities		300	573
Movement in contract assets/liabilities		972	497
Cash flows on other financial assets and liabilities held for operating purposes ¹		(389)	(410)
Cash flows on settlement of excess derivative contracts ²		(116)	(75)
Interest received		150	124
Net defined benefit post-retirement cost recognised in profit before financing	17	33	21
Cash funding of defined benefit post-retirement schemes	17	(39)	(39)
Share-based payments		60	59
Net cash inflow from operating activities before taxation		2,308	1,782
Taxation paid		(290)	(113)
Net cash inflow from operating activities		2,018	1,669
Cash flows from investing activities			
Additions of intangible assets	8	(167)	(165)
Disposals of intangible assets		1	-
Purchases of property, plant and equipment		(202)	(133)
Disposals of property, plant and equipment		6	7
Disposal of right-of-use assets		13	-
Disposal of business	20	(85)	-
Movement in investments in joint ventures and associates		(4)	(16)
Cash flows on other financial assets and liabilities held for non-operating purposes		-	(12)
Net cash outflow from investing activities		(438)	(319)
Cash flows from financing activities			
Repayment of loans		(176)	(475)
Proceeds from increase in loans		176	4
Settlement of swaps hedging fixed rate borrowings		-	(11)
Capital element of lease payments		(91)	(122)
Net cash flow from decrease in borrowings and lease liabilities		(91)	(604)
Interest paid		(96)	(103)
Interest element of lease payments		(38)	(42)
Fees paid on undrawn facilities		(2)	(12)
Cash received on maturity of share-based payment schemes		38	-
Transactions with NCI ³		35	33
Redemption of C Shares		(1)	-
Share buyback		(380)	-
Dividend	7	(507)	-
Net cash outflow from financing activities		(1,042)	(728)
Change in cash and cash equivalents		538	622
Cash and cash equivalents at 1 January		5,573	3,731
Exchange losses on cash and cash equivalents		(69)	(40)
Cash and cash equivalents at 30 June ⁴		6,042	4,313

¹ Predominantly relates to cash settled on derivative contracts held for operating purposes

² In 2020, the Group took action to reduce the size of the USD hedge book by 11.8bn across 2020-2026 to reflect the fact that at that time, future operating cash flows were no longer forecast to materialise. To achieve the necessary reduction in the hedge book, a separate and distinct set of foreign exchange derivative instruments were entered into to buy 11.8bn which had the impact of fixing the fair value of the over-hedged position and provided certainty over when the cash flows to settle the position would occur in future periods. The associated cash outflow of these transactions is £1,674m and occurs over the period 2020-2026. During the period, the Group incurred a cash outflow of £116m (30 June 2024: £75m) and estimates that future cash outflows of £32m will be incurred during the remainder of 2025 and £27m during 2026

³ Relates to NCI investment received in the period in respect of Rolls-Royce SMR Limited

⁴ The Group considers overdrafts (repayable on demand) and cash held for sale to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the cash flow statement

Condensed consolidated cash flow statement continued

For the half-year ended 30 June 2025

In deriving the condensed consolidated cash flow statement, movements in balance sheet line items have been adjusted for non-cash items.

The cash flow in the period includes the sale of goods and services to joint ventures and associates - see note 10

differences on foreign operations	-	-	-	-	(296)	-	(296)	-	(296)
NCI disposed of on disposal of business	20	-	-	-	-	-	-	(23)	(23)
Actuarial movements on post-retirement schemes	17	-	-	-	-	(20)	(20)	-	(20)
Fair value movement on cash flow hedging reserve	-	-	-	(58)	-	-	(58)	-	(58)
Reclassified to income statement from cash flow hedging reserve	-	-	-	51	-	-	51	-	51
Revaluation to fair value of other investments	-	-	-	-	-	1	1	-	1
OCI of joint ventures and associates	-	-	-	5	-	(1)	4	-	4
Related tax movements	-	-	-	2	-	9	11	-	11
Total comprehensive (expense)/income for the period	-	-	-	-	(296)	4,405	4,109	(31)	4,078
Bonus issue ²	6,962	-	-	-	-	(6,962)	-	-	-
Capital reduction ²	(6,962)	(1,012)	(177)	-	-	8,151	-	-	-
Share buyback programme ³	(10)	-	10	-	-	(397)	(397)	-	(397)
Redemption of C shares	15	-	-	1	-	(1)	-	-	-
Share-based payments - direct to equity ⁴	-	-	-	-	-	96	96	-	96
Dividends paid	-	-	-	-	-	(507)	(507)	-	(507)
Transactions with NCI ⁵	-	-	-	-	-	9	9	26	35
Related tax movements	-	-	-	-	-	10	10	-	10
Other changes in equity in the period	(10)	(1,012)	(166)	-	-	399	(789)	26	(763)
At 30 June 2025	1,691	-	2	13	307	395	2,408	26	2,434
At 1 January 2024	1,684	1,012	167	12	634	(7,190)	(3,681)	52	(3,629)
Profit for the period	-	-	-	-	-	1,149	1,149	(13)	1,136
Foreign exchange translation differences on foreign operations	-	-	-	-	(24)	-	(24)	-	(24)
Actuarial movements on post-retirement schemes	-	-	-	-	-	124	124	-	124
Fair value movement on cash flow hedging reserve	-	-	-	(16)	-	-	(16)	-	(16)
Reclassified to income statement from cash flow hedging reserve	-	-	-	15	-	-	15	-	15
Revaluation to fair value of other investments	-	-	-	-	-	(3)	(3)	-	(3)
OCI of joint ventures and associates	-	-	-	(2)	-	(6)	(8)	-	(8)
Related tax movements	-	-	-	-	-	35	35	-	35
Total comprehensive (expense)/income for the period	-	-	-	(3)	(24)	1,299	1,272	(13)	1,259
Issue of ordinary shares	17	-	-	-	-	-	17	-	17
Shares issued to employee share trust	-	-	-	-	-	(17)	(17)	-	(17)
Share-based payments - direct to equity ⁴	-	-	-	-	-	39	39	-	39
Transactions with NCI ⁵	-	-	-	-	-	26	26	16	42
Related tax movements	-	-	-	-	-	52	52	-	52
Other changes in equity in the period	17	-	-	-	-	100	117	16	133
At 30 June 2024	1,701	1,012	167	9	610	(5,791)	(2,292)	55	(2,237)

¹ At 30 June 2025, 31,666,521 ordinary shares with an aggregate value of £8m were held for the purpose of share-based payment plans and included in retained earnings/(accumulated losses) (30 June 2024: 110,852,000 ordinary shares with an aggregate value of £27m). During the period:

- 74,400,310 ordinary shares with an aggregate value of £18m vested in share-based payment plans (30 June 2024: 30,331,000 ordinary shares with an aggregate value of £13m);
- the Company issued nil new ordinary shares to the Group's share trust for its employee share-based payment plans with an aggregate value of £nil (30 June 2024: 88,200,000 ordinary shares with an aggregate value of £17m); and
- the Company, through the Employee Benefit Trust, acquired none (30 June 2024: none) of its ordinary shares via reinvestment of dividends received on its own shares and purchased none (30 June 2024: 71,490) of its ordinary shares through purchases on the London Stock Exchange

² On 1 May 2025 Rolls-Royce Holdings plc performed a bonus issue of one share from its merger reserve for £6,962m. This merger reserve was presented within retained earnings / (accumulated losses) within the consolidated statement of changes in equity. The company subsequently performed a capital reduction against share capital, share premium, and capital redemption reserve

³ Following the announcement of the £1bn share buyback on 27 February 2025, during the period the Company purchased with cash 48,623,940 (30 June 2024: none) of its ordinary shares at a cost of £378m. The Company also separately paid costs of £2m in relation to the programme.

The Company recognised a creditor of £5m, relating to a further 513,407 shares that had been purchased at 30th June 2025 but not yet paid.

Of these ordinary shares purchased by the Company 48,623,940 shares at a cost of £378m were cancelled during the period. As at 30 June 2025 the Company held 513,407 ordinary shares with a net book value of £5m within Treasury shares. The Company intends to cancel these shares during 2025. The Company has also accrued for a further liability of £14m, representing an estimate of the amount it was committed to purchase under the terms of its Share Purchase Agreement but as yet unpurchased at 30 June 2025

⁴ Share-based payments - direct to equity is the share-based payment charge for the period less the actual cost of vesting excluding those vesting from own shares and cash received on share-based schemes

⁵ Relates to NCI investment received in the period in respect of Rolls-Royce SMR Limited

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of preparation and accounting policies

Reporting entity

Rolls-Royce Holdings plc (the 'Company') is a public company limited by shares incorporated under the Companies Act 2006 and domiciled in the UK. These condensed consolidated interim financial statements of the Company as at and for the six months to 30 June 2025 consist of the consolidation of the financial statements of the Company and its subsidiaries (together referred to as the 'Group') and include the Group's interest in jointly controlled and associated entities.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2024 (2024 Annual Report) are available upon request from the Company Secretary, Rolls-Royce Holdings plc, Kings Place, 90 York Way, London, N1 9FX.

The Board of Directors approved the condensed consolidated interim financial statements on 31 July 2025.

Statement of compliance

These condensed consolidated interim financial statements have been prepared on the basis of the policies set out in the 2024 Annual Report, and in accordance with UK adopted IAS 34 *Interim Financial Reporting* and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. They do not include all of the information required for full annual statements and should be read in conjunction with the 2024 Annual Report.

The interim figures up to 30 June 2025 and 2024 are unaudited. The 2024 Financial Statements, which were prepared in accordance with UK adopted International Accounting Standards (IAS) and interpretations issued by the IFRS interpretations Committee applicable to companies reporting under UK adopted IAS, have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Revisions to IFRS applicable in 2025

There are no new standards or interpretations issued by the IASB that had a significant impact on these condensed consolidated interim financial statements.

Revisions to IFRS not applicable to 2025

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK. Other than IFRS 18 *Presentation and Disclosure in Financial Statements* described below, the Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable will have a significant impact on the condensed consolidated interim financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements*

The IASB issued a new Standard, IFRS 18 *Presentation and Disclosure in Financial Statements*, on 9 April 2024 that will replace IAS 1 *Presentation of Financial Statements*. The purpose of the new standard is to provide more consistent presentation of financial information across preparers as it is acknowledged that existing standards have given flexibility to present information in different ways. IFRS 18 *Presentation and Disclosure in Financial Statements* will not impact the recognition or measurement of items in the financial statements. Many of the existing presentation principles in IAS 1 *Presentation of Financial Statements* are retained, but there are some more specific requirements that will lead the Group to make some changes in its future Annual Report and Interim Financial Statements.

The new Standard is not yet endorsed by the UK Endorsement Board (UKEB) but is expected to be applicable for reporting periods beginning on or after 1 January 2027. Comparative information for 2026 will need to be restated when the 2027 Interim Financial Statements and Annual Report and Accounts are published. The Group has started an initial review of the Standard and expects changes to the presentation of the income statement and the Group's reported operating profit (driven by required changes such as moving 'Share of results of joint ventures and associates' into a new investing category which will no longer form part of operating profit in the Statutory Consolidated Income Statement). The process of assessing the financial impact on the Consolidated Financial Statements will continue during the remainder of 2025. The Group does not anticipate its early adoption of the new Standard.

Post balance sheet events

The Group has taken the latest legal position in relation to any ongoing legal proceedings and reflected these in the 30 June 2025 results as appropriate.

On 1 July 2025 the Group completed the disposal of its naval propulsors business to Fairbanks Morse Defense as set out in note 20. Disposal proceeds were in excess of the carrying value of the assets and liabilities. The sale of the naval handling business also to Fairbanks Morse Defense is expected to complete at a later date.

Climate change

In preparing the condensed consolidated interim financial statements, the Directors have continued to consider the potential impact of climate change, particularly in the context of the disclosures made in the Strategic Report within the 2024 Annual Report that set out climate-related commitments, targets and the four pillars of the Rolls-Royce energy strategy that are:

- decarbonising operations, facilities, product testing and business activities. This will be met through a combination of procuring clean energy, reducing overall energy demand, and clean power generation. An estimate of the investment required to meet scope 1 + 2 emission improvements is included in the forecasts that support these condensed consolidated interim financial statements;
- enabling customers to operate their products in a way that is compatible with low or net zero carbon emissions. The Group has demonstrated that all the commercial aero engines it produces, and 80% of the Power Systems portfolio, is compatible with alternative and sustainable fuels;
- delivering new products and solutions that can accelerate the global energy transition. This includes the development and deployment of small modular reactors (SMRs) and, in Power Systems, battery energy storage solutions is a growth area; and
- supporting the necessary enabling environment, with public and policy support, to achieve collective climate goals.

1 Basis of preparation and accounting policies *continued*

In this context the Directors have assessed the impact of climate change on a number of estimates, including those identified as being key sources of estimation uncertainty within the financial statements such as:

- Civil Aerospace LTSA revenues;
- estimates of future cash flows considered for trigger assessments and used in impairment assessments for non-financial asset impairments; and
- estimates of suitable taxable profits that will arise in the UK to utilise the deferred tax assets recognised.

When making these assessments the Directors include consideration of the risks associated with changing customer demand, changes in costs due to carbon pricing and commodity price changes and change in investment requirements. As details of what specific future intervention measures will be taken by governments are not yet available, carbon pricing has been used to quantify the potential impact of future policy changes on the Group. The approach is consistent with that disclosed in note 1 in the 2024 Annual Report.

There have been no significant changes to assumptions, including the potential impact of carbon prices on the Group's cost base, since the year ended 31 December 2024. Hence, these considerations did not have a material impact on financial reporting key judgements and estimates in the period and the Group's assessment remains that climate change is not expected to have a significant impact on the Group's current going concern assessment nor on the viability of the Group over the next five years.

Going concern

Overview

In adopting the going concern basis for preparing these condensed consolidated interim financial statements, the Directors have undertaken a review of the Group's cash flow forecasts and available liquidity, along with consideration of the principal risks and uncertainties through to December 2026 (the 'going concern period'). The processes for identifying and managing risk are described in the Group's 2024 Annual Report on pages 52 to 60. As described on those pages, the risk management process and the going concern statement are designed to provide reasonable but not absolute assurance.

Forecasts

Recognising the challenges of reliably estimating and forecasting the impact of external factors on the Group, the Directors have reviewed the Group's financial forecasts and liquidity forecasts with consideration given to the potential impact of severe but plausible risks. Two forecasts have been modelled in the assessment of going concern, along with a likelihood assessment of these forecasts. The base case forecast reflects the Directors' current expectations of future trading over the going concern period. A downside forecast has also been modelled which envisages severe but plausible downside risks.

The Group's base case forecast reflects the Directors' best estimation of how the business plans to perform over the going concern period. Macro-economic assumptions have been modelled using externally available data based on the most likely forecasts with general inflation at around 2%-3%, wage inflation at an average of 3%-4%, interest rates at around 2%-4% and GDP growth at around 2%-4%.

The downside forecast assumes Civil Aerospace large engine flying hours remain at average second quarter 2025 levels throughout the going concern period, reflecting slower GDP growth in this forecast when compared with the base case. It also assumes a more pessimistic view of general inflation at around 2%-3% higher than the base case covering a broad range of costs including product costs, energy, commodities and jet fuel. Wage inflation in the downside forecast is 1%-2% higher than the base case and interest rates are 1%-2% higher. These macro-economic pressures have been modelled across the whole going concern period. The downside forecast also considers lower demand as a result of slower market growth, potential output risks associated with increasing volumes and possible ongoing supply chain challenges.

In reviewing the Group's cash flow forecasts and available liquidity, the Directors have considered the current volatility in macroeconomic variables, including recently announced global tariff increases which have created a degree of uncertainty for the industry. The Directors expect to fully offset the impact of announced tariffs on the Group through the mitigating actions that are being taken. The Directors continue to closely monitor the potential indirect impact on economic growth, foreign exchange and inflation and will continue to take necessary actions.

In modelling both the base case and downside forecast, the repayment of a 1bn bond that is due to mature in October 2025 has been assumed to be repaid from cash as stated externally. The subsequent 2026 maturities, being a €750m bond in February 2026 and a £375m bond in June 2026 have also been assumed to be repaid from cash in both the base case and downside forecast.

In preparing the condensed consolidated interim financial statements, the Directors have continued to consider the impact of climate change, particularly in the context of disclosures made in the Strategic Report in the 2024 Annual Report. Consistent with our assessment in the 2024 Annual Report, climate change is not expected to have a significant impact on the Group over the going concern period. More detail can be found on page 38 of the 2024 Annual Report.

Liquidity and borrowings

At 30 June 2025, the Group had liquidity of £8.5bn including cash and cash equivalents of £6.0bn and undrawn facilities of £2.5bn.

The Group's committed borrowing facilities at 30 June 2025 and 31 December 2026 are set out below. None of the facilities are subject to any financial covenants or rating triggers which could accelerate repayment.

£m	30 June 2025	31 December 2026
Issued Bond Notes ¹	3,511	1,801
Revolving Credit Facility (undrawn) ²	2,500	2,500
Total committed borrowing facilities	6,011	4,301

¹ The value of Issued Bond Notes reflects the impact of derivatives on repayments of the principal amount of debt. The bonds mature by May 2028

² The £2.5bn Revolving Credit Facility matures in November 2027 (currently undrawn) with one subsequent one year extension option

Taking into account the maturity of these borrowing facilities, the Group has committed facilities of at least £4.3bn available throughout the going concern period.

Conclusion

After reviewing the current liquidity position and the cash flow forecasts modelled under both the base case and downside forecast, the Directors consider that the Group has sufficient liquidity to continue in operational existence over the going concern period to 31 December 2026 and are therefore satisfied that it is appropriate to adopt the going concern basis of accounting in preparing the interim financial statements.

1 Basis of preparation and accounting policies continued

Key areas of judgement and sources of estimation uncertainty

The determination of the Group's accounting policies requires judgement. The subsequent application of these policies requires estimates and the actual outcome may differ from that calculated. The key areas of judgement and sources of estimation uncertainty as at 31 December 2024, that were assessed as having a significant risk of causing material adjustments to the carrying amount of assets and liabilities, are set out in

note 1 to the Consolidated Financial Statements in the 2024 Annual Report and are summarised below. During the period, the Group has re-assessed these and where necessary updated the key judgements and estimation uncertainties. Sensitivities for key sources of estimation uncertainty are disclosed where this is appropriate and practical.

Area	Key judgements	Key sources of estimation uncertainty	Sensitivities performed
Revenue recognition and contract assets and liabilities	<p>Whether Civil Aerospace OE and aftermarket contracts should be combined.</p> <p>How performance on long-term aftermarket contracts should be measured.</p> <p>Whether long-term aftermarket contracts contain a significant financing component.</p> <p>Whether any costs should be treated as wastage.</p> <p>Whether the Civil Aerospace LTSA contracts are warranty style contracts entered into in connection with OE sales and therefore can be accounted for under IFRS 15 <i>Revenue from Contracts with Customers</i>.</p> <p>Whether sales of spare engines to joint ventures are at fair value.</p> <p>When revenue should be recognised in relation to spare engine sales.</p>	<p>Estimates of future revenue, including customer pricing, and costs of long-term contractual arrangements, including the impact of climate change.</p>	<p>Based upon the stage of completion of all large engine LTSA contracts within Civil Aerospace as at 30 June 2025, the following changes in estimate would result in catch-up adjustments being recognised in the period in which the estimates change (at underlying FX rates):</p> <p>A change in forecast EPH of 1% over the remaining term of the contracts would impact LTSA income and to a lesser extent costs, resulting in an impact of around £20m. This would be expected to be seen as a catch-up change in revenue or, to the extent it impacts onerous contracts, within cost of sales.</p> <p>A 2% increase or decrease in our pricing to customers over the life of the contracts would lead to a revenue catch-up adjustment in the next 12 months of around £360m.</p> <p>A 2% increase or decrease in shop visit costs over the life of the contracts would lead to a revenue catch-up adjustment in the next 12 months of around £90m.</p>
Delay and revenue	Determination of the nature of		

Taxation	Estimates necessary to assess whether it is probable that sufficient suitable taxable profits will arise in the UK to utilise the deferred tax assets recognised.	The following sensitivities have been modelled using 100% probability of a base case forecast (31 December 2024: 75% base case / 25% downside forecast) to reflect the possibility of plausible downside risks: A 5% reduction in margin or a 5% reduction in the number of shop visits (which could be driven by fewer EFH, the impact of climate change, and/or macro-economic factors) would result in a decrease in the deferred tax asset in respect of UK losses of around £165m and £135m respectively. If only 90% of assumed future cost increases from climate change are passed on to customers, this would result in a decrease in the deferred tax asset of around £20m, and if carbon prices were to double, this would be £90m
Research and development	Determination of the point in time where costs incurred on an internal programme development meet the criteria for capitalisation. Determination of the basis for amortising capitalised development costs.	

Leases	Determination of the lease term
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1 Basis of preparation and accounting policies continued

Key areas of judgement and sources of estimation uncertainty continued

Area	Key judgements	Key sources of estimation uncertainty	Sensitivities performed
Impairment of non-current assets	Determination of cash-generating units for assessing impairment of goodwill. Whether there are indicators of potential reversal of previous impairments of programme-related assets.		
Provisions	Whether any costs should be treated as wastage. Whether the criteria to recognise a transformation and restructuring provision have been met.	Estimates of the time and cost to incorporate required modified parts into the fleet to resolve technical issues on certain programmes (which could be exacerbated by prolonged supply chain challenges) and the implications of this on forecast future costs when assessing onerous contracts. Estimates of the future revenues and costs to fulfil onerous contracts. Assumptions implicit within the calculation of discount rates.	The Group considers that at 30 June 2025 the Trent 1000 onerous contract provisions are most sensitive to changes in estimates. Our forecast increases in shop visit capacity could be impacted by several factors, including prolonged supply chain challenges. If forecast increases in shop visit capacity are not achieved, this could have the impact of reducing planned output of engine overhauls. A 15% reduction in Trent 1000 planned output during the second half of 2025 (and thus delayed incorporation of modified parts into the fleet) could lead to around a £30m to £50m charge. An increase in Civil Aerospace large engines estimates of LTSA costs of 1% over the remaining term of the contracts could lead to a £50m to £70m increase in the provision for contract losses across all programmes. A 1% change in the discount rates used could lead to around a £20m-£30m change in the onerous contract provision.
Post-retirement benefits		Estimates of the assumptions for valuing the net defined benefit obligation.	A reduction in the discount rate of 0.25% from 5.65% could lead to an increase in the defined benefit obligations of the RR UK Pension Fund (RRUKPF) of approximately £135m. This would be expected to be broadly offset by changes in the value of scheme assets, as the scheme's investment policies are

Area	Key judgements	Key sources of estimation uncertainty	<div> <div> designated to mitigate the risk </div> <div> services performed </div> </div>
			<div> An increase in the assumed rate of inflation of 0.25% (RPI of 3.10% and CPI of 2.70%) could lead to an increase in the defined benefit obligations of the RRUKPF of approximately £50m </div> <div> A one-year increase in life expectancy from 20.8 years (male aged 65) and from 21.5 years (male aged 45) would increase the defined benefit obligations of the RRUKPF by approximately £125m </div>

2 Segmental analysis

The analysis by segment is presented in accordance with IFRS 8 *Operating Segments*, on the basis of those segments whose operating results are regularly reviewed by the Board (who acts as the Chief Operating Decision Maker as defined by IFRS 8 *Operating Segments*). The Group's three divisions are set out below.

Civil Aerospace	- development, manufacture, marketing and sales of commercial aero engines and aftermarket services
Defence	- development, manufacture, marketing and sales of military aero engines, naval engines, submarine nuclear power plants and aftermarket services
Power Systems	- development, manufacture, marketing and sales of integrated solutions for onsite power and propulsion

On 4 March 2025, an investment was received by Rolls-Royce SMR Limited from ČEZ Group (ČEZ), as a result the Group relinquished control of Rolls-Royce SMR Limited and the subsidiary was deconsolidated (see note 20 for further details).

Following the decision in 2024 to exit the Group's advanced air mobility activities and the deconsolidation of Rolls-Royce SMR Limited on 4 March 2025 (see note 20) the New Markets operating segment that was reported at 31 December 2024 is no longer regularly reviewed by the Board as a basis for making decisions about the allocation of resources to the business or to assess its performance. In line with IFRS 8 *Operating Segments*, New Markets is no longer considered to meet the definition of an operating segment.

New electrical power solutions and the Group's share of the financial results of Small modular reactors (SMRs) have been included in 'All Other Businesses', which also includes the trading results of the UK Civil Nuclear business. The segmental analysis for 2024 has been restated to reflect the 2025 assessment of operating segments.

Underlying results

The Group presents the financial performance of the divisions in accordance with IFRS 8 *Operating Segments* and consistently with the basis on which performance is communicated to the Board each month.

Underlying results are presented by recording all relevant revenue and cost of sales transactions at the average exchange rate achieved on effective settled derivative contracts for Rolls-Royce Group companies and subsidiaries in the period that the cash flow occurs. The impact of the revaluation of monetary assets and liabilities (other than lease liabilities) using the exchange rate that is expected to be achieved by the use of the effective hedge book is recorded within underlying cost of sales. Underlying financing excludes the impact of revaluing monetary assets and liabilities to period end exchange rates. Lease liabilities are not revalued to reflect the expected exchange rates due to their multi-year remaining term, the Directors believe that doing so would not be the most appropriate basis to measure the in-year performance. Transactions between segments are presented on the same basis as underlying results and eliminated on consolidation. Unrealised fair value gains/(losses) on foreign exchange contracts, which are recognised as they arise in the statutory results, are excluded from underlying results. To the extent that the previously forecast transactions are no longer expected to occur, an appropriate portion of the unrealised fair value gain/(loss) on foreign exchange contracts is recorded immediately in the underlying results.

Amounts receivable/(payable) on interest rate swaps which are not designated as hedge relationships for accounting purposes are reclassified from fair value movement on a statutory basis to interest receivable/(payable) on an underlying basis, as if they were in an effective hedge relationship.

In the period to 30 June 2025, the Group was a net seller of USD at an achieved exchange rate GBP:USD of 1.44 (30 June 2024: 1.48) based on the USD hedge book.

In 2020, the Group experienced a significant decline in its medium-term outlook and consequently a significant deterioration to its forecast net USD cash inflows. The Group took action to reduce the size of the USD hedge book by 11.8bn across 2020-2026 to reflect the fact that, at that time, future operating cash flows were no longer forecast to materialise. An underlying charge of £1.7bn was recognised within the underlying finance costs in 2020 and the associated cash settlement costs occur over the period

2020-2026. The derivatives relating to this underlying charge have been subsequently excluded from the hedge book, and

therefore are also excluded from the calculation of the average exchange rate achieved in the current and future periods.

Underlying performance also excludes the following:

- the effect of acquisition accounting and business disposals;
- impairment of goodwill and other non-current and current assets where the reasons for the impairment are outside of normal operating activities;
- exceptional items; and
- certain other items which are market driven and outside of the control of management.

Subsequent changes in items excluded from underlying performance recognised in a prior period will also be excluded from underlying performance. All other changes will be recognised within underlying performance.

Acquisition accounting, business disposals and impairment

The Group excludes these from underlying results so that the current period and comparative results are directly comparable.

Exceptional items

Items are classified as exceptional where the Directors believe that presentation of the results in this way is useful in providing an understanding of the Group's financial performance. Exceptional items are identified by virtue of their size, nature or incidence.

In determining whether an event or transaction is exceptional, the Directors consider quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of exceptional items include one-time costs and charges in respect of aerospace programmes, costs of exceptional transformation and restructuring programmes and one-time past service charges and credits on post-retirement schemes.

Exceptional items are not allocated to segments and may not be comparable to similarly titled measures used by other companies.

2 Segmental analysis continued

Other items

The financing component of the defined benefit pension scheme cost is determined by market conditions and has therefore been excluded from underlying performance.

The tax effects of adjustments above and changes in tax rates are excluded from the underlying tax charge. In addition, changes in the amount of recoverable deferred tax recognised are excluded from the underlying results to the extent that their recognition or derecognition was not originally recorded within the underlying results.

The following analysis sets out the results of the Group's divisions on the basis described above and also includes a reconciliation of the underlying results to those reported in the condensed consolidated income statement.

	Civil Aerospace £m	Defence £m	Power Systems £m	All Other Businesses 1 £m	Corporate and Inter- segment 2 £m	Total underlying £m
-						
For the half-year ended 30 June 2025						
Underlying revenue from sale of original equipment	1,478	1,000	1,381	6	-	3,865
Underlying revenue from aftermarket services	3,308	1,223	661	-	-	5,192
Total underlying revenue	4,786	2,223	2,042	6	-	9,057
Gross profit/(loss)	1,477	462	635	-	(2)	2,572
Commercial and administrative costs	(213)	(103)	(251)	(7)	(35)	(609)
Research and development	(138)	(18)	(79)	(21)	-	(256)
Share of results of joint ventures and associates	67	1	8	(50)	-	26
Underlying operating profit/(loss)	1,193	342	313	(78)	(37)	1,733
For the half-year ended 30 June 2024						
Underlying revenue from sale of original equipment	1,329	872	1,257	6	-	3,464
Underlying revenue from aftermarket services	2,790	1,347	580	1	-	4,718
Total underlying revenue	4,119	2,219	1,837	7	-	8,182
Gross profit	992	476	507	2	-	1,977
Commercial and administrative costs	(193)	(108)	(238)	(20)	(34)	(593)
Research and development	(135)	(24)	(83)	(73)	-	(315)
Share of results of joint ventures and associates	76	1	3	-	-	80
Underlying operating profit/(loss)	740	345	189	(91)	(34)	1,149

¹ Following the decision to exit the Group's advanced air mobility activities in 2024 and the deconsolidation of Rolls-Royce SMR Limited on 4 March 2025 (see note 20) the results of those activities in both 2024 and 2025 have been reported within All Other Businesses. The Group's income statement for the period to 30 June 2025 includes two months of the results of Rolls-Royce SMR Limited as a subsidiary and four months of the Group's share of the results of the equity-accounted investment

² Corporate and Inter-segment consists of costs that are not attributable to a specific segment and consolidation adjustments

2 Segmental analysis continued

Reconciliation to statutory results

	Total underlying	Underlying adjustments and adjustments to foreign exchange	Group statutory results
	£m	£m	£m
For the half-year ended 30 June 2025			
Revenue from sale of original equipment	3,865	114	3,979
Revenue from aftermarket services	5,192	319	5,511
Total revenue	9,057	433	9,490
Gross profit	2,572	355	2,927
Commercial and administrative costs	(609)	(22)	(631)
Research and development	(256)	10	(246)
Share of results of joint ventures and associates	26	(2)	24
Operating profit	1,733	341	2,074
Gain arising on the disposal of business	-	679	679
Profit before financing and taxation	1,733	1,020	2,753
Net financing	(44)	2,132	2,088
Profit before taxation	1,689	3,152	4,841
Taxation	(93)	(340)	(433)
Profit for the period	1,596	2,812	4,408
Attributable to:			
Ordinary shareholders	1,604	2,812	4,416
NCI	(8)	-	(8)
For the half-year ended 30 June 2024			
Revenue from sale of original equipment	3,464	162	3,626
Revenue from aftermarket services	4,718	517	5,235
Total revenue	8,182	679	8,861
Gross profit	1,977	131	2,108
Commercial and administrative costs	(593)	(48)	(641)
Research and development	(315)	416	101
Share of results of joint ventures and associates	80	(2)	78
Operating profit	1,149	497	1,646
Profit before financing and taxation	1,149	497	1,646
Net financing	(114)	(116)	(230)
Profit before taxation	1,035	381	1,416
Taxation	(298)	18	(280)
Profit for the period	737	399	1,136
Attributable to:			
Ordinary shareholders	750	399	1,149
NCI	(13)	-	(13)

2 Segmental analysis continued

Disaggregation of revenue from contracts with customers

	Civil Aerospace £m	Defence £m	Power Systems £m	All Other Businesses £m	Corporate and Inter- segment £m	Total underlying £m
Analysis by type and basis of recognition						
For the half-year ended 30 June 2025						
Original equipment recognised at a point in time	1,478	295	1,351	-	-	3,124
Original equipment recognised over time	-	705	30	6	-	741
Aftermarket services recognised at a point in time	766	493	518	-	-	1,777
Aftermarket services recognised over time	2,505	730	143	-	-	3,378
Total underlying customer contract revenue	4,749	2,223	2,042	6	-	9,020
Other underlying revenue ¹	37	-	-	-	-	37
Total underlying revenue	4,786	2,223	2,042	6	-	9,057

Total underlying revenue	4,186	2,223	2,042	6	-	9,057
For the half-year ended 30 June 2024						
Original equipment recognised at a point in time	1,329	204	1,235	1	-	2,769
Original equipment recognised over time	-	668	22	5	-	695
Aftermarket services recognised at a point in time	559	478	535	1	-	1,573
Aftermarket services recognised over time	2,180	869	45	-	-	3,094
Total underlying customer contract revenue	4,068	2,219	1,837	7	-	8,131
Other underlying revenue ¹	51	-	-	-	-	51
Total underlying revenue	4,119	2,219	1,837	7	-	8,182

¹ Includes leasing revenue

	Total underlying £m	Underlying adjustments and adjustments to foreign exchange £m	Group statutory results £m
For the half-year ended 30 June 2025			
Original equipment recognised at a point in time	3,124	113	3,237
Original equipment recognised over time	741	1	742
Aftermarket services recognised at a point in time	1,777	73	1,850
Aftermarket services recognised over time	3,378	242	3,620
Total customer contract revenue	9,020	429	9,449
Other revenue	37	4	41
Total revenue	9,057	433	9,490
For the half-year ended 30 June 2024			
Original equipment recognised at a point in time	2,769	162	2,931
Original equipment recognised over time	695	-	695
Aftermarket services recognised at a point in time	1,573	76	1,649
Aftermarket services recognised over time	3,094	432	3,526
Total customer contract revenue	8,131	670	8,801
Other revenue	51	9	60
Total revenue	8,182	679	8,861

2 Segmental analysis continued

Underlying adjustments	Half-year to 30 June 2025					Half-year to 30 June 2024			
	Revenue £m	Profit before financing £m	Net financing £m	Taxation £m		Revenue £m	Profit before financing £m	Net financing £m	Taxation £m
Underlying performance	9,057	1,733	(44)	(93)		8,182	1,149	(114)	(298)
Impact of foreign exchange differences as a result of hedging activities on trading transactions ¹	A	433	102	529	(159)	679	85	120	(50)
Unrealised fair value changes on derivative contracts held for trading ²	A	-	-	1,640	(414)	-	(3)	(213)	53
Unrealised fair value change to derivative contracts held for financing ³	A	-	-	(6)	1	-	-	39	(10)
Exceptional programme credits/(charges) ⁴	B	-	83	-	(21)	-	-	-	-
Exceptional transformation and restructuring charges ⁵	B	-	(21)	-	5	-	(107)	(11)	32
Impairment reversals ⁶	C	-	185	-	(46)	-	545	-	(159)
Effect of acquisition accounting ⁷	C	-	(8)	-	2	-	(23)	-	6
Other ⁸	D	-	-	(31)	6	-	-	(51)	13
Gains arising on the disposals of business ⁹	C	-	679	-	-	-	-	-	-
Impact of tax rate change ¹⁰	D	-	-	-	-	-	-	-	10
Recognition of deferred tax assets ¹¹	D	-	-	-	286	-	-	-	123
Total underlying adjustments	433	1,020	2,132	(340)		679	497	(116)	18
Statutory performance per condensed consolidated income statement	9,490	2,753	2,088	(433)		8,861	1,646	(230)	(280)

A - FX and derivatives, B - Exceptional, C - M&A and impairment, D - Other

¹ The impact of measuring revenues and costs at the average exchange rate during the period and the impact of valuation of assets and liabilities using the period end exchange rate rather than the achieved rate or the exchange rate that is expected to be achieved by the use of the hedge book increased statutory revenues by £433m (30 June 2024: £679m) and increased profit before financing and taxation by £102m (30 June 2024: £85m). Underlying financing excludes the impact of revaluing monetary assets and liabilities at the period end exchange rate

² The underlying results exclude the fair value changes on derivative contracts held for trading. These fair value changes are subsequently recognised in the underlying results when the contracts are settled

- 3 Includes net fair value loss of £6m (30 June 2024: gain of £34m) on any interest rate swaps not designated into hedging relationships for accounting purposes
- 4 During the period to 30 June 2025, contract loss provisions have reduced by £83m (30 June 2024: £nil) as a result of amounts released following contractual renegotiations where the original charge was treated as non-underlying
- 5 In 2023, the Group announced a major multi-year transformation programme which consisted of seven workstreams (set out in the 2022 Annual Report). During the period to 30 June 2025, the Group incurred charges of £21m related to this programme (30 June 2024: £107m). The charges comprise of £22m for advisory fees and transformation office costs (30 June 2024: £20m), £nil related to impairments, write offs and closure costs (30 June 2024: £32m including those related to the closure of advanced air mobility activities) and a credit of £1m related to severance (30 June 2024: £55m charge)
- 6 The Group has assessed the carrying value of its assets and reviewed for potential impairment and impairment reversal triggers. In the period to 30 June 2025, there was an impairment reversal of intangible assets of £12m (30 June 2024: £413m), property plant and equipment of £52m (30 June 2024: £nil), right-of-use assets of £121m (30 June 2024: £nil) and contract assets of £nil (30 June 2024: £132m). See notes 8, 9 and 10 for further details. Of the £185m reversed, £176m (30 June 2024: £132m) was included within cost of sales, and £9m (30 June 2024: £413m) within research and development costs, see note 3 for further details
- 7 The effect of acquisition accounting includes the amortisation of intangible assets arising on previous acquisitions
- 8 Includes interest received of £30m (30 June 2024: £44m) on interest rate swaps which are not designated into hedge relationships for statutory purposes from interest payable on an underlying basis to fair value movement
- 9 An exceptional gain on disposal was recognised as a result of the deconsolidation of Rolls-Royce SMR Limited during the period. Further details can be found in note 20
- 10 Represents the impact to the income statement of the reduction in the tax rate on authorised surplus pension charges from 35% to 25% in 2024
- 11 During the period to 30 June 2025, the Group recognised deferred tax assets of £563m (30 June 2024: £157m) relating to UK tax losses of which £277m (30 June 2024: £34m) is included in underlying performance and £286m (30 June 2024: £123m) in non-underlying

2 Segmental analysis continued

Balance sheet analysis

	Civil Aerospace £m	Defence £m	Power Systems £m	Total reportable segments £m
At 30 June 2025				
Segment assets	20,426	3,492	4,090	28,008
Interests in joint ventures and associates	525	9	28	562
Segment liabilities	(25,473)	(3,352)	(2,139)	(30,964)
Net (liabilities)/assets	(4,522)	149	1,979	(2,394)
At 31 December 2024				
Segment assets	19,303	3,495	3,998	26,796
Interests in joint ventures and associates	550	9	33	592
Segment liabilities	(26,621)	(3,322)	(1,969)	(31,912)
Net (liabilities)/assets	(6,768)	182	2,062	(4,524)

Reconciliation to the balance sheet

	30 June 2025 £m	31 December 2024 £m
Segment assets (excluding held for sale)	28,008	26,796
Interests in joint ventures and associates	562	592
All Other Businesses	700	122
Corporate and inter-segment	(1,874)	(2,227)
Assets held for sale	157	153
Cash and cash equivalents and short-term investments	6,044	5,575
Fair value of swaps hedging fixed rate borrowings	67	154
Deferred and income tax assets	3,526	3,731
Post-retirement scheme surpluses	750	790
Total assets	37,940	35,686
Segment liabilities (excluding held for sale)	(30,964)	(31,912)
All Other Businesses	(83)	(200)
Corporate and inter-segment	1,874	2,227
Liabilities associated with assets held for sale	(88)	(100)
Borrowings and lease liabilities	(4,909)	(5,132)
Fair value of swaps hedging fixed rate borrowings	(117)	(121)
Deferred and income tax liabilities	(277)	(348)
Post-retirement scheme deficits	(942)	(981)
Total liabilities	(35,506)	(36,567)
Net assets/(liabilities)	2,434	(881)

3 Research and development

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Gross research and development expenditure	(687)	(723)
Contributions and fees	387	333
Net expenditure in the period	(300)	(390)
Capitalised as intangible assets	104	126
Amortisation and impairment of capitalised costs ^{1, 2}	(50)	365
Net amount recognised in the income statement	(246)	101
Underlying adjustments ²	(10)	(416)
Net underlying cost recognised in the income statement	(256)	(315)

¹ See note 8 for analysis of amortisation and impairment

² Underlying adjustments include impact of acquisition accounting, foreign exchange and an impairment reversal of £9m (30 June 2024: £413m). Further details can be found in notes 2 and 8

4 Net financing

	Half-year to 30 June 2025		Half-year to 30 June 2024	
	Statutory £m	Underlying ¹ £m	Statutory £m	Underlying ¹ £m
Interest receivable and similar income ²	150	147	128	128
Net fair value gains on foreign currency contracts	1,652	-	-	-
Net fair value gains on non-hedge accounted interest rate swaps ³	-	-	34	-
Net fair value gains on commodity contracts	-	-	12	-
Financing on post-retirement scheme surpluses	11	-	12	-
Net foreign exchange gains	529	-	120	-
Financing income	2,342	147	306	128
Interest payable	(161)	(125)	(188)	(137)
Net fair value losses on foreign currency contracts	-	-	(225)	-
Net fair value losses on non-hedge accounted interest rate swaps ³	(6)	-	-	-
Net fair value losses on revaluation of other investments accounted for at FVTPL ⁴	-	-	(24)	(24)
Net fair value losses on commodity contracts	(12)	-	-	-
Financing on post-retirement scheme deficits	(9)	-	(14)	-
Cost of undrawn facilities	(4)	(4)	(12)	(12)
Other financing charges	(62)	(62)	(73)	(69)
Financing costs	(254)	(191)	(536)	(242)
Net financing income/(costs)	2,088	(44)	(230)	(114)
Analysed as:				
Net interest (payable)/receivable	(11)	22	(60)	(9)
Net fair value gains/(losses) on derivative contracts	1,634	-	(179)	-
Net post-retirement scheme financing	2	-	(2)	-
Net foreign exchange gains	529	-	120	-
Net other financing	(66)	(66)	(109)	(105)
Net financing income/(costs)	2,088	(44)	(230)	(114)

¹ See note 2 for definition of underlying results

² Includes interest income on cash balances and short-term deposits of £90m (30 June 2024: £88m) and similar income of £59m (30 June 2024: £40m) on money market funds

³ The condensed consolidated income statement shows the net fair value loss on any interest rate swaps not designated into hedging relationships for accounting purposes. Underlying financing reclassifies the realised fair value movements on these interest rate swaps to net interest payable

⁴ Included in the financing costs is a £nil (30 June 2024: £24m) charge in relation to the fair value write-down of an unlisted investment recorded at fair value through profit or loss (FVTPL)

5 Taxation

The income tax expense has been calculated by applying the annual effective tax rate for each jurisdiction to the half-year profits of each jurisdiction.

The tax charge for the period is £433m on a statutory profit before taxation of £4,841m (30 June 2024: tax charge of £280m on a statutory profit before taxation of £1,416m), giving a statutory tax rate of 8.9% (30 June 2024: 19.8%). The key drivers of the tax charge in the period are the profits in key jurisdictions taxed at local rates together with a tax credit on the recognition of a deferred tax asset relating to UK tax losses and on the deconsolidation of Rolls-Royce SMR Limited from the Group.

Tax reconciliation:

Half-year to 30 June 2025		Half-year to 30 June 2024	
£m	Tax rate	£m	Tax rate

Profit before taxation	4,841		1,416	
Nominal tax charge at UK corporation tax rate	1,210	25.0%	354	25.0%
Movement in UK deferred tax assets not recognised ¹	(563)	(11.7%)	(157)	(11.1%)
Utilisation of previously unrecognised tax losses ²	(31)	(0.6%)	-	-
Tax de-grouping charge ³	-	-	100	7.1%
Decrease in deferred tax liabilities from change in UK tax rate ⁴	-	-	(10)	(0.7%)
Effect of de-consolidation of Rolls-Royce SMR Limited ⁵	(170)	(3.5%)	-	-
Other ⁶	(13)	(0.3%)	(7)	(0.5%)
Statutory tax charge and rate	433	8.9%	280	19.8%
Analysis of statutory tax charge/(credit):				
Underlying items	93		298	
Non-underlying items (see note 2)	340		(18)	
	433		280	

¹ Movement in the period to 30 June 2025 and 30 June 2024 relates to the recognition of UK tax losses previously not recognised

² Movement in the period to 30 June 2025 relates to the utilisation of previously unrecognised brought forward losses against UK taxable profits

³ The charge in the period to 30 June 2024 arose due to the dilution of the Group's shareholding in Rolls-Royce SMR Limited to below 75%

⁴ The period to 30 June 2024 includes the impact of the reduction in the tax rate on authorised surplus pension charges from 35% to 25%

⁵ The deconsolidation of Rolls-Royce SMR Limited from the Group in the period to 30 June 2025 is treated as non-taxable, following the tax de-grouping charge in footnote 3

⁶ Includes Pillar Two income taxes of less than £1m (30 June 2024: less than £1m)

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which to recover the asset. Where necessary, this is based on management's assumptions and probability assessments relating to the amounts and timing of future taxable profits. The Directors continually reassess the appropriateness of recovering deferred tax assets, which includes a consideration of the level of future profits and the time period over which they are recovered.

The assessment performed at 30 June 2025, which has been calculated at 100% probability of a base case forecast (30 June 2024: 75% base case and 25% downside forecast) reflects sustained profitability and continued growing financial resilience of the Group. It also reflects the fact that the Group's multi-year transformation continues to deliver despite an uncertain external environment, including continued supply chain challenges and tariffs. Delivery against the Group's strategic initiatives continues to expand the earnings potential of the business.

Sensitivities have been modelled on the base case forecast to reflect the possibility of plausible downside risks which could be driven by a number of factors, including a change in forecast EFH, the impact of climate change and/or macroeconomic factors:

- A 5% reduction in margin in the main Civil Aerospace large engine programmes would result in a decrease in the deferred tax asset of around £165m.
- A 5% change in the number of shop visits would result in a decrease in the deferred tax asset of around £135m.
- Assumed future cost increases from climate change are expected to pass through to customers at 100%. If only 90% of assumed future cost increases from climate change are passed on to customers, this would result in a decrease in the deferred tax asset of around £20m, and if carbon prices were to double, this would be £90m. The assumptions around carbon pricing are consistent with those at 31 December 2024.

Based on the assessment, the Group has recognised a total deferred tax asset relating to UK losses of £3,035m, which includes the recognition of a further £563m of previously unrecognised deferred tax asset relating to UK tax losses (of which £286m is non-underlying and £277m is underlying) and £31m utilisation of previously unrecognised deferred tax asset relating to UK tax losses against profits in the period to 30 June 2025 (all of which is underlying).

The Group is within the scope of the OECD Pillar Two (Global Minimum Tax) model rules, which came into effect from 1 January 2024. For the period to 30 June 2025, the Group has continued to apply the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

5 Taxation continued

Impact of recognition of UK deferred tax assets on underlying profit after tax

As outlined above, in the period to 30 June 2025 the Group recognised a further £563m of previously unrecognised deferred tax asset relating to UK tax losses (of which £286m is non-underlying and £277m is underlying). The £277m credit to underlying profit after tax has been adjusted in the calculation of the interim dividend per share, earnings per share and return on capital. This one-off non-cash adjustment has been made as it would otherwise cause a disproportionate impact on these

on capital. This one-off non-cash adjustment has been made as it would otherwise cause a disproportionate impact on these metrics.

6 Earnings per ordinary share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held under trust, which have been treated as if they had been cancelled.

	Half-year to 30 June 2025			Half-year to 30 June 2024		
	Basic	Potentially dilutive share options	Diluted	Basic	Potentially dilutive share options	Diluted
Profit attributable to ordinary shareholders (£m)	4,416		4,416	1,149		1,149
Weighted average number of ordinary shares (millions)	8,430	38	8,468	8,380	52	8,432
EPS (pence)	52.38	(0.23)	52.15	13.71	(0.08)	13.63

The reconciliation between underlying EPS and basic EPS is as follows:

	Half-year to 30 June 2025		Half-year to 30 June 2024	
	Pence	£m	Pence	£m
EPS / Profit attributable to ordinary shareholders	52.38	4,416	13.71	1,149
Total underlying adjustments to profit before tax (note 2)	(37.39)	(3,152)	(4.55)	(381)
Related tax effects	4.03	340	(0.21)	(18)
Adjustment for recognition of deferred tax assets ¹	(3.28)	(277)	-	-
Underlying EPS / Underlying profit attributable to ordinary shareholders	15.74	1,327	8.95	750
Diluted underlying EPS attributable to ordinary shareholders	15.67		8.89	

¹ Underlying profit attributable to ordinary shareholders has been adjusted for the one-off non-cash impact of £277m related to the recognition of deferred tax assets on UK tax losses, see note 5 for further details

7 Dividends

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Dividends paid during the period	507	-

Ordinary dividends declared and paid in the period ended 30 June 2025 comprised of a final dividend for 2024 of 6p per ordinary share.

The Employee Benefit Trust has currently waived the right to receive dividends on Rolls-Royce Holdings plc shares. This waiver has been applied to dividends paid in 2025.

On 31 July 2025, the Board announced an interim cash dividend in respect of the first half of 2025 of 4.5 pence per ordinary share. The expected total cost of servicing this dividend is £379m, for which no liability has been recognised at the balance sheet date. The interim dividend will be paid on 18 September 2025 to shareholders on the register on 8 August 2025. The election deadline for ordinary shareholders wishing to participate in the Dividend Reinvestment Programme (DRIP) is 29 August 2025, further details can be obtained from the Company's Registrar, Equiniti Limited.

8 Intangible assets

	Goodwill £m	Certification costs £m	Development expenditure £m	Customer relationships £m	Software ¹ £m	Other ² £m	Total £m
Cost:							
At 1 January 2025	1,045	929	3,956	469	1,018	688	8,105
Additions	-	17	104	-	39	7	167
Disposal of business	(2)	-	-	-	-	(3)	(5)
Disposals	(10)	-	-	-	(11)	(24)	(45)
Exchange differences	-	1	37	(5)	(3)	9	39
At 30 June 2025	1,033	947	4,097	464	1,043	677	8,261
Accumulated amortisation and impairment:							
At 1 January 2025	36	493	1,626	441	723	384	3,703
Charge for the period ³	-	15	56	2	37	11	121
Impairment ⁴	-	(3)	(6)	-	-	(1)	(10)
Disposal of business	(2)	-	-	-	-	(3)	(5)
Disposals	(10)	-	-	-	(10)	(24)	(44)
Exchange differences	-	-	12	(5)	(2)	3	8
At 30 June 2025	24	505	1,688	438	748	370	3,773
Net book value at:							
30 June 2025	1,009	442	2,409	26	295	307	4,488
1 January 2025	1,009	436	2,330	28	295	304	4,402

¹ Includes £120m (31 December 2024: £100m) of software in course of construction which is not amortised

- ² Other intangibles includes trademarks, brands and the costs incurred testing and analysing engines with the longest time in service (fleet leader engines) to gather technical knowledge on engine endurance which will improve reliability and enable us to reduce the costs of meeting our LTSA obligations
- ³ Charged to cost of sales and commercial and administrative costs except development costs, which are charged to research and development costs
- ⁴ Includes the reversal of a Civil Aerospace - Trent programme asset which was fully impaired by 30 June 2020. A partial impairment reversal of £12m has been credited to cost of sales (£3m) and research and development (£9m) within the non-underlying income statement. See further details below

Intangible assets (including programme intangible assets) have been reviewed for impairment in accordance with IAS 36 *Impairment of Assets*. Assessments have considered potential triggers of impairment such as external factors including significant programme changes, climate change, and by analysing latest management forecasts against those prepared in 2024 to identify any change in performance.

An impairment reversal trigger was identified for a Civil Aerospace - Trent programme asset which became fully impaired as a result of the impacts of COVID-19 in 2020. The trigger for recalculating the recoverable amount was an increase in the estimated period of operation of engines under TotalCare arrangements.

An impairment reversal assessment has been carried out on the following basis:

- The recoverable amount of programme assets has been estimated using a value in use calculation. This has been estimated using cash flows from the most recent forecasts prepared by the Directors, which are consistent with past experience and external sources of information on market conditions over the life of the respective programme; and
- The key assumptions underpinning cash flow projections are based on estimates of product performance and aftermarket volumes. Climate-related risks are considered when making these estimates.

An intangible asset impairment reversal of £12m was recognised together with a property, plant and equipment impairment reversal of £52m (see note 9) and a lease right-of-use asset impairment reversal of £121m (see note 10) being recognised in cost of sales (£176m) and research and development (£9m) in the period as follows:

	Impairment reversal			Total £m	Pre-tax nominal discount rate at 30 June 2025 ¹
	Intangible Assets £m	Property, plant and equipment £m	Right-of-use Assets £m		
Civil Aerospace - Trent programme assets	12	52	121	185	12.0%

¹ The equivalent pre-tax nominal discount rate in 2020 when the impairment was recognised was 11.0%

The recoverable amount calculated includes passage of time benefits in addition to those from the impairment reversal trigger drivers described above and has resulted in a partial impairment reversal. In making this assessment, the Directors have considered a range of sensitivities in relation to the aftermarket returns, cost increases and discount rates.

There have been no other individually material impairment charges or reversals recognised during the period (30 June 2024: none).

9 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Aircraft and engines £m	In course of construction £m	Total £m
Cost:					
At 1 January 2025	1,882	4,910	1,099	535	8,426
Additions	7	61	68	70	206
Disposal of business	-	(5)	-	-	(5)
Disposals/write-offs	(2)	(68)	(4)	(1)	(75)
Reclassifications within property, plant and equipment ¹	1	36	-	(37)	-
Exchange differences	(18)	(41)	(13)	(23)	(95)
At 30 June 2025	1,870	4,893	1,150	544	8,457
Accumulated depreciation and impairment:					
At 1 January 2025	768	3,454	472	8	4,702
Charge for the period ²	34	118	31	-	183
Impairment ³	-	1	(52)	-	(51)
Disposal of business	-	(2)	-	-	(2)
Disposals/write-offs	(1)	(61)	(3)	-	(65)
Exchange differences	(9)	(28)	(5)	-	(42)
At 30 June 2025	792	3,482	443	8	4,725
Net book value:					
At 30 June 2025	1,078	1,411	707	536	3,732
At 1 January 2025	1,114	1,456	627	527	3,724

¹ Includes reclassifications of assets in course of construction into the other categories of property, plant and equipment when the assets become available for use

² Depreciation is charged to cost of sales and commercial and administrative costs or included in the cost of inventory as appropriate

- ³ The carrying values of property, plant and equipment have been assessed during the period in line with IAS 36 *Impairment of Assets*. Material items of plant and equipment and aircraft and engines are assessed for impairment together with other assets used in individual programmes - see potential triggers considered in note 8. Land and buildings are generally used across multiple programmes and are considered based on future expectations of the use of the site, which includes any implications from climate-related risks. During the period to 30 June 2025, a partial impairment reversal of £52m has been recognised within cost of sales (31 December 2024: £nil), as outlined within notes 2 and 8

10 Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Aircraft and engines £m	Total £m
Cost:				
At 1 January 2025	517	246	1,897	2,660
Additions/modification of leases	19	29	13	61
Disposal of business	(2)	-	-	(2)
Disposals	(6)	(26)	(49)	(81)
Exchange differences	(19)	(1)	2	(18)
At 30 June 2025	509	248	1,863	2,620
Accumulated depreciation and impairment:				
At 1 January 2025	294	135	1,470	1,899
Charge for the period ¹	25	24	85	134
Impairment ²	-	-	(121)	(121)
Disposal of business	(1)	-	-	(1)
Disposals	(6)	(13)	(49)	(68)
Exchange differences	(11)	1	2	(8)
At 30 June 2025	301	147	1,387	1,835
Net book value:				
At 30 June 2025	208	101	476	785
At 1 January 2025	223	111	427	761

¹ Depreciation is charged to cost of sales and commercial and administrative costs as appropriate

- ² The carrying values of right-of-use assets have been assessed during the period in line with IAS 36 *Impairment of Assets*. Material items of plant and equipment and aircraft and engines are assessed for impairment together with other assets used in individual programmes - see potential triggers considered in note 8. Land and buildings are generally used across multiple programmes and are considered based on future expectations of the use of the site (which includes any implications from climate-related risks). During the period to 30 June 2025, a partial impairment reversal of £121m has been recognised within cost of sales (31 December 2024: charge of £2m), as outlined within notes 2 and 8

11 Trade receivables and other assets

	Current		Non-current ¹		Total	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	£m	£m	£m	£m	£m	£m
Trade receivables	2,879	2,917	108	138	2,987	3,055
Prepayments	853	829	87	89	940	918
RRSA prepayment for parts ²	724	486	1,112	1,182	1,836	1,668
Receivables due on RRSAs	899	1,118	80	119	979	1,237
Amounts owed by joint ventures and associates	871	894	5	2	876	896
Other taxation and social security receivable	166	215	25	2	191	217
Costs to obtain contracts with customers	9	11	174	124	183	135
Other receivables and similar assets ³	651	529	74	58	725	587
	7,052	6,999	1,665	1,714	8,717	8,713

¹ Trade receivables and other assets have been presented on the face of the balance sheet in line with the operating cycle of the business. Further disclosure is included in the table above and relates to amounts not expected to be received in the next 12 months, in line with specific customer payment arrangements, including customers on payment plans

² These amounts reflect the contractual share of EFH flows and original equipment deposits from customers paid to RRSA partners in return for the supply of parts in future periods under long-term supply contracts. During the period £279m (31 December 2024: £262m) has been charged in cost of sales in relation to parts supplied and used in the period

³ Other receivables includes unbilled recoveries relating to completed overhaul activity where the right to consideration is unconditional

The Group has adopted the simplified approach to provide for expected credit losses (ECL), measuring the loss allowance at a probability weighted amount incorporated by using credit ratings which are publicly available, or through internal risk assessments derived using the customer's latest available financial information.

The ECL for trade receivables and other assets has decreased by £35m to £204m (31 December 2024: decreased by £3m to £239m).

The movements of the Group's ECL provision are as follows:

	30 June 2025 £m	31 December 2024 £m
At 1 January	(239)	(242)
Increases in loss allowance recognised in the income statement during the period	(50)	(130)
Loss allowance utilised	19	11
Releases of loss allowance previously provided	63	116
Transferred to assets held for sale	1	1
Exchange differences	2	5
At 30 June/31 December	(204)	(239)

12 Contract assets and liabilities

	Current		Non-current ¹		Total	
	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m
Contract assets						
Contract assets with customers	546	886	834	598	1,380	1,484
Participation fee contract assets	30	38	293	291	323	329
	576	924	1,127	889	1,703	1,813

¹ Contract assets and contract liabilities have been presented on the face of the balance sheet in line with the operating cycle of the business. Contract liabilities are further split according to when the related performance obligation is expected to be satisfied and therefore when revenue is estimated to be recognised in the income statement. Further disclosure of contract assets is provided in the table above, which shows within current the element of consideration that will become unconditional in the next year

The balance includes £882m (31 December 2024: £955m) Civil Aerospace LTSA assets and £336m (31 December 2024: £381m) Defence LTSA assets.

The decrease in the Civil Aerospace balance is driven by revenue recognised (when performance obligations have been completed during the period) being lower than the amount invoiced on those contracts that have a contract asset balance. Revenue recognised relating to performance obligations satisfied in previous years was £56m which reduced the contract asset (31 December 2024: reduction of £42m) in Civil Aerospace.

No impairment losses in relation to these contract assets (31 December 2024: none) have arisen during the period.

Participation fee contract assets have decreased by £6m (31 December 2024: increased by £102m) primarily due to amortisation of £(11)m (31 December 2024: £(23)m) and the Civil Aerospace programme asset impairment reversal of £nil (31 December 2024: £132m), offset by foreign exchange on consolidation of £5m (31 December 2024: £(7)m).

12 Contract assets and liabilities continued

	Current		Non-current		Total	
	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m
Contract liabilities	7,048	6,309	9,602	9,447	16,650	15,756

Contract liabilities have increased by £894m. The movement in the Group balance is primarily as a result of an increase in Civil Aerospace of £632m. This is mainly a result of growth in LTSA liabilities of £436m (30 June 2025: £11,575m, 31 December 2024: £11,139m) driven almost wholly by large engines, with customer invoicing in 2025 (based on EFH) being in advance of revenue recognised (based on costs incurred completing performance obligations). The contract liability movement includes a decrease of £(182)m (31 December 2024: decrease of £(354)m) as a result of revenue being recognised in relation to performance obligations satisfied in previous years. Contract liability increases in Defence of £146m and Power Systems of £124m are from the receipt of deposits in advance of performance obligations being completed.

13 Borrowings and lease liabilities

	Current		Non-current		Total	
	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m
Unsecured						
Overdrafts	2	2	-	-	2	2
Bank loans	3	4	4	3	7	7
Loan notes	1,743	795	1,732	2,764	3,475	3,559
Other loans	-	-	9	9	9	9
Total unsecured	1,748	801	1,745	2,776	3,493	3,577

Lease liabilities	323	296	1,093	1,259	1,416	1,555
Total borrowings and lease liabilities	2,071	1,097	2,838	4,035	4,909	5,132

All outstanding items described as loan notes above are listed on the London Stock Exchange

The Group has access to the following undrawn committed borrowing facilities at the end of the period:

	30 June 2025 £m	31 December 2024 £m
Expiring after one year	2,500	2,500
Total undrawn facilities	2,500	2,500

Further details can be found in the going concern statement on page 19

During the period to 30 June 2025, the Group did not repay any loan notes.

14 Trade payables and other liabilities

	Current		Non-current		Total	
	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m	30 June 2025 £m	31 December 2024 £m
Trade payables	1,841	1,526	-	-	1,841	1,526
Accrued liabilities	2,369	2,552	110	109	2,479	2,661
Customer discounts ¹	1,169	1,035	682	866	1,851	1,901
Payables due on RRSAs	1,460	1,529	5	11	1,465	1,540
Deferred receipts from RRSA workshare partners	57	55		757	794	812
			737			
Amounts owed to joint ventures and associates	492	492	-	-	492	492
Government grants ²	30	26	28	24	58	50
Other taxation and social security	124	54	-	-	124	54
Other payables ³	563	740	204	198	767	938
	8,105	8,009	1,766	1,965	9,871	9,974

¹ Customer discounts include customer concession credits. Revenue recognised comprises sales to the Group's customers after such items. Customer concession credits are discounts given to a customer upon the sale of goods or services. A liability is recognised to correspond with the recognition of revenue when the performance obligation is met, as set out on page 126 of the 2024 Annual Report. The largest element of the balance, approximately £1.3bn (31 December 2024: £1.4bn) arises when the Civil business delivers its engines to an airframer. A concession is often payable to the end customer (e.g. an airline) on delivery of the aircraft from the airframer. The concession amounts are known and the payment date is reasonably certain, hence there is no significant judgement or uncertainty associated with the timing of these amounts

² During the period, £4m (30 June 2024: £47m), of government grants were released to the income statement

³ Other payables includes payroll liabilities and HM Government UK levies

The Group's payment terms with suppliers vary based on the products and services being sourced, the competitive global markets the Group operates in and other commercial aspects of suppliers' relationships. Industry average payment terms vary between 90 to 120 days. The Group offers reduced payment terms to its smaller suppliers, who are typically on 75-day payment terms, so that they are paid in 30 days.

In line with civil aviation industry practice, the Group offers a supply chain financing (SCF) programme in partnership with banks to enable suppliers (including joint ventures who are on 90-day standard payment terms) to receive their payments sooner. This SCF programme is available to suppliers at their discretion and does not change the Group's rights and obligations with the suppliers or the timing of payment by the Group to settle its liabilities arising from transactions with these suppliers.

At 30 June 2025, £458m (31 December 2024: £594m) of trade payables and other liabilities were within the scope of the SCF arrangements of which suppliers had drawn £352m (31 December 2024: £506m), with £132m (31 December 2024: £243m) drawn by joint ventures. In some cases the Group settles the costs incurred by joint ventures as a result of them utilising SCF arrangements and, during the period to 30 June 2025, the Group incurred costs of £5m (30 June 2024: £1m). These were included within the cost of sales.

15 Financial assets and liabilities

Carrying value of other financial assets and liabilities

Derivatives			Total derivatives	Financial RRSAs	Other	C Shares	Total
Foreign exchange contracts	Commodity contracts	Interest rate contracts ¹					

	£m	£m	£m	£m	£m	£m	£m	£m
At 30 June 2025								
Non-current assets	713	3	39	755	-	22	-	777
Current assets	300	1	86	387	-	13	-	400
Assets	1,013	4	125	1,142	-	35	-	1,177
Current liabilities	(286)	(20)	(37)	(343)	-	(51)	(22)	(416)
Non-current liabilities	(467)	(23)	(69)	(559)	(5)	(172)	-	(736)
Liabilities	(753)	(43)	(106)	(902)	(5)	(223)	(22)	(1,152)
	260	(39)	19	240	(5)	(188)	(22)	25
At 31 December 2024								
Non-current assets	10	1	110	121	-	5	-	126
Current assets	25	4	148	177	-	32	-	209
Assets	35	5	258	298	-	37	-	335
Current liabilities	(539)	(18)	-	(557)	-	(62)	(23)	(642)
Non-current liabilities	(1,364)	(22)	(111)	(1,497)	(7)	(136)	-	(1,640)
Liabilities	(1,903)	(40)	(111)	(2,054)	(7)	(198)	(23)	(2,282)
	(1,868)	(35)	147	(1,756)	(7)	(161)	(23)	(1,947)

¹ Includes the foreign exchange impact of cross-currency interest rate swaps

15 Financial assets and liabilities continued

Derivative financial instruments

Movements in the fair value of derivative financial assets and liabilities were as follows:

	Half-year to 30 June 2025 £m				Year-ended 31 December 2024 £m	
	Foreign exchange instruments £m	Commodity instruments £m	Interest rate instruments - hedge accounted ¹ £m	Interest rate instruments - non-hedge accounted £m	Total	Total
At 1 January	(1,868)	(35)	54	93	(1,756)	(1,878)
Movements in fair value hedges	-	-	(56)	-	(56)	(32)
Movements in cash flow hedges	-	-	(58)	-	(58)	(23)
Movements in other derivative contracts ²	1,652	(12)	-	(6)	1,634	(609)
Contracts settled	476	8	22	(30)	476	786
At 30 June/31 December	260	(39)	(38)	57	240	(1,756)

¹ Includes the foreign exchange impact of cross-currency interest rate swaps

² Included in net financing

Financial risk and revenue sharing arrangements (RRSAs) and other financial assets and liabilities

Movements in the carrying values were as follows:

	Financial RRSAs		Other level 3 assets		Other level 3 liabilities	
	Half-year to 30 June 2025 £m	Year-ended 31 December 2024 £m	Half-year to 30 June 2025 £m	Year-ended 31 December 2024 £m	Half-year to 30 June 2025 £m	Year-ended 31 December 2024 £m
At 1 January	(7)	(17)	14	25	(198)	(163)
Exchange adjustments included in OCI	(3)	1	(2)	-	7	(5)
Additions	-	-	-	-	(37)	(34)
Financing charge ¹	-	-	-	(11)	(11)	(9)
Excluded from underlying profit:						
Changes in forecast payments ¹	-	-	-	-	-	-
Cash paid	5	9	-	-	14	12
Other	-	-	-	-	2	1
At 30 June/31 December	(5)	(7)	12	14	(223)	(198)

¹ Included in net financing

15 Financial assets and liabilities continued

Fair values of financial instruments equate to book values with the following exceptions:

Fair values of financial instruments equate to book values with the following exceptions.

	Half-year to 30 June 2025		Year-ended 31 December 2024	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Other assets - Level 2	16	16	16	16
Borrowings - Level 1	(3,475)	(3,477)	(3,559)	(3,540)
Borrowings - Level 2	(19)	(21)	(18)	(21)
Financial RRSAs - Level 3	(5)	(5)	(7)	(7)

The fair value of a financial instrument is the price at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction. There have been no transfers during the period from or to Level 3 valuation. Fair values have been determined with reference to available market information at the balance sheet date, using the methodologies described below.

- Non-current investments primarily comprise unconsolidated companies where fair value approximates to the book value. Listed investments are valued using Level 1 methodology.
- Money market funds, included within cash and cash equivalents, are valued using Level 1 methodology. Fair values are assumed to approximately equal cost either due to the short-term maturity of the instruments or because the interest rate of the investments is reset after periods not exceeding six months.
- The fair values of held to collect trade receivables and similar items, trade payables and other similar items, other non-derivative financial assets and liabilities, short-term investments and cash and cash equivalents are assumed to approximate to cost either due to the short-term maturity of the instruments or because the interest rate of the investments is reset after periods not exceeding six months.
- Fair values of derivative financial assets and liabilities and trade receivables held to collect or sell are estimated by discounting expected future contractual cash flows using prevailing interest rate curves or cost of borrowing, as appropriate. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS 13 *Fair Value Measurement*).
- Borrowings are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of borrowings is estimated using quoted prices (Level 1 as defined by IFRS 13) or by discounting contractual future cash flows (Level 2 as defined by IFRS 13).
- The fair values of RRSAs and other liabilities, which primarily includes royalties to be paid to airframers, are estimated by discounting expected future cash flows. The contractual cash flows are based on future trading activity, which is estimated based on latest forecasts (Level 3 as defined by IFRS 13).
- Other assets and borrowings are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of borrowings is estimated by discounting contractual future cash flows.
- Other assets are included on the balance sheet at fair value, derived from observable market prices or latest forecast (Level 2/3 as defined by IFRS 13). At 30 June 2025, Level 3 assets totalled £12m (31 December 2024: £14m).
- The fair value of lease liabilities are estimated by discounting future contractual cash flows using either the interest rate implicit in the lease or the Group's incremental cost of borrowing (Level 2 as defined by IFRS 13).

16 Provisions for liabilities and charges

	At 1 January 2025 £m	Charged to income statement ¹ £m	Reversed £m	Utilised £m	Exchange differences £m	At 30 June 2025 £m
Onerous contracts	1,433	320	(544)	(101)	(1)	1,107
Warranty and guarantees	354	77	(7)	(43)	(3)	378
Trent 1000 wastage costs	36	-	-	(36)	-	-
Employer liability claims	25	-	(3)	-	-	22
Transformation and restructuring	62	-	(5)	(26)	1	32
Tax related interest and penalties	16	-	-	-	-	16
Claims and litigation	25	-	-	(3)	-	22
Other	43	8	(1)	(9)	(1)	40
	1,994	405	(560)	(218)	(4)	1,617
Current liabilities	589					525
Non-current liabilities	1,405					1,092

¹ The charge to the income statement within net financing includes £14m (30 June 2024: £25m) as a result of the unwinding of the discounting of provisions previously recognised

Onerous contracts

Onerous contract provisions are recorded when the direct costs to fulfil a contract are assessed as being greater than the expected recoverable amount. Onerous contract provisions are measured on a fully costed basis. During the period additional contract losses for the Group of £320m (30 June 2024: £333m) have been recognised. These are mainly a result of increases in the estimate of future LTSA costs due to prolonged supply chain challenges and inflationary cost increases. Contract losses of £544m (30 June 2024: £195m) previously recognised have been reversed following improvements to the forecast revenue, cost estimates and time on wing across various engine programmes as a result of operational improvements, contractual renegotiations and extensions. During the period £101m (30 June 2024: £107m) of the provisions have been utilised. The Group continues to monitor onerous contract provisions for changes in the market and revises the provision as required. The value of the remaining onerous contract provisions reflect, in each case, the single most likely outcome. The provisions are expected to be utilised over the term of the customer contracts, typically within eight to 16 years.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires a company to recognise any impairment loss that has occurred on assets used in fulfilling the contract before recognising a separate provision for an onerous contract. No impairments were required for any of the assets solely used in the fulfilment of onerous contracts.

Warranty and guarantees

Provisions for warranty and guarantees relate to products sold and are calculated based on an assessment of the remediation costs related to future claims based on past experience. The provision generally covers a period of up to three years.

Trent 1000 wastage costs

During the period, the Group has utilised the remaining £36m (30 June 2024: £42m) of the Trent 1000 wastage costs provision. This represents customer disruption costs and remediation shop visit costs.

Employer liability claims

The provision relating to employer healthcare liability claims is as a result of an historical insolvency of the previous provider and is expected to be utilised over the next 30 years.

Transformation and restructuring

In 2023, the Group announced a major multi-year transformation programme as set out in the 2022 Annual Report. During the period £26m (30 June 2024: £28m) was utilised and £5m reversed (30 June 2024: £nil). As part of these plans a further £3m (30 June 2024: £2m) has been charged directly to the income statement that had not been provided for. The remaining provision is expected to be utilised by 31 December 2025.

16 Provisions for liabilities and charges continued

Tax related interest and penalties

Provisions for tax related interest and penalties relate to uncertain tax positions in some of the jurisdictions in which the Group operates. Utilisation of the provisions will depend on the timing of resolution of the issues with the relevant tax authorities.

Claims and litigation

Provisions for claims and litigation represent ongoing matters where the outcome for the Group may be unfavourable.

The balance also includes the best estimate of any retained exposure by the Group's captive insurance company for any claims that have been incurred but not yet reported to the Group, as that entity retains a portion of the exposures it insures on behalf of the remainder of the Group. Such exposures include policies for aviation claims, employer liabilities and healthcare claims. Significant delays can occur in the notification and settlement of claims, and judgement is involved in assessing outstanding liabilities, the ultimate cost and timing of which cannot be known with certainty at the balance sheet date. The insurance provisions are based on information currently available, however, it is inherent in the nature of the business that ultimate liabilities may vary if the frequency or severity of claims differs from estimated.

Other

Other items are individually immaterial. The value of any remaining provisions reflects the single most likely outcome in each case.

There were no provisions held for customer financing at 30 June 2025 (31 December 2024: £nil). Provisions are held to cover potential calls on guarantees provided over asset values and/or financing when it is considered probable by management that the exposure will crystallise. The Group discloses contingent liabilities for customer financing arrangements where the payment is not probable. See note 18.

17 Post-retirement benefits

The net post-retirement scheme surplus/(deficit) as at 30 June 2025 is calculated on a year to date basis, using the latest valuation as at 31 March 2023, updated to 30 June 2025 for the principal schemes.

Amounts recognised in the balance sheet in respect of defined benefit schemes

	UK schemes £m	Overseas schemes £m	Total £m
At 1 January 2025	779	(970)	(191)
Exchange adjustments	-	11	11
Current service cost and administrative expenses	(3)	(19)	(22)
Past-service cost	-	(11)	(11)
Financing recognised in the income statement	21	(19)	2
Contributions by employer	-	39	39
Actuarial gains recognised in OCI ¹	87	27	114
Returns on plan assets excluding financing recognised in OCI ¹	(135)	1	(134)
At 30 June 2025	749	(941)	(192)
Post-retirement scheme surpluses - included in non-current assets ²	749	1	750
Post-retirement scheme deficits - included in non-current liabilities	-	(942)	(942)

¹ Actuarial gains recognised in OCI on the UK scheme (Rolls-Royce UK Pension Fund - RRUKEPF) are primarily driven by movements in the discount rate and inflation

² The surplus in the UK Scheme is recognised as, on ultimate wind-up when there are no longer any remaining members, any surplus would be returned to the Group which has the power to prevent the surplus being used for other purposes in advance of this event

Virgin Media

A UK High Court legal ruling that took place in June 2023 between Virgin Media Limited and NTL Pension Trustees II Limited, found that certain historic rule amendments were invalid if they were not accompanied by actuarial certifications. The ruling was subject to an appeal with a judgment delivered on 25 July 2024. The Court of Appeal unanimously upheld the decision of the High Court and concluded that the pre-April 2013 conditions applied to amendments to both future and past service. Whilst this ruling was in respect of another scheme, its relevance and hence the potential impact of this to the RRUKEPF scheme, and other UK schemes was unclear.

On 5 June 2025 the UK Government announced that in light of this uncertainty, it would introduce legislation to give potentially affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic rule amendments met the necessary standards. As a result of this Government intervention the Group does not anticipate any scheme amendments or additional liabilities.

18 Contingent liabilities and commitments

In January 2017, after full cooperation, the Company concluded deferred prosecution agreements (DPA) with the Serious Fraud Office and the US Department of Justice and a leniency agreement with the Ministério Público Federal, the Brazilian federal prosecutor. The terms of both DPAs have now expired. The Company has also met all its obligations under a two-year leniency agreement with Brazil's Comptroller General (CGU), signed in October 2021, relating to the same historical matters. In April 2024, the CGU confirmed that the Company would no longer be subject to compliance monitorship. Certain authorities are investigating members of the Group for matters relating to misconduct in relation to historical matters. The Group is responding appropriately. Action may be taken by further authorities against the Group or individuals. In addition, the Group could still be affected by actions from other parties, including customers, customers' financiers and the Company's current and former investors, including certain potential claims in respect of the Group's historical ethics and compliance disclosures which have been notified to the Group. The Directors are not currently aware of any matters that are likely to lead to a material financial loss over and above the penalties imposed to date, but cannot anticipate all the possible actions that may be taken or their potential consequences.

The Group has, in the normal course of business, entered into arrangements in respect of export finance, performance bonds, grant funding, countertrade obligations and minor miscellaneous items, which could result in potential outflows if the requirements related to those arrangements are not met. Various Group undertakings are party to legal actions and claims (including with tax authorities) which arise in the ordinary course of business, some of which are for substantial amounts.

In connection with the sale of its products the Group will, on some occasions, provide financing support for its customers, generally in respect of civil aircraft. The Group's commitments relating to these financing arrangements are spread over many years, they relate to a number of customers, a broad product portfolio and are generally secured on the asset subject to the financing. These include commitments of 339m (31 December 2024: 405m) (on a discounted basis) to provide facilities to enable customers to purchase aircraft (of which approximately nil could be called during

2025). These facilities may only be used if the customer is unable to obtain financing elsewhere and are priced at a premium to the market rate. Significant events impacting the international aircraft financing market, the failure by customers to meet their obligations under such financing agreements, or inadequate provisions for customer financing liabilities may adversely affect the Group's financial position.

Customer financing provisions would be made to cover guarantees provided for asset value and/or financing were it probable that a payment would be made. These would be measured on a discounted basis at the Group's borrowing rate to reflect the time span over which these exposures could arise. The values of aircraft providing security are based on advice from a specialist aircraft appraiser. There were no provisions for customer financing provisions at 30 June 2025 or 31 December 2024.

The Group has responded appropriately to the Russia-Ukraine conflict to comply with international sanctions and export control regime, and to continue to implement the business decision to exit from Russia. The Group could be subject to action by impacted customers, suppliers and other contract parties.

While the outcome of the above matters cannot precisely be foreseen, the Directors do not expect any of these arrangements, legal actions or claims, after allowing for provisions already made, to result in significant loss to the Group.

19 Related party transactions

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Sale of goods and services ¹	5,055	3,583
Purchases of goods and services ¹	(5,195)	(4,420)

¹ Sales of goods and services to related parties and purchases of goods and services from related parties, including joint ventures and associates, are included at the average exchange rate, consistent with the statutory income statement

Included in sales of goods and services to related parties are sales of spare engines amounting to £92m (30 June 2024: £24m). Profit recognised in the period on such sales amounted to £37m (30 June 2024: £29m), including profit on current year sales and recognition of profit deferred on similar sales in previous years. Cash receipts relating to the sale of spare engines amounted to £92m (30 June 2024: £24m).

Included in cost of sales in the income statement are interest costs of £5m (30 June 2024: £4m) incurred during the period which have been settled by the Group on behalf of joint ventures.

20 Business disposals and businesses held for sale

Disposals

On 29 October 2024 Rolls-Royce SMR Limited announced that ČEZ Group (ČEZ) would make an equity investment into the Rolls-Royce SMR Limited business and establish a strategic partnership to deploy up to 3GW of electricity in the Czech Republic. This investment from ČEZ was received by Rolls-Royce SMR on 4 March 2025. Rolls-Royce Holdings plc's indirect shareholding in Rolls-Royce SMR Limited was diluted from 70.5% at 31 December 2024 to 61.7%.

When the new investment was received the Group relinquished control of Rolls-Royce SMR Limited, as a result of changes in shareholder matters, and the subsidiary was deconsolidated. This followed detailed consideration of the criteria within IFRS 10 *Consolidated Financial Statements* in relation to the Group's ability to take decisions that affect the returns of the business without the support of other shareholders. The Group's investment in Rolls-Royce SMR Limited was recognised at its fair value of £732m on 4 March 2025 and a profit on disposal of £679m was recognised in the Group's income statement.

	Half- year to 30 June 2025 £m
Proceeds	-
Cash and cash equivalents disposed	(81)
Net cash consideration	(81)
Disposal costs paid	(4)
Net cash outflow on disposal per cash flow statement	(85)

	Half-year to 30 June 2025 £m
Proceeds	-
Property, plant and equipment	3
Right-of-use assets	1
Trade receivables and other assets	47
Cash and cash equivalents	81
Trade payables and other liabilities	(56)
Net assets disposed	76
Loss on disposal before disposal costs and accounting adjustments	(76)

Loss on disposal before disposal costs and accounting adjustments	119
Derecognition of NCI	23
Accounting adjustment - recognition of Rolls-Royce SMR Limited at fair value	732
Profit on disposal of business before taxation	679
Tax on disposal ¹	-
Profit on disposal of business after taxation	679

¹ The deconsolidation of Rolls-Royce SMR Limited from the Group in the period to 30 June 2025 is treated as non-taxable, following the tax de-grouping charge recognised in 2024 when the Group's shareholding fell below 75%, see note 5 for further details

Businesses held for sale

At 31 December 2024, the Group had classified the assets and liabilities related to its naval propulsors & handling business as held for sale as, in line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the business was available for sale in its current condition and the sale was considered highly probable.

At 30 June 2025 the assets and liabilities continued to be disclosed as held for sale. They were measured at the lower of their carrying value or fair value less costs to sell as summarised below. Completion of the sale of the naval propulsors business to Fairbanks Morse Defense took place on 1 July 2025. The completion of the naval handling business disposal to Fairbanks Morse Defense is expected at a later date.

The table below summarises the categories of assets and liabilities of the naval propulsors & handling business classified as held for sale.

	30 June 2025 £m	31 December 2024 £m
Intangible assets	12	13
Property, plant and equipment	47	51
Right-of-use assets	1	1
Inventory	20	24
Trade receivables and other assets	77	64
Assets held for sale	157	153
Trade payables and other liabilities	(83)	(96)
Provisions for liabilities and charges	(4)	(3)
Borrowings and lease liabilities	(1)	(1)
Liabilities associated with assets held for sale	(88)	(100)
Net assets held for sale	69	53

21 Derivation of summary funds flow statement

	Half-year to 30 June 2025					Half-year to 30 June 2024
	Cash flow £m	Impact of hedge book £m	Impact of acquisition accounting £m	Impact of other non- underlying items £m	Funds flow £m	Funds flow £m
Operating profit/(loss)	2,074	(102)	8	(247)	1,733	1,149
Loss on disposal of property, plant and equipment ¹	4	-	-	-	4	1
Joint venture trading ¹	6	-	-	-	6	(63)
Depreciation, amortisation and impairment	256	-	(8)	185	433	427
Movement in provisions	(395)	(8)	-	109	(294)	(106)
Increase in inventories ²	(608)	-	-	-	(608)	(641)
Movement in prepayments to RRSAs for LTSA parts	46	(15)	-	-	31	(171)
Movement in cost to obtain contracts	(48)	-	-	-	(48)	7
Movement in trade receivables/payables and other assets/liabilities ²	(297)	(240)	-	(1)	(538)	86
Revaluation of trading assets ²	241	2	-	-	243	(3)
Realised derivatives in financing	358	-	-	-	358	405
Movement in Civil LTSA balance	440	1	-	-	441	715
Movement in contract assets/liabilities (excluding Civil LTSA) ²	532	(9)	-	-	523	(75)
Settlement of excess derivatives	(116)	-	-	-	(116)	(75)
Interest received	150	-	-	-	150	124
Contributions to defined benefit schemes in excess of underlying operating profit charge ¹	(6)	-	-	-	(6)	(18)
Cash flows on other financial assets and liabilities held for operating purposes	(389)	358	-	-	(31)	(5)
Share-based payments ¹	60	-	-	-	60	59
Other ¹	-	-	-	-	-	11
Income tax	(290)	-	-	31	(259)	(113)
Cash from operating activities	2,018	(13)	-	77	2,082	1,714
Capital element of lease payments	(91)	13	-	-	(78)	(112)
Capital expenditure	(349)	-	-	-	(349)	(291)
Cash received on maturity of share-based payment schemes	38	-	-	-	38	-
Investment	31	-	-	-	31	17
Interest paid	(136)	-	-	-	(136)	(157)
Other (M&A, exceptional transformation and restructuring costs)	71	-	-	(77)	(6)	(13)
Free cash flow	1,582				1,582	1,158

¹ Included in other operating cash flows in the summarised free cash flow on page 9

² Included in working capital (excluding Civil LTSA balance) in the summarised free cash flow on page 9

Free cash flow is a measure of the financial performance of the businesses' cash flows which is consistent with the way in which performance is communicated to the Board. Free cash flow is defined as cash flows from operating activities including capital expenditure and movements in investments, capital elements of lease payments, interest paid, cash received on maturity of share-based payment schemes, amounts paid relating to the settlement of excess derivatives and excluding amounts spent or received on activity related to business acquisitions or disposals and other material exceptional or one-off cash flows. The Board considers that free cash flow reflects cash generated from the Group's underlying trading.

Cash flow from operating activities is determined to be the nearest statutory measure to free cash flow. The reconciliation between free cash flow and cash flow from operating activities can be found on page 45.

Reconciliation of Alternative Performance Measures to their statutory equivalent

Alternative Performance Measures (APMs)

Business performance is reviewed and managed on an underlying basis. These alternative performance measures reflect the economic substance of trading in the period. In addition, a number of other APMs are utilised to measure and monitor the Group's performance.

Definitions and reconciliations to the relevant statutory measure are included below. All comparative periods relate to 30 June 2024.

Underlying results

Underlying results are presented by recording all relevant revenue and cost of sales transactions at the average exchange rate achieved on effective settled derivative contracts in the period that the cash flow occurs. Underlying results also exclude: the effect of acquisition accounting and business disposals, impairment of goodwill and other non-current assets where the reasons for the impairment are outside of normal operating activities, exceptional items and certain other items which are market driven and outside of management's control. Further detail can be found in note 2.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Revenue		
Statutory revenue	9,490	8,861
Derivative and FX adjustments	(433)	(679)
Underlying revenue	9,057	8,182
Gross profit		
Statutory gross profit	2,927	2,108
Derivative and FX adjustments	(102)	(73)
Programme exceptional credits	(83)	-
Exceptional transformation and restructuring charges	(1)	52
Acquisition accounting	7	22
Civil Aerospace programme asset impairment reversal	(176)	(132)
Underlying gross profit	2,572	1,977
Commercial and administrative costs		
Statutory commercial and administrative (C&A) costs	(631)	(641)
Derivative and FX adjustments	-	1
Exceptional transformation and restructuring charges	22	47
Underlying C&A Costs	(609)	(593)
Research and development		
Statutory research and development (R&D)	(246)	101
Derivative and FX adjustments	(2)	(12)
Exceptional transformation and restructuring charges	-	8
Acquisition accounting	1	1
Civil Aerospace programme asset impairment reversal	(9)	(413)
Underlying R&D costs	(256)	(315)
Operating profit		
Statutory operating profit	2,074	1,646
Derivative and FX adjustments	(102)	(82)
Programme exceptional credits	(83)	-
Exceptional transformation and restructuring charges	21	107
Acquisition accounting	8	23
Civil Aerospace programme asset impairment reversal	(185)	(545)
Underlying operating profit	1,733	1,149
Underlying operating profit margin	19.1%	14.0%

	Half-year to 30 June 2025 pence	Half-year to 30 June 2024 pence
Basic EPS		

Statutory basic EPS	52.38	13.71
Effect of underlying adjustments to profit before tax	(37.39)	(4.55)
Related tax effects	4.03	(0.21)
Adjustment for recognition of deferred tax assets ¹	(3.28)	-
Basic underlying EPS	15.74	8.95

¹ Underlying profit attributable to ordinary shareholders has been adjusted for the one-off non-cash impact of £277m related to the recognition of deferred tax assets on UK tax losses, see note 5 for further details

Reconciliation of Alternative Performance Measures to their statutory equivalent continued

Organic change

Organic change is the measure of change at constant translational currency applying full year 2024 average rates to 2024 and 2025 and excludes M&A changes and business disposals. The movement in underlying change to organic change is reconciled below.

All amounts below are shown on an underlying basis and reconciled to the nearest statutory measure above. All comparative periods relate to half-year to 30 June 2024.

Total Group income statement	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Change £m	FX £m	Organic Change £m	Organic Change %
Underlying revenue	9,057	8,182	875	(78)	953	13%
Underlying gross profit	2,572	1,977	595	(24)	619	33%
Underlying operating profit	1,733	1,149	584	(17)	601	50%
Net financing costs	(44)	(114)	70	(1)	71	(62)%
Underlying profit before taxation	1,689	1,035	654	(18)	672	62%
Taxation	(93)	(298)	205	1	204	(68)%
Underlying profit for the period	1,596	737	859	(17)	876	111%

Civil Aerospace	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Change £m	FX £m	Organic Change £m	Organic Change %
Underlying revenue	4,786	4,119	667	(22)	689	17%
Underlying OE revenue	1,478	1,329	149	(8)	157	12%
Underlying services revenue	3,308	2,790	518	(14)	532	19%
Underlying gross profit	1,477	992	485	(9)	494	50%
Commercial and administrative costs	(213)	(193)	(20)	2	(22)	11%
Research and development	(138)	(135)	(3)	1	(4)	3%
Joint ventures and associates	67	76	(9)	(2)	(7)	(9)%
Underlying operating profit	1,193	740	453	(8)	461	63%

Defence	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Change £m	FX £m	Organic Change £m	Organic Change %
Underlying revenue	2,223	2,219	4	(28)	32	1%
Underlying OE revenue	1,000	872	128	(10)	138	16%
Underlying services revenue	1,223	1,347	(124)	(18)	(106)	(8)%
Underlying gross profit	462	476	(14)	(5)	(9)	(2)%
Commercial and administrative costs	(103)	(108)	5	1	4	(4)%
Research and development	(18)	(24)	6	-	6	(25)%
Joint ventures and associates	1	1	-	-	-	-
Underlying operating profit	342	345	(3)	(4)	1	-

Power Systems	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Change £m	FX £m	Organic Change £m	Organic Change %
Underlying revenue	2,042	1,837	205	(28)	233	20%
Underlying OE revenue	1,381	1,257	124	(19)	143	21%
Underlying services revenue	661	580	81	(9)	90	17%
Underlying gross profit	635	507	128	(9)	137	34%
Commercial and administrative costs	(251)	(238)	(13)	3	(16)	8%
Research and development	(79)	(83)	4	2	2	(2)%
Joint ventures and associates	8	3	5	1	4	133%
Underlying operating profit	313	189	124	(3)	127	89%

Reconciliation of Alternative Performance Measures to their statutory equivalent continued

Trading cash flow

Trading cash flow is defined as free cash flow (as defined below) before the deduction of recurring tax and post-employment benefit expenses. Trading cash flow per segment is used as a measure of business performance for the relevant segments.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Civil Aerospace	1,111	1,038
Defence	327	234
Power Systems	425	121
Total reportable segments trading cash flow	1,863	1,393
All Other Businesses ¹	17	(71)
Central and Inter-segment	(33)	(33)
Trading cash flow	1,847	1,289
Underlying operating profit charge exceeded by contributions to defined benefit schemes	(6)	(18)
Tax ²	(259)	(113)
Free cash flow	1,582	1,158

¹ All Other Businesses include the financial results of small modular reactors, electrical power solutions and the UK Civil Nuclear business (see note 2 for further details)

² See page 15 for tax paid in the statutory cash flow statement

Free cash flow

Free cash flow is a measure of the financial performance of the businesses' cash flows which is consistent with the way in which performance is communicated with the Board. Free cash flow is defined as cash flows from operating activities including capital expenditure and movements in investments, capital elements of lease payments, interest paid, cash received on maturity of share-based payment schemes, and excluding amounts spent or received on activity related to business acquisitions or disposals and other material exceptional or one-off cash flows.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Statutory cash flows from operating activities	2,018	1,669
Capital expenditure	(349)	(291)
Cash received on maturity of share-based payment schemes	38	-
Investment (including investment from NCI and movement in joint ventures, associates and other investments)	31	17
Capital element of lease payments	(91)	(122)
Interest paid	(136)	(157)
Exceptional transformation and restructuring costs	68	55
M&A costs	5	-
Other	(2)	(13)
Free cash flow	1,582	1,158

Gross R&D expenditure

In period gross cash expenditure on R&D excludes contributions and fees, amortisation and impairment of capitalised costs and amounts capitalised during the period. For further detail, see note 3.

Gross capital expenditure

Gross capital expenditure during the period. All proposed investments are subject to rigorous review to ensure that they are consistent with forecast activity and provide value for money. The Group measures annual capital expenditure as the cash purchases of PPE acquired during the period.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Purchases of PPE (cash flow statement)	202	133

Reconciliation of Alternative Performance Measures to their statutory equivalent continued

Key performance indicators

The following measures are key performance indicators and are calculated using alternative performance measures or statutory results. See below for calculation of these amounts.

Order backlog

Total value of firm orders placed by customers for delivery of products and services where there is no right to cancel.

Adjusted return on capital (abbreviated to return on capital)

Return on capital is defined as net operating profit after tax (NOPAT) as a percentage of average invested capital. NOPAT is defined as underlying net profit excluding net finance costs and the tax shield on net finance costs. Invested capital is defined as current and non-

current assets less current liabilities. It excludes pension assets, cash and cash equivalents, and borrowings and lease liabilities. Return on capital assesses the efficiency in allocating capital to profitable investments.

	Year- ended 30 June 2025 £m	Year- ended 30 June 2024 £m
Underlying operating profit	1,315	917
Less: taxation ¹	(329)	-
Underlying operating profit (post-taxation) (six-month period ended 31 December)	986	917
Underlying operating profit	1,733	1,149
Less: taxation ¹	(372)	(331)
Underlying operating profit (post-taxation) (six-month period ended 30 June)	1,361	818
Total underlying operating profit (post-taxation)	2,347	1,735
Total assets	37,940	33,011
Less: post-retirement scheme surpluses	(750)	(868)
Less: cash and cash equivalents	(6,044)	(4,319)
Current liabilities	(18,218)	(15,264)
Liabilities held for sale	(88)	(13)
Less: borrowings and lease liabilities	2,071	305
Invested capital (closing)	14,911	12,852
Invested capital (average)	13,882	12,575
	%	%
Return on capital	16.9	13.8

¹ Excluding underlying taxation on underlying finance (costs)/income of £(2)m (30 June 2024: £(33)m) and adjusted for the one-off non-cash impact of £277m in the six-month period ended 30 June 2025 and £346m in the six-month period ended 31 December 2024 related to the recognition of deferred tax assets on UK tax losses, see note 5, page 29 for further details

Total underlying cash costs as a proportion of underlying gross margin (abbreviated to TCC/GM)

Total underlying cash costs during the period (represented by underlying research and development (R&D) expenditure and underlying commercial and administrative (C&A) costs) as a proportion of underlying gross profit. This measure provides an indicator of total cash costs relative to gross profit. A reduction in total cash costs relative to gross profit indicates how effective the business is at managing and/or reducing its costs.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m
Underlying R&D expenditure ¹	299	380
Underlying C&A	609	593
Total cash costs	908	973
Underlying gross profit	2,572	1,977
Total cash costs as a proportion of underlying gross profit	0.35	0.49

¹ Excludes £1m (30 June 2024: £10m) impact of acquisition accounting, exceptional transformation costs, derivatives and FX

Principal risks and uncertainties

Our approach to risk management is described on pages 52 to 54 of our 2024 Annual Report. It sets out requirements for managing risk across the organisation, in a continuous process where risk owners define, quantify, control, assure and respond to risks, including ongoing monitoring and oversight. We continue to review our principal risks, their dynamic nature and how well they are managed.

Our risks are categorised as either a 'pillar' or a 'driver', with drivers being those risks that could cause one or more risk pillars to happen and/or make them worse if they do. All principal risks facing the Group are summarised below and are unchanged from those included and reported in detail on pages 55 to 60 of our 2024 Annual Report.

Principal risk pillars

Safety

Failure to: i) create a place to work which minimises the risk of harm to our people, those who work with us, and the environment, would adversely affect our reputation and long-term sustainability or ii) provide safe products.

Compliance

Non-compliance by the Group with legislation or other regulatory requirements in the heavily regulated environment in which we operate (for example, export controls; data privacy; use of controlled chemicals and substances; anti-bribery and corruption; human rights; and tax and customs legislation). This could affect our ability to conduct business in certain jurisdictions and would potentially expose us to: reputational damage; financial penalties; debarment from government contracts for a period of time; and suspension of export privileges (including export credit financing), each of which could have a material adverse effect.

Strategy

Failure to develop an optimal strategy and continuously evolve it, investing in key areas for performance improvement and growth (taking into account risk reward), making difficult decisions for competitive advantage and the right portfolio and partnership choices, could result in us underperforming against our competitors and significantly reduce our ability to build a high-performing, competitive, resilient and growing business.

Execution

Failure to deliver as One Rolls-Royce on short-to medium-term financial plans, including efficient and effective delivery of quality products, services and programmes, or falling significantly short of customer expectations, would reduce our resilience and have potentially significant adverse financial and reputational consequences, including the risk of impairment of the carrying value of the Group's intangible assets and the impact of potential litigation.

Business interruption

A major disruption of our operations and ability to deliver our products, services and programmes could have an adverse impact on our people, internal facilities or external supply chain which could result in failure to meet agreed customer commitments and damage our prospects of winning future orders.

Disruption could be caused by a range of events, including extreme weather or natural hazards (for example, earthquakes or floods), which could increase in severity or frequency given the impact of climate change; political events; financial insolvency of a critical supplier; scarcity of materials; loss of data; fire; pandemic or other infectious disease.

Principal risk drivers

Energy transition

Failure to become a net zero company by 2050, leveraging technology to transition from carbon intensive products and services at pace could impact our ability to win future business; achieve operating results; attract and retain talent; secure access to funding; realise future growth opportunities; or force government intervention to limit emissions.

Information & data (including cyber)

Failure to protect the integrity, confidentiality and availability of data, both physical and digital, from attempts to cause us and our customers harm such as through a cyber-attack. Potential impacts include hindering data driven decision making, disrupting internal business operations and services for customers, or a data breach, all of which could damage our reputation, reduce resilience, and cause financial loss.

Causes include ransomware threats, unauthorised access to property or systems for the extraction, corruption, destruction of data, or availability of access to critical data and intellectual property.

Market & financial shock

The Group is exposed to market and financial risks, some of which are of a macro-economic nature (for example, economic growth rates, foreign currency, oil price, interest rates) and some of which are more specific to us such as cyclical aviation industry, reduction in air travel or defence spending, disruption to other customer operations, liquidity and credit risks. This could affect demand for our products and services.

Significant extraneous market events could also materially damage our competitiveness and/or creditworthiness and our ability to access funding. This would affect operational results or the outcomes of financial transactions.

Political

Geopolitical factors, such as changes in key political relationships, explicit trade protectionism, differing tax or regulatory regimes, potential for conflict or broader political issues and heightened political tensions, could lead to an unfavourable business climate and significant tensions between major trading parties or blocs, which could impact our strategy, execution, resilience, safety and compliance.

Talent & capability

Inability to identify, attract and grow the critical talent, skills and capabilities required to deliver our strategic priorities could threaten our ability to be a high-performing, competitive, resilient and growing business.

Technology

Failure to ensure products and services are based on competitive technology, leveraging substantial engineering and scientific challenges, adopting digital tools (such as AI) and new ways of working, could hinder our ability to accelerate product design and deliver a competitive offer that ensures superior performance; enhances the customer experience; drives the transition to lower carbon; improves productivity and reduces costs. This will ultimately negatively impact our competitiveness and market share.

Dividend

An interim cash dividend in respect of the first half of 2025 of 4.5 pence per ordinary share, to be paid on 18 September 2025 to shareholders on the register on 8 August 2025. The election deadline for ordinary shareholders wishing to participate in the Dividend Reinvestment Programme (DRIP) is 29 August 2025, further details can be obtained from the Company's Registrar, Equiniti Limited.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the UK;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board

Tufan Erginbilgic Chief Executive	Helen McCabe Chief Financial Officer
31 July 2025	31 July 2025

Independent review report to Rolls-Royce Holdings plc Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Rolls-Royce Holdings plc's condensed consolidated interim financial statements (the "interim financial statements") in the 2025 Half Year Results of Rolls-Royce Holdings plc for the 6 month period ended 30 June 2025 (the "period").

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

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2025;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2025 Half Year Results of Rolls-Royce Holdings plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

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

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

We have read the other information contained in the 2025 Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The 2025 Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the 2025 Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the 2025 Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the 2025 Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
31 July 2025

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