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Serco Group PLC
07 August 2025

2025 half year results

Serco Group plc ("Serco" or the "Company")
7 August 2025

Strong first-half performance, continued momentum, new £50m share buyback

Highlights from strong first half:

- **Revenue:** £2.4bn, up 5% at constant currency, organic growth of 3% for the Group, 9% in North America.
- **Underlying operating profit:** £146m, up 2%; reported operating profit of £132m also 2% higher.
- **Underlying operating margin:** strong at 6.0% including 10.6% in North America.
- **Underlying earnings per share:** increased 12% to 9.60p.
- **Order intake:** very strong at £3.2bn; book-to-bill over 130% with continued good contract win rates. High weighting of awards to defence sector.
- **Cash flow:** healthy free cash flow of £91m, good trading cash conversion of 84%.
- **MT&S acquisition completed:** integration progressing as planned.
- **Strong financial position:** adjusted net debt £259m, leverage of 0.9x net debt to EBITDA.

Continued momentum underpins confident outlook:

- **Growing pipeline:** £11.9bn, up 6% since end of 2024, highest in over a decade.
- **Increased order book:** £14.5bn, 9% higher than end of 2024.
- **Shareholder returns:** new £50m share buyback announced today, interim dividend per share of 1.45p, up 8% year-on-year.
- **Defence momentum continues:** 12% revenue growth in first half, with over 80% of order intake in the defence sector. MT&S acquisition adds scale and capability; well positioned for growth with rising national defence budgets and long-term global spending commitments.
- **Well placed for full year:** revenue and profit unchanged from prior guidance in June. First-half weighting of profit as previously disclosed.

Commenting on today's update, Anthony Kirby, Serco Group Chief Executive, said:
"We have delivered a strong performance in the first half, thanks to the hard work of our dedicated people, underpinning confidence in full-year guidance.

"Revenue growth, profit and cash generation have all been robust, reflecting stronger organic growth, driven primarily by our defence-focused North American business. During the period, order intake of £3.2bn delivered a strong book-to-bill of more than 130%, which is heavily weighted to the defence sector.

"I am pleased that this performance and our healthy financial position has enabled the launch of a new £50m share buyback.

"Looking ahead, the depth of our portfolio, strong order book and growing pipeline, give me confidence that we will continue to build on this momentum. Around the world, the challenges governments face are becoming ever more complex and acute, driving demand for our services, where we are well placed in growing markets."

Period ended 30 June	2025	2024	Change at reported currency	Change at constant currency
Reported revenue	£2,419m	£2,359m	3 %	5 %
Underlying operating profit	£146m	£142m	2 %	4 %
Reported operating profit	£132m	£130m	2 %	
Underlying earnings per share (EPS), diluted	9.60p	8.54p	12 %	
Reported EPS, diluted	8.60p	7.68p	12 %	
Interim dividend per share	1.45p	1.34p	8 %	
Free cash flow	£91m	£75m	21 %	
Net cash inflow from operating activities	£195m	£189m	3 %	
Adjusted net debt	£259m	£131m	98 %	
Reported net debt	£783m	£631m	24 %	

Guidance for 2025
We update guidance for 2025 versus our pre-close trading statement on 26 June when we improved both revenue and organic

revenue growth expectations. Revenue and profit guidance is unchanged from that, and incorporates total adverse currency impacts for the year of £90m and £7m respectively. A first-half weighting to profit is expected, reflecting the previously disclosed second-half impacts from higher UK national insurance costs, the conclusion of the Australian immigration contract and the usual seasonality within the North American case management business. There is a small reduction in the underlying effective tax rate, and after the new share buyback, the expected number of shares will reduce and adjusted net debt will increase.

	2024	2025	2025
	Actual	Previous guidance	New guidance
Revenue	£ 4.8 bn	~£4.9bn	~£4.9bn
Organic sales growth	(3)%	~1%	~1%
Underlying operating profit	£ 274 m	~£260m	~£260m
Net finance costs	£ 33 m	~£48m	~£48m
Underlying effective tax rate	25 %	~25%	~23%
Free cash flow	£ 228 m	~£130m	~£130m
Adjusted net debt	£ 100 m	~£245m	~£285m

NB: The guidance uses an average GBP:USD exchange rate of 1.31 in 2025, GBP:EUR of 1.18 and GBP:AUD of 2.07. We expect a weighted average number of shares in 2025 of 1,012m for basic EPS and 1,028m for diluted EPS.

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Presentation:
A presentation for institutional investors and analysts will be held at RBC Capital Markets, 100 Bishopsgate, London, EC2N 4AA today at 10.00 UKT. The presentation will be webcast live at https://sparklive.lseg.com/SercoGroup/events/248fc532-c09d-47c4-8691-0e2a0c9b5eea/serco-2025-half-year-results and subsequently available on demand.

To be able to ask questions please use our dial-in facility accessed on https://registrations.events/direct/LON9243163

Notes to financial results summary table and highlights:
The trading performance and outlook for each Division are described on pages 11 to 15. Reconciliations and further detail of financial performance are included in the additional information on pages 42 to 48. This includes full definitions and explanations of the purpose of each non-IFRS Alternative Performance Measure (APM) used by the Group.

About Serco
Serco brings together the right people, the right technology, and the right partners to create innovative solutions that make a positive impact and address some of the most urgent and complex challenges facing the modern world.

With a primary focus on serving governments globally, Serco's services are powered by more than 50,000 people working across defence, space, migration, justice, healthcare, mobility, and customer services.

Serco's core capabilities include service design and advisory, resourcing, complex programme management, systems integration, case management, engineering, and asset & facilities management.

Underpinned by Serco's unique operating model, Serco drives innovation and supports customers from service discovery through to delivery.

More information can be found at www.serco.com

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Chief Executive's update
We have delivered a strong performance in the first half. Revenue growth, profit and cash generation have all been robust, reflecting stronger organic growth, driven primarily by our North American business and increased revenues in the defence sector.

I am grateful to every one of my colleagues who have contributed to our strong performance in the period. This performance reflects our focus on disciplined execution and operational excellence as we build momentum for the future.

Our excellent first half order intake of £3.2bn represents a book-to-bill of over 130%. The wins contributing to this strong performance included the first-ever tri-service recruitment programme for the UK Armed Forces. This new contract seeks to improve recruitment outcomes for all branches of the British military, at a time when departments of defence around the world are facing staffing challenges and seek to mobilise new recruits. In addition we secured three major contracts, totalling over £1bn, with the UK Ministry of Defence to deliver maritime services for the Royal Navy, contributing to first half order intake which reflected a strong win rate.

In recent years we have focused on increasing our defence capabilities, building on our 60 year history - through both organic and acquisitive growth - which positions us well to benefit from recent market drivers. Our £2bn global defence business generated over three quarters of our strong order intake during the first half, underpinning our confidence in this market.

As defence customers seek expanded, modern, resilient, mission-ready solutions, we are able to deploy our extensive experience, extended capabilities and increasing scale to support them. We continue to see significant opportunity in the sector, bolstered by our growing capabilities from the acquisition of MT&S which completed during the first half and is integrating in line with expectations.

Our commitment to operational excellence continues to create value, as we once again report excellent contract retention rates of 95%, providing a strong foundation for growth. Central in our approach to retention is adapting to meet new demands in the market. A good example of how we are evolving our services is the expanded strategic partnership with Mubadala, one of Abu Dhabi's sovereign wealth funds. We expect partnerships across our divisions to be key in driving sustainable growth in the medium term.

Our consistently strong order intake underpinned by our excellent retention rates supported 9% organic revenue growth in our North American business in the first half. Following the acquisition of MT&S, three quarters of the US 2bn revenue in this division will be generated from the defence sector, which grew at 14% in the period following sizeable contract awards in 2024.

Although we remain alive to recent policy changes in the region, we have not seen a material impact on the business. Margins in North America are particularly strong at 10.6% and we achieved a 12-basis point improvement compared to the same period last year.

Across the Group, it is pleasing that we made good progress on profitability, alongside revenue growth. Our first-half margin of 6% is at the top of end of our target range, having delivered strong underlying operating profit of £146m for the half year. In our Asia Pacific business, we have made progress, where efficiency and improved contract performance led to margins almost doubling compared to the first half in the prior year. An increase in national insurance tax reduced the UK margin, which was also impacted by a longer transition and higher costs associated with our Electronic Monitoring contract which has significantly improved performance while monitoring a record volume of service users.

We expect migration will provide governments globally with ongoing challenges. Our migration services offering continues to evolve accordingly as we work with our customers to provide solutions to these complex, multi-year challenges and support them in delivering on their policies. Against this background, we continue to see consistent demand for our UK immigration services. On migration more broadly, we exited the Australian immigration contract successfully, handing it over in good shape.

Fundamentally, strong operational outcomes have delivered a healthy financial performance in the first half; this alongside supportive market drivers give us confidence in our full-year guidance. In addition, good cash generation, with 84% of profit converted to cash, has enabled us to reduce leverage at the half year to below our target range, at less than 0.9x EBITDA after the US 327m MT&S acquisition in the first half. Given this strong financial position, we are pleased to have launched a new £50m share buyback, alongside an increase in the interim dividend.

Looking ahead, we continue to build on the Group's momentum. Our strong order book provides a high level of visibility, supported by a new business pipeline which has grown to £11.9bn from the decade high £11.2bn reported in 2024, having been replenished following a high level of awards.

Serco is an exceptional business, and one which I am immensely proud to lead. We are well positioned for the opportunities ahead, driven by the clear structural drivers of demand for our expertise in defence, migration, justice, and citizen services, as governments increasingly need efficient partners of scale to support public service delivery.

We, therefore, look forward with confidence to enhancing future growth and delivering sustainable value to our shareholders, customers and colleagues, as we continue to deliver mission critical and complex services as a partner of choice for governments around the world.

Anthony Kirby
Group Chief Executive

Group Review
Summary of financial performance

Revenue, underlying operating profit and underlying earnings per share
Revenue for the period was £2,419m, an increase of 3%, or £60m, compared to the £2,359m reported in 2024. Organic growth contributed 3% (£60m), with acquisitions adding a further 2% (£47m). This was partially offset by a 2% (£47m) currency drag. We delivered strong growth in defence, particularly in North America, and in Citizen Services, where we are mobilising several contract wins. In Justice & Immigration, higher than expected demand for temporary accommodation meant the reduction in revenue in our UK immigration contract was lower than we originally anticipated. As expected, the exit of some contracts in Asia Pacific and the Middle East led to lower revenue in these regions.

Underlying operating profit increased by 2% to £146m (2024: £142m), this includes 2%, or £3m, adverse impact of currency. On a constant currency basis, underlying operating profit increased by 4%. Profit increased in our Defence business which includes the mobilisation of new contracts and an initial contribution from the acquisition of MT&S. A strong margin of 6% (2024: 6%) was maintained with support from continued efforts to improve efficiency and productivity across the portfolio. This helped offset the impact from higher national insurance contributions and additional costs in relation to our Electronic Monitoring contract where the mobilisation period has been extended.

Reported operating profit increased by 2% to £132m (2024: £130m) and after including net finance costs and tax, which were slightly lower on a net basis, reported profit increased by 5% to £89m (2024: £85m).

Diluted underlying earnings per share increased by 12% to 9.60p (2024: 8.54p). The growth was higher than underlying profit after tax as our share buybacks in 2024 led to a 6% reduction in our weighted average number of shares in the period.

The revenue and underlying operating profit performances are discussed in more detail in the Divisional Reviews.

Cash flow and net debt
Free cash flow was £91m (2024: £75m) representing a good cash conversion of 84%. This was better than we first expected for the period and it also included some temporary timing benefits that will normalise in the second half. Average working capital days were good, with debtor days of 18 (2024: 21 days) and creditor days of 20 (2024: 19 days). Including accrued income and other unbilled receivables, days sales outstanding were 43 days (2024: 43 days). Of all UK supplier invoices, 94% were paid in under 30 days (2024: 94%) and 98% were paid in under 60 days (2024: 97%). No working capital financing facilities were utilised in this or the prior year.

Adjusted net debt was £259m at the end of June. This was an increase of £159m since the year end (December 2024: £100m), largely driven by a £246m cash outflow for the acquisition of MT&S and £29m of dividend payments, partially offset by our positive free cash flow of £91m.

The period end adjusted net debt compares to a daily average of £199m (2024: £157m) and a peak of £465m (2024: £212m). The difference between average and peak figures reflect the timing of the outflow for the MT&S acquisition. Working capital outflows that occur in a short timeframe such as payroll, supplier payments, VAT payments on account also cause variability between peak and average figures. Variances such as these are normal for the Group.

Our measure of adjusted net debt excludes lease liabilities, which aligns closely with the covenants on our financing facilities. Lease liabilities totalled £524m at the end of June (December 2024: £530m), the majority being leases on housing for asylum seekers under our Asylum Accommodation and Support Services Contract (AASC). These leases are serviced with contracted revenue from the customer and their terms do not extend beyond the expected life of the contract.

As at the closing balance sheet date, our leverage for debt covenant purposes was 0.9x EBITDA (2024: 0.6x). This compares with the covenant requirement for net debt to be less than 3.5x EBITDA and our target range of 1-2x.

In April 2025, we issued US 250m (£193m) of US private placement loan notes to support the funding of acquiring MT&S. The notes were split into three series of US 100m, US 75m and US 75m with maturities of six, eight and ten years respectively. The weighted average interest rate on the new loan notes was fixed at 6.23%. The blended rate on US private placement loan notes in issue at the end of June 2025 was 5.44% (December 2024: 4.88%).

Capital allocation and returns to shareholders

We aim to have a strong balance sheet with our target financial leverage of 1-2x net debt to EBITDA.

Consistent with this, the Board's capital allocation priorities are to:

- Invest in the business to support organic growth.
- Increase ordinary dividends to reward shareholders with a growing and sustainable income stream.
- Selectively invest in strategic acquisitions that add capability, scale or access to new markets, enhance the Group's future potential organic growth and have attractive returns.
- Return any surplus cash to shareholders through share buybacks or other means.

Our capital allocation framework was actively applied in the first half of 2025:

- **Invest to support organic growth:** we have strengthened our business development capabilities in multiple ways, including through expanding specialist sales teams, enhanced training programmes, and refreshed government relations efforts. Deploying new technology platforms and recruitment systems will improve efficiency and competitiveness, while new and expanded partnerships, such as ours with Solutions+ in the Middle East, will enhance future growth opportunities.
- **Increase ordinary dividends:** the Board has declared an interim dividend of 1.45 pence per share, an increase of 8% compared to the prior period.
- **Invest in acquisitions:** in May, we acquired the Mission Training and Satellite Ground Network Communications Software business (MT&S) from Northrop Grumman. MT&S is a leading provider of services to the US military. We continue to assess other opportunities that are aligned to our strategy and provide potential to enhance future organic growth.
- **Return surplus cash to shareholders:** new £50m share buyback announced. This will bring total shareholder returns via buybacks since 2021 to around £390m.

Contract awards, order book, rebids and pipeline

Contract awards

Order intake for the first half was £3.2bn up from £1.9bn in the comparable period of 2024, representing a book-to-bill rate of 134%. This included over 20 contract awards valued at £10m or more. UK & Europe accounted for £2.5bn, or 78%, of the Group's total, while North America contributed £0.6bn and Asia Pacific and Middle East secured a combined £0.1bn.

Our order intake was evenly split between new business and retention of existing work. Pleasingly, the win rate by value for new work was 37%, and 95% for retaining existing work, returning to the levels seen in 2023 and the first half of 2024. The full-year 2024 rate of 75% was impacted by the unsuccessful Australian immigration rebid.

UK & Europe had the strongest book-to-bill at 202%, driven by wins across the Defence and Citizen Services businesses. In North America, as expected following the very strong period of contract awards in 2024, there were fewer decisions in the first half resulting in a book-to-bill of 79%. Our Middle East business improved its book-to-bill rate from 93% at the end of 2024 to 148% by the end of June 2025. And in Asia Pacific, we experienced a disappointing period for contract awards. We are progressing with our transformation plan to optimise the business and to return the region to growth in the medium term.

Notable contract wins included three agreements with the UK Ministry of Defence to deliver maritime services for the Royal Navy under the Defence Maritime Services Next Generation programme. Collectively, the contracts have an estimated value of £1bn over a term of up to ten years. This is in addition to the £1bn seven-year Armed Forces Recruitment Service (AFRS) contract announced in February 2025 which could rise to £1.5bn if all extension options are exercised. Mobilisation has commenced, with service delivery scheduled to begin in early 2027. Elsewhere, in North America we secured a five-year contract to continue providing support to the US Navy's amphibious warfare ships and systems with an estimated value of US 105m. And in the Middle East we successfully secured a five-year extension to our long-standing guest experience partnership with Dubai Airport valued at AED495m.

Order book

The order book increased to £14.5bn at the end of June (30 June 2024: £13.5bn, 31 December 2024: £13.3bn). Our order book definition gives our assessment of the future revenue expected to be recognised from the remaining performance obligations on existing contractual arrangements. This excludes unsigned extension periods, and the order book would be £2.3bn (2024: £2.5bn) higher if option periods in our US business, which typically tend to be exercised, were included. If joint venture work was included, this would add a further £1.8bn (2024: £1.7bn).

Rebids

In our portfolio of existing work, we have around 66 contracts with annual revenue of £5m or more where an extension or rebid will be required before the end of 2027, with an aggregate annual revenue of £1.3bn. At around 30% of the Group's 2025 revenue guidance, this proportion of work that will be up for rebid is at the low end of the range we have seen over recent years. The annual value of rebids is approximately £0.6bn in 2026 and £0.7bn in 2027. The largest contract that is scheduled to be rebid in the next two years represents around 2.5% of Group revenue. This is the only contract with annual revenue of more than £100m, or 2% of Group revenue, scheduled to be rebid before 2028.

New business pipeline

Our measure of pipeline includes only opportunities for new business that have an estimated annual contract value (ACV) of at least £10m and which we expect to bid and to be adjudicated within a rolling 24-month timeframe. We cap the total contract value (TCV) of individual opportunities at £1bn, to lessen the impact of single large opportunities. The definition does not include rebids and extension opportunities, and in the case of framework, or call-off, contracts such as Indefinite Delivery/Indefinite Quantity contracts (ID/IQ), which are common in the US, we only take the value of individual task orders into our pipeline as the customer confirms them. Our published pipeline is thus a small proportion of the total universe of opportunities, as many opportunities that have annual revenues less than £10m, are likely to be decided beyond the next 24 months, or are rebids and extensions.

Our pipeline was £11.9bn at the end of June 2025, 6% higher than the £11.2bn level at the end of December 2024. This remains the largest pipeline of potential new work we have had in over a decade. The pipeline consists of over 60 bids with an average ACV of £31m and an average contract length of around five years. The pipeline of opportunities for new business with an estimated ACV of less than £10m totalled £2.9bn at the end of June (December 2024: £2.0bn).

To enhance future growth opportunities in the Middle East, we are expanding our strategic partnership with Solutions+, a Mubadala company, where we will bring experience in delivering world-class public services along with innovation and sustainability credentials to complement their deep regional experience, building a national champion in facilities management in the UAE.

Acquisitions

We view acquisitions as an important part of our strategic toolkit, which if deployed correctly, can add significant value to the business. They should therefore be capable of delivering new opportunities for organic growth. Generally speaking, we regard acquisitions as higher risk than organic growth, so any potential opportunities have to meet our stringent criteria of being both financially and strategically compelling. We judge potential acquisitions against three criteria: Do they add new, or strengthen existing, capability? Do they add scale which we can use to increase efficiency? Do they bring us access to new and desirable customers and markets? We also recognise that acquisition opportunities come in different shapes, sizes and sectors, and a small one can be strategically important to a region, but not necessarily significant at Group level. But large or small, the execution of all acquisitions is centrally managed and follows the same rigorous process. Equal focus and discipline are applied to post-acquisition value drivers such as effective integration and value realisation from synergy and growth. Our approach of selectively adding acquisitions to our organic strategy has enabled us to accelerate growth, strengthen the business and improve its future growth potential in North America and in Europe.

On 24 May 2025, the Group acquired the Mission Training and Satellite Ground Network Communications Software business (MT&S) from Northrop Grumman, for an enterprise value of US 327m (£242m). MT&S generates annual revenues of approximately US 300m, increasing the annual revenue of our North America business to US 2bn. This strategic acquisition significantly enhances Serco's defence and space capabilities, adding advanced mission training services and satellite ground network software to our portfolio. It also deepens our engagement with the US Department of Defense, supporting programmes across the US Army, Space Force, Air Force, Navy and Combatant Commands, with a team of around 900 skilled professionals. The acquisition supports Serco's growth ambitions within the international space sector, reinforcing our efforts to expand our global footprint in regions such as the UK, Australia, and the Middle East.

Guidance for 2025

Further to the pre-close trading statement on 26 June, guidance has been updated to reflect the impact of the new £50m share buyback announced today. This will increase net debt and reduce the number of shares in issue which, in combination with a reduction in the expected underlying tax rate for the year, will further improve underlying earnings per share.

Revenue: We expect revenue of around £4.9bn with organic revenue growth of c.1% and a c.3% contribution from acquisitions, predominately due to MT&S. New and expanded contracts in Defence, Justice and Citizen Services will more than offset the reduced immigration revenues. This is both in the UK, following the UK Government's efforts to reduce the number of hotels being used to accommodate asylum seekers, and Australia, where we transitioned out of our contract in the first half. The translational impact of currency is expected to have a £90m adverse impact in the year.

Underlying operating profit: Underlying operating profit is expected to be around £260m, with a first-half weighting to profit reflecting the anticipated second-half impacts from the end of the Australian immigration contract, a full six months of higher UK national insurance costs, and the typical seasonality within our North American case management business. The acquisition of MT&S will provide a seven-month financial contribution in the year, estimated at around £7m which includes transaction and integration costs of £8m. Currency translation for the year is estimated to have a £7m adverse impact. The expected full-year margin of 5.3% is within our medium-term target range of 5-6%.

Net finance costs and tax: Net finance costs are expected to be around £48m. This is higher than 2024 due to the increased volume of leases, in relation to immigration accommodation services in the UK, and higher debt interest following the acquisition of MT&S. The underlying effective tax rate is expected to be around 23%, lower than our medium-term expectations of 25% following some one-time impacts in the year.

Financial position: Free cash flow is again expected to be strong at around £130m in the year, in line with our medium-term target of converting at least 80% of profit into cash. We expect adjusted net debt to end the year at around £285m which is higher than 2024 following the acquisition of MT&S and has increased versus previous guidance to incorporate the new share buyback.

Surplus capital in 2025: Consistent with our capital allocation priorities, we have a preferred financial leverage range of 1-2x net debt to EBITDA. If we are below 1.0x leverage, we consider the business to be in a position of having surplus capital, which will be returned to shareholders through share buybacks or other means. As leverage at the end of the first half was 0.9x net debt to EBITDA, placing the business in a position of surplus capital, a £50m share buyback has been announced today and is expected to complete in 2025. We will review the capital position again at the full year.

Summary of guidance for 2025

	2024	2025	2025
	Actual	Previous guidance	New guidance
Revenue	£ 4.8 bn	~£4.9bn	~£4.9bn
Organic sales growth	(3)%	~1%	~1%
Underlying operating profit	£ 274 m	~£260m	~£260m
Net finance costs	£ 33 m	~£48m	~£48m
Underlying effective tax rate	25 %	~25%	~23%
Free cash flow	£ 228 m	~£130m	~£130m
Adjusted net debt	£ 100 m	~£245m	~£285m

NB: The guidance uses an average GBP:USD exchange rate of 1.31 in 2025, GBP:EUR of 1.18 and GBP:AUD of 2.07. We expect a weighted average number of shares in 2025 of 1,012m for basic EPS and 1,028m for diluted EPS.

Divisional Reviews

Serco's operations are reported through four geographic divisions: North America, UK & Europe (UK&E), the Asia Pacific region and the Middle East. Reflecting statutory reporting requirements, Serco's share of revenue from its joint ventures and associates is not included in revenue, while Serco's share of joint ventures and associates' profit after interest and tax is included in underlying operating profit.

Period ended 30 June 2025	North America £m	UK&E £m	Asia Pacific £m	Middle East £m	Corporate costs £m	Total £m
Revenue	**720.8**	**1,253.5**	**355.3**	**88.9**	**-**	**2,418.5**
Change	10 %	4 %	(8) %	(15) %		3 %
Change at constant currency	13 %	4 %	(3) %	(13) %		5 %
Organic change at constant currency	9 %	2 %	(3) %	(13) %		3 %
Underlying operating profit/(loss)	**76.4**	**78.4**	**14.0**	**6.5**	**(29.5)**	**145.8**
Margin	10.6 %	6.3 %	3.9 %	7.3 %	(1.2) %	6.0 %
Change	11 %	(5) %	79 %	14 %	29 %	2 %
Amortisation and impairment of intangibles arising on acquisition	(8.2)	(6.1)	-	-	-	(14.3)
Reported operating profit/(loss)	**68.2**	**72.3**	**14.0**	**6.5**	**(29.5)**	**131.5**

Period ended 30 June 2024	North America £m	UK&E £m	Asia Pacific £m	Middle East £m	Corporate costs £m	Total £m
Revenue	**656.4**	**1,210.6**	**387.4**	**104.9**	**-**	**2,359.3**
Underlying operating profit/(loss)	**68.8**	**82.9**	**7.8**	**5.7**	**(22.8)**	**142.4**
Margin	10.5 %	6.8 %	2.0 %	5.4 %	(1.0) %	6.0 %
Amortisation and impairment of intangibles arising on acquisition	(7.8)	(5.1)	-	-	-	(12.9)
Reported operating profit/(loss)	**61.0**	**77.8**	**7.8**	**5.7**	**(22.8)**	**129.5**

Reconciliations and further details of financial performance are included in the additional information on pages 42 to 48. This includes full definitions and explanations of the purpose of each non-IFRS Alternative Performance Measure (APM) used by the Group. The Condensed Consolidated Financial Statements and accompanying notes are on pages 20 to 41. Included in note 2 to the Group's 2024 Consolidated Financial Statements are the Group's policies on recognising revenue across the various revenue streams associated with the diverse range of goods and services discussed within the Divisional Reviews. The various revenue recognition policies are applied to each individual circumstance as relevant, taking into account the nature of the Group's obligations under the contract with the customer and the method of delivering value to the customer in line with the terms of the contract.

The trading performance and outlook for each Division are described on pages 12 to 15. Reference to each Division's proportion of underlying operating profit is based on the Group's underlying operating profit before corporate costs. For the period ended June 2025 the Group's underlying operating profit before corporate costs was £175.3m.

North America (29% of revenue, 43% of underlying operating profit)

Period ended 30 June	2025 £m	2024 £m	Growth
Revenue	**720.8**	**656.4**	**10 %**
Organic change	9 %	(3) %	
Acquisitions	4 %	- %	
Currency	(3) %	(3) %	
Underlying operating profit	**76.4**	**68.8**	**11 %**
Organic change	8 %	(10) %	
Acquisitions	5 %	- %	
Currency	(2) %	(3) %	
Margin	**10.6 %**	**10.5 %**	**12 bp**

Revenue increased by 10% to £721m (2024: £656m), delivering a very strong organic growth performance of 9% in addition to the 4% contribution from acquisitions. There was a 3% adverse translational effect of currency. Growth was led by the continued expansion in the defence sector following the high levels of order intake in 2024. There were positive contributions from mobilising new contracts as well as increased demand for IT network and infrastructure services to the US Navy. Elsewhere, demand for case management delivered growth in our Citizen Services business.

Underlying operating profit increased by 11% to £76m (2024: £69m). This was driven by 8% organic growth, with acquisitions contributing 5% and a 2% drag from currency. There was good progress on profit across all sectors including the mobilisation and expanded contracts in the defence sector and efficiencies in our case management portfolio. As a result, margins increased slightly from 10.5% to 10.6%.

Following the high level of contract awards in the second half of 2024, as expected, fewer bids concluded in the first half of 2025. Order intake of £0.6bn was robust and win rates for both new business and rebids remained healthy. The largest order was for a contract to continue providing support to the US Navy's amphibious warfare ships and systems. The five-year contract has an estimated value of US 105m with services including engineering, ship design management and integrated logistics support.

The acquisition of MT&S which completed in May, enhances our defence and space capabilities, adding advanced mission training services and satellite ground network software to our portfolio. It also deepens our engagement with the US Department of Defense, supporting programmes across the US Army, Space Force, Air Force, Navy and Combatant Commands, with a team of around 900 skilled professionals. There has been a good start to the transition and integration of MT&S into the business.

The pipeline of major new bid opportunities due for decision within the next 24 months has more than doubled from £2.1bn at the end of 2024 to £4.6bn, and includes around £800m of opportunities in relation to MT&S. Defence continues to account for the majority of the North American pipeline with a broad spread of types of work. There are a high number of contract awards due to conclude in the second half of the year and while we have not seen any significant delay to contracts awarded to Serco in the first half, we continue to monitor the wider market closely. The US defence market remains one of Serco's highest-priority target sectors. It benefits from the largest defence budget globally, strong bipartisan political support for increased readiness, and a clear strategic intent to strengthen military capabilities. These underpin our confidence in the long-term growth potential of this market.

UK & Europe (52% of revenue, 45% of underlying operating profit)

Period ended 30 June	2025 £m	2024 £m	Growth
Revenue	**1,253.5**	**1,210.6**	**4 %**
Organic change	2 %	(5) %	
Acquisitions	2 %	4 %	
Currency	- %	- %	
Underlying operating profit	**78.4**	**82.9**	**(5) %**
Organic change	(8) %	8 %	
Acquisitions	3 %	12 %	
Currency	- %	(1) %	
Margin	**6.3 %**	**6.8 %**	**(59) bp**

Revenue increased by 4% to £1,254m (2024: £1,211m), including organic growth of 2% with acquisitions contributing a further 2%. There was good organic growth in our Defence and Citizen Services businesses following the mobilisation of several major contracts. Higher than expected demand for temporary accommodation in our UK immigration contract meant the decline in revenue for our Justice & Immigration business was lower than we originally expected.

Underlying operating profit decreased by 5% to £78m (2024: £83m) with the contribution of European Homecare, the German immigration services business acquired in March 2024 partially offsetting an organic decline of 8%. Margin performance remained healthy at 6.3% (2024: 6.8%), although down 59bp on the prior period. This included the impact from higher national insurance contributions and additional costs in relation to our Electronic Monitoring contract where the mobilisation period has been extended. Productivity improvements in the second half, as the contract moves to its next phase of operation, are expected to deliver better financial outcomes and place it in a good position ahead of the anticipated increased demand for monitoring services as part of UK justice reforms. Defence, a priority sector of ours, showed growth in profitability and we're seeing good demand in our European Space business. We are committed to continuously improving the business and seeking opportunities to reduce cost and improve our efficiency in the future.

Underlying operating profit includes the profit contribution of joint ventures, from which interest and tax have already been deducted. If the proportional share of revenue from joint ventures was included and the share of interest and tax cost was excluded, the overall divisional margin would have been 5.5% (2024: 5.9%). The joint venture profit contribution increased to £11.7m (2024: £11.2m) due to a change in the mix of services within VIVO, our defence services joint venture.

Order intake was very strong at £2.5bn with a book-to-bill of 202%. We have seen particular success in winning new work which made up approximately 55% of order intake at a win rate by value of around 70%. We have maintained our momentum on securing rebids and extensions with a win rate over 95%. Notable contract wins included three agreements with the UK Ministry of Defence to deliver maritime services for the Royal Navy under the Defence Maritime Services Next Generation programme. Collectively the contracts have an estimated value of £1bn over a term of up to ten years. This is in addition to the £1bn seven-year Armed Forces Recruitment Service (AFRS) contract announced in February 2025 which could rise to £1.5bn if all extension options are exercised. Mobilisation has commenced, with service delivery scheduled to begin in early 2027. We also extended our contract to provide environmental waste services to Hart and Basingstoke and Deane councils, which is worth approximately £100m.

The UK & Europe pipeline remains healthy at £4.7bn (2024: £6.4bn) despite the high conversion rate in the period. Our opportunities are broad covering all the key sectors we operate in including defence, justice & immigration and citizen services.

Asia Pacific (15% of revenue, 8% of underlying operating profit)

Period ended 30 June	2025 £m	2024 £m	Growth
Revenue	**355.3**	**387.4**	**(8) %**
Organic change	(3) %	(10) %	
Acquisitions	- %	- %	
Currency	(5) %	(4) %	
Underlying operating profit	**14.0**	**7.8**	**79 %**
Organic change	90 %	(41) %	
Acquisitions	- %	- %	
Currency	(11) %	(3) %	
Margin	**3.9 %**	**2.0 %**	**193 bp**

Revenue reduced by 8% to £355m (2024: £387m), reflecting an organic contraction of 3% and a 5% adverse currency effect. The decline follows the successful transition out from providing onshore immigration services to the Australian Government which concluded in the period. We also saw revenue growth in our existing Justice and Defence portfolios.

Operational excellence and competitiveness programmes made strong progress in the period. Underlying operating profit increased by 79% to £14m (2024: £8m), a 193bp margin improvement to 3.9% (2024: 2.0%). Progress across the portfolio, particularly in Justice and Defence, included operational improvements and a significant reduction in the cost base. This is an important step in our transformation plan to optimise the business following the end of the immigration contract and to return the region to growth in the medium term.

It was a disappointing period for contract awards and our primary focus remains rebuilding the pipeline which stood at £0.8bn (2024: £1.7bn). The reduction in the period follows a reassessment of the pipeline and in particular our latest view for the tender to provide facilities management services to the Australian Defence Force.

Middle East (4% of revenue, 4% of underlying operating profit)

Period ended 30 June	2025 £m	2024 £m	Growth
Revenue	**88.9**	**104.9**	**(15) %**
Organic change	(13) %	5%	
Acquisitions	- %	-%	
Currency	(2) %	(3)%	
Underlying operating profit	**6.5**	**5.7**	**14 %**
Organic change	18 %	(17)%	
Acquisitions	- %	1%	
Currency	(4) %	(3)%	
Margin	**7.3 %**	**5.4%**	**188 bp**

Revenue reduced by 15% to £89m (2024: £105m) of which 13% was an organic decline and 2% due to adverse currency movements. There was increased demand for fire and rescue services in Saudi Arabia, as well as defence support services. However, these did not offset the revenue impact following the conclusion of our air navigation contract in Dubai.
Underlying operating profit increased by 14% to £7m (2024: £6m) with margin improving 188bp from 5.4% to 7.3%, despite the decline in revenue. This follows our focus on improving the underlying performance of our portfolio and securing new work at higher margins.

Order intake was around £0.1bn and includes a strategically important contract extension at Dubai Airports valued at AED495m until December 2030. The five-year extension builds on a long-standing guest experience partnership , following the successful delivery of an initial five-year term.

Our pipeline of major new bid opportunities in the Middle East continues to grow and now totals around £1.7bn (December 2024: £1.0bn). In particular, there are a number of opportunities within the transport sector in Saudi Arabia. To enhance future growth opportunities in the Middle East, we are expanding our strategic partnership with Solutions+, a Mubadala company, where we will bring experience in delivering world-class public services along with innovation and sustainability credentials to complement their deep regional experience, building a national champion in facilities management in the UAE.

Corporate costs
Corporate costs relate to typical central function costs of running the Group, including executive, governance and support functions such as HR, finance and IT. Where appropriate, these costs are stated after allocation of recharges to operating divisions. The costs of Group-wide programmes and initiatives are also incurred centrally.

Corporate costs increased by £6.7m to £29.5m (2024: £22.8m) and include targeted short-term investments made in the period to support future operational and productivity improvements.

Dividend
The Board has declared an interim dividend of 1.45 pence per share. The dividend will be paid on 3 October 2025, with an ex-dividend date of 28 August 2025 and a record date of 29 August 2025.

Other Financial Information

Period ended 30 June	Underlying 2025 unaudited £m	Non-underlying items 2025 unaudited £m	Reported 2025 unaudited £m	Underlying 2024 unaudited £m	Non-underlying items 2024 unaudited £m	Reported 2024 unaudited £m
Revenue	**2,418.5**	**-**	**2,418.5**	**2,359.3**	**-**	**2,359.3**
Operating profit/(loss)	**145.8**	**(14.3)**	**131.5**	**142.4**	**(12.9)**	**129.5**
Margin	*6.0 %*		*5.4 %*	*6.0 %*		*5.5 %*
Net finance costs	(19.4)	-	(19.4)	(15.5)	-	(15.5)
Profit/(loss) before tax	**126.4**	**(14.3)**	**112.1**	**126.9**	**(12.9)**	**114.0**
Tax (charge)/credit	(27.5)	4.0	(23.5)	(33.0)	3.5	(29.5)
Effective tax rate	*21.8 %*		*21.0 %*	*26.0 %*		*25.9 %*
Profit/(loss) for the period	**98.9**	**(10.3)**	**88.6**	**93.9**	**(9.4)**	**84.5**
Basic EPS	*9.74 p*		*8.73 p*	*8.65p*		*7.78p*
Diluted EPS	*9.60 p*		*8.60 p*	*8.54 p*		*7.68p*

Non-underlying items

Non-underlying items in the period were a charge net of tax of £10.3m (2024: £9.4m). This comprises amortisation and impairment of intangible assets arising on acquisitions of £14.3m (2024: £12.9m), and non-underlying tax for the year being a credit of £4.0m (2024: £3.5m).

Joint ventures and associates - share of results

During the period, the most significant joint ventures and associates in terms of scale of operations were Merseyrail Services Holding Company Limited (Merseyrail) and VIVO Defence Services Limited (VIVO). Both are incorporated and operated in the UK.

Merseyrail generated revenue of £107.6m (2024: £108.8m), with the Group's share of profits net of interest and tax for the year being £5.5m (2024: £5.9m). The reduction in Merseyrail revenue and profits is primarily due to a one-off commercial settlement received in 2024. The Group received dividends of £5.0m (2024: £5.5m).

VIVO revenue for the period was £395.9m (2024: £514.8m) with the Group's share of profits net of interest and tax for the year being £6.2m (2024: £5.3m). The decline in VIVO's revenue is largely due to lower variable work volumes within VIVO's accommodation contract for which the Group receives a smaller share of profits. The increase in profit is due to the mix of margins within different contracts. The Group received dividends of £7.1m (2024: £nil).

Whilst the revenues and individual line items are not consolidated in the Group Consolidated Income Statement, summary financial performance measures for the Group's proportion of the aggregate of all joint ventures and associates are set out below for information purposes.

Period ended 30 June	**2025 £m**	**2024 £m**
Revenue	**236.5**	**267.6**
Operating profit	15.5	15.9
Net finance income/(cost)	0.1	(0.5)
Income tax charge	(3.9)	(4.2)
Profit after tax[1]	**11.7**	**11.2**
Dividends received from joint ventures and associates	12.2	5.6

1 For Merseyrail and other joint ventures and associates, these are the total results of the entity multiplied by the proportion of Group ownership. For VIVO, although the equity ownership is 50%, the share of profits from contracts operated by VIVO is either 25% or 50%. Therefore the Group portion of material joint ventures will not represent exactly 50% of their income and net assets.

Finance costs and investment revenue

Net finance costs recognised in the income statement were £19.4m (2024: £15.5m), consisting of investment revenue of £3.5m, less finance costs of £22.9m.

Investment revenue of £3.5m (2024: £3.8m) includes interest accruing on net retirement benefit assets of £0.4m (2024: £0.9m), and interest income of £3.1m (2024: £2.9m).

Finance costs of £22.9m (2024: £19.3m) include interest incurred on loans, primarily the US private placement loan notes and the revolving credit facility of £10.0m (2024: £7.6m), and lease interest expense of £11.6m (2024: £9.1m), as well as other financing related costs including the impact of foreign exchange on financing activities. The increase in lease interest expense year-on-year is primarily due to the continuing increase in the number of leases for dispersed properties required for our UK asylum accommodation contract.

Net interest paid recognised in the cash flow statement was £17.0m (2024: £12.2m), consisting of interest received of £3.1m (2024: £2.8m) less interest paid of £20.1m (2024: £15.0m).

Tax

Underlying tax

An underlying tax charge of £27.5m (2024: £33.0m) has been recognised in the period on underlying profits after net finance costs. The effective tax rate of 21.8% is lower than at 30 June 2024 of 26.0% and 31 December 2024 of 25.1%. The rate is lower than 30 June 2024 primarily due to one-time credits for the release of tax provisions following finalisation of overseas tax audits and securing other tax repayments previously too uncertain to recognise. In contrast, the period to 30 June 2024 included increases in tax provisions against audit outcomes. Other differences are due to variances in permanent adjustments, overseas profits taxable at different rates, and profits of joint ventures whose post-tax profits are consolidated into the Group profit before tax.

The current underlying tax rate of 21.8% is lower than the UK statutory rate of 25%. This is mainly due to: the impact of profits made by joint ventures whose post-tax profits are included in the Group's profit before tax (reduces the rate by 2.3%); a release of provisions following the resolution of audits (reduces the rate by 1.3%); a credit in relation to prior year tax positions now finalised, including a refund received in the Middle East (reduces the rate by 0.3%); withholding tax reclaimed having been suffered in prior years (reduces the rate by 1.1%); and various other statutory adjustments (reduces the rate by 0.7%). These reductions are only partially offset by: the recognition of deferred tax representing the probable withholding tax on future distributions (increases the rate by 1.0%); higher rates of tax on profits arising on international operations (increases the rate by 0.8%); and the impact of losses made in companies overseas where forecast profits are such that deferred tax is not recognised (increases the rate by 0.7%).

Non-underlying tax

A tax credit of £4.0m (2024: £3.5m) arises from the amortisation and impairment of intangibles arising on acquisition.

Deferred tax

As at 30 June 2025, there is a net deferred tax asset of £172.2m (31 December 2024: £177.7m). This consists of a deferred tax asset of £220.3m (31 December 2024: £229.8m) and a deferred tax liability of £48.1m (31 December 2024: £52.1m). A £173.8m UK deferred tax asset (31 December 2024: £177.5m) and a £43.8m Australian deferred tax asset (31 December 2024: £50.5m) are included within the deferred tax asset on the Group's balance sheet as at 30 June 2025.

Taxes paid

Net corporate income tax of £13.4m was paid during the period, relating primarily to operations in Asia Pacific (£1.6m), North America (£15.7m), and Europe (£10.9m). Payments are offset by receipts in the Middle East (£0.2m), and UK receipts arising from the sale of losses to joint ventures in relation to the 2023 and 2024 years (£14.6m). UK net payments to tax authorities are £nil for the period due to payments carried from prior years.

The amount of tax paid (£13.4m) differs from the tax charge in the period (£23.5m) mainly because both receipts from joint ventures and taxes paid to or received from tax authorities can arise in later periods to the associated tax charge/credit. This is particularly the case with regards to movements in deferred tax and provisions for uncertain tax positions.

Treasury risk management and operations

The Group's operations expose it to a variety of financial risks that include access to liquidity, the effects of changes in foreign currency exchange rates, interest rates and credit risk. The Group has a centralised treasury function whose principal role is to seek to ensure that adequate liquidity is available to meet the Group's funding requirements as they arise and that the financial risk arising from the Group's underlying operations is effectively identified and managed.

Treasury operations are conducted in accordance with policies and procedures approved by the Board which are reviewed annually. Financial instruments are only used for hedging purposes and speculation is not permitted. A monthly report is provided to senior management outlining performance against key risk management metrics, as required by the Treasury Policy.

Liquidity and funding

As at 30 June 2025, the Group had committed funding of £787.9m (31 December 2024: £629.2m), comprising £437.9m of US private placement loan notes, and a £350.0m revolving credit facility which was undrawn. The US private placement loan notes are repayable in bullet payments between October 2025 and April 2035. The Group does not engage in any external financing arrangements associated with either receivables or payables.

In April 2025, we issued US 250m (£193.2m) of US private placement loan notes to support the funding of the MT&S acquisition. The notes were split into three series of US 100m, US 75m and US 75m with maturities of six, eight and ten years respectively. The weighted average interest rate on the new loan notes was fixed at 6.23%. The blended rate on US private placement loan notes in issue at the end of June 2025 was 5.44% (December 2024: 4.88%). No notes were repaid during the period.

The Group's revolving credit facility provides £350.0m of committed funding for five years from the arrangement date in November 2022. The facility includes an accordion option, providing a further £100.0m of funding (uncommitted and therefore not incurring any fees) if required without the need for additional documentation. This option has not been included in the Group's assessment of available liquidity as approvals are required to access the funding.

Interest rate risk

The Group has a preference for fixed rate debt to reduce the volatility of net finance costs. The Group's Treasury Policy requires it to maintain a minimum ratio of fixed rate debt to overall adjusted net debt, not to be lower than 50%, and for this proportion to increase as the ratio of EBITDA to interest expense falls. As at 30 June 2025, £437.9m of debt was held at fixed rates and adjusted net debt was £259.0m.

Foreign exchange risk

The Group is subject to currency exposure on the translation to Sterling of its net investments in overseas subsidiaries. The Group seeks to manage this risk, where appropriate, by borrowing in the same currency as those investments. Group borrowings are predominantly denominated in Sterling and US Dollars. The Group seeks to manage its currency cash flows to minimise foreign exchange risk arising on transactions denominated in foreign currencies and uses forward contracts where appropriate to hedge net currency cash flows.

Credit risk

Cash deposits and in-the-money financial instruments give rise to credit risk on the amounts due from counterparties. The Group manages this risk by adhering to counterparty exposure limits based on external credit ratings of the relevant counterparty.

Net assets

As at 30 June 2025, the Consolidated Balance Sheet shown on page 23 had net assets of £871.3m, a movement of £28.8m from the closing net asset position of £842.5m as at 31 December 2024. This increase is a result of total comprehensive income in the period of £53.4m offset by a cash dividend paid of £28.6m.

Key movements since 31 December 2024 on the Consolidated Balance Sheet shown on page 23 include:

- An increase in goodwill of £89.3m driven by £140.2m recognised on acquisition of MT&S, offset by £50.9m of adverse foreign exchange.
- An increase in other intangible assets of £72.2m including £89.3m arising on acquisition of MT&S, partly offset by amortisation of £18.4m.
- An increase in the net retirement benefit asset of £2.1m primarily in respect of the Serco Pension and Life Assurance Scheme (SPLAS); further details are provided in the pensions section below.
- Provisions have decreased by £13.1m predominantly due to the settlement of end of contract obligations following the exit of Serco's contract to deliver immigration services in Australia.
- Cash and cash equivalents have decreased by £9.4m. In the period the Group generated free cash flow of £90.5m and £193.2m from the net advance of loans. This was offset by £28.6m dividends to shareholders and £245.7m related to the acquisition of MT&S.
- Net loan balances have increased by £157.1m due to the issue of additional USPP notes of £193.2m partially offset by FX of £34.5m.
- The movement in contract assets, trade receivables and other assets, and, contract liabilities, trade payables and other liabilities are as a result of normal working capital movements.

Pensions

Serco's pension schemes had an accounting surplus before tax of £6.1m (31 December 2024: £4.0m). The £2.1m increase comprises a £47.0m decrease in scheme liabilities reflecting the impact of inflation, discount rates and revised member data. This is offset by a reduction in scheme assets of £44.9m due to market conditions reducing the value of liability matching assets.

The SPLAS 2024 triennial actuarial funding valuation was approved on 4 July 2025 and continues the Group commitment from the 2021 valuation to make deficit recovery payments of £6.6m per year from 2022 to 2030.

The opening net asset position led to a net interest income within net finance costs of £0.4m (2024: £0.9m).

Condensed Consolidated Financial Statements
Consolidated Income Statement
For the period ended 30 June 2025

Period ended 30 June	Underlying 2025 unaudited £m	Non-underlying items 2025 unaudited £m	Reported 2025 unaudited £m	Underlying 2024 unaudited £m	Non-underlying items 2024 unaudited £m	Reported 2024 unaudited £m
Revenue	**2,418.5**	**-**	**2,418.5**	**2,359.3**	**-**	**2,359.3**
Cost of sales	(2,152.2)	-	(2,152.2)	(2,098.9)	-	(2,098.9)
Gross profit	**266.3**	**-**	**266.3**	**260.4**	**-**	**260.4**
Administrative expenses	(132.2)	-	(132.2)	(129.2)	-	(129.2)
Amortisation and impairment of intangibles arising on acquisition	-	(14.3)	(14.3)	-	(12.9)	(12.9)
Share of results of joint ventures and associates, net of interest and tax	11.7	-	11.7	11.2	-	11.2
Operating profit/(loss)	**145.8**	**(14.3)**	**131.5**	**142.4**	**(12.9)**	**129.5**
Investment revenue	3.5	-	3.5	3.8	-	3.8
Finance costs	(22.9)	-	(22.9)	(19.3)	-	(19.3)
Net finance costs	**(19.4)**	**-**	**(19.4)**	**(15.5)**	**-**	**(15.5)**
Profit/(loss) before tax	**126.4**	**(14.3)**	**112.1**	**126.9**	**(12.9)**	**114.0**
Tax (charge)/credit	(27.5)	4.0	(23.5)	(33.0)	3.5	(29.5)
Profit/(loss) for the period	**98.9**	**(10.3)**	**88.6**	**93.9**	**(9.4)**	**84.5**
Attributable to:						
Equity owners of the Company	98.9	(10.3)	88.6	93.6	(9.4)	84.2
Non-controlling interest	-	-	-	0.3	-	0.3
Earnings per share (EPS)						
Basic EPS	9.74 p		8.73 p	8.65p		7.78p
Diluted EPS	9.60 p		8.60 p	8.54 p		7.68p

Consolidated Statement of Comprehensive Income
For the period ended 30 June 2025

	2025 unaudited £m	2024 unaudited £m
Profit for the period	**88.6**	**84.5**
Other comprehensive income/(loss) for the period:		
Items that will not be reclassified subsequently to profit or loss:		
Share of other comprehensive income in joint ventures and associates[1]	0.2	0.4
Remeasurements of post-employment benefit obligations[2]	1.6	(19.9)
Income tax relating to components of other comprehensive income that will not be reclassified subsequently to profit or loss[2]	0.2	6.3
Items that may be reclassified subsequently to profit or loss:		
Net exchange loss on translation of foreign operations[2]	(38.3)	(2.3)
Fair value gain on cash flow hedges during the period[2]	1.1	0.2
Total other comprehensive loss for the period	**(35.2)**	**(15.3)**
Total comprehensive income for the period	**53.4**	**69.2**
Attributable to:		
Equity owners of the Company	53.4	68.9
Non-controlling interest	-	0.3

1 Recorded in retained earnings in the Consolidated Statement of Changes in Equity.
2 Recorded in other reserves in the Consolidated Statement of Changes in Equity.

Consolidated Statement of Changes in Equity
For the period ended 30 June 2025

	Share capital £m	Share premium account £m	Retained earnings £m	Other reserves £m	Total shareholders' equity £m	Non-controlling interest £m

Audited balance as at 1 January 2024	**22.1**	**463.1**	**659.1**	**(110.3)**	**1,034.0**	**(0.3)**
Total comprehensive income/(loss) for the period	-	-	84.6	(15.7)	68.9	0.3
Dividends paid	-	-	(24.5)	-	(24.5)	-
Shares purchased and held in own share reserve	-	-	-	(22.8)	(22.8)	-
Shares committed to be purchased and held in Treasury until cancelled	-	-	-	(12.6)	(12.6)	-
Shares purchased and held in Treasury until cancelled	-	-	-	(57.6)	(57.6)	-
Cancellation of shares held in Treasury	(0.5)	-	(42.2)	42.7	-	-
Expense in relation to share-based payments	-	-	-	7.8	7.8	-
Tax credit on items taken directly to equity	-	-	-	1.5	1.5	-
Unaudited balance as at 30 June 2024	**21.6**	**463.1**	**677.0**	**(167.0)**	**994.7**	**-**
Audited balance as at 1 January 2025	**20.5**	**463.1**	**524.3**	**(165.4)**	**842.5**	**-**
Total comprehensive income/(loss) for the period	-	-	88.8	(35.4)	53.4	-
Dividends paid	-	-	(28.6)	-	(28.6)	-
Shares purchased and held in own share reserve	-	-	-	(5.0)	(5.0)	-
Expense in relation to share-based payments	-	-	-	7.5	7.5	-
Tax credit on items taken directly to equity	-	-	-	1.5	1.5	-
Unaudited balance as at 30 June 2025	**20.5**	**463.1**	**584.5**	**(196.8)**	**871.3**	**-**

Consolidated Balance Sheet
For the period ended 30 June 2025

	At 30 June 2025 unaudited £m	At 31 December 2024 audited £m
Non-current assets		
Goodwill	915.5	826.2
Other intangible assets	173.6	101.4
Property, plant and equipment	59.5	56.8
Right of use assets	507.0	514.9
Interests in joint ventures and associates	24.7	25.1
Trade and other receivables	23.3	26.3
Derivative financial instruments	1.2	-
Deferred tax assets	220.3	229.8
Retirement benefit assets	16.3	15.2
	1,941.4	**1,795.7**
Current assets		
Inventories	21.9	24.1
Contract assets	343.6	300.0
Trade and other receivables	341.3	331.5
Current tax assets	13.8	25.2
Cash and cash equivalents	173.6	183.0
Derivative financial instruments	0.7	0.8
	894.9	**864.6**
Total assets	**2,836.3**	**2,660.3**
Current liabilities		
Contract liabilities	(54.1)	(37.5)
Trade and other payables	(586.3)	(595.0)
Derivative financial instruments	(0.6)	(6.6)
Current tax liabilities	(24.9)	(35.9)
Provisions	(104.6)	(108.9)
Obligations under leases	(176.6)	(168.3)
Loans	(35.2)	(38.8)
	(982.3)	**(991.0)**
Non-current liabilities		
Contract liabilities	(86.6)	(60.7)
Trade and other payables	(19.2)	(21.5)
Derivative financial instruments	(0.8)	(0.6)
Deferred tax liabilities	(48.1)	(52.1)
Provisions	(72.6)	(81.4)

Obligations under leases	(346.9)	(361.7)
Loans	(398.3)	(237.6)
Retirement benefit obligations	(10.2)	(11.2)
	(982.7)	**(826.8)**
Total liabilities	**(1,965.0)**	**(1,817.8)**
Net assets	**871.3**	**842.5**
Equity		
Share capital	20.5	20.5
Share premium account	463.1	463.1
Retained earnings	584.5	524.3
Other reserves	(196.8)	(165.4)
Total equity	**871.3**	**842.5**

Condensed Cash Flow Statement
For the period ended 30 June 2025

	2025 unaudited **£m**	**2024** unaudited **£m**
Net cash inflow from operating activities	**194.6**	**189.0**
Investing activities		
Interest received	3.1	2.8
Dividends received by joint ventures and associates	12.2	5.6
Loan repaid by joint venture	-	10.0
Purchase of other intangible assets	(6.1)	(3.8)
Purchase of property, plant and equipment	(10.5)	(12.9)
Proceeds from disposal of property, plant and equipment	0.4	0.4
Acquisition of subsidiaries, net of cash acquired	(245.7)	(19.3)
Other investing activities	(0.1)	0.1
Net cash outflow from investing activities	**(246.7)**	**(17.1)**
Financing activities		
Interest paid	(20.1)	(15.0)
Capitalised finance costs paid	(2.2)	(1.0)
Advances of loans	193.2	118.2
Repayments of loans	-	(52.8)
Capital element of lease repayments	(75.9)	(66.9)
Cash movements on finance related derivatives	(13.4)	(0.3)
Dividends paid to shareholders	(28.6)	(24.5)
Purchase of own shares for Employee Share Ownership Trust	(5.0)	(22.8)
Own shares repurchased	-	(57.6)
Net cash inflow/(outflow) from financing activities	**48.0**	**(122.7)**
Net (decrease)/increase in cash and cash equivalents	**(4.1)**	**49.2**
Cash and cash equivalents at beginning of period	**183.0**	**94.4**
Net exchange loss	(5.3)	(1.2)
Cash and cash equivalents at end of period	**173.6**	**142.4**

Notes to the Condensed Consolidated Financial Statements

1. **Basis of preparation and accounting policies**

Basis of preparation
These Condensed Consolidated Financial Statements for the six months ended 30 June 2025 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority and with UK adopted International Accounting Standard 34 'Interim financial reporting'. These Condensed Consolidated Half-Year Financial Statements do not include all of the information required for full annual Consolidated Financial Statements and should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2024, which has been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

These Condensed Consolidated Half-Year Financial Statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 26 February 2025 and delivered to the Registrar of Companies. The report of the auditor on those accounts was (i) unqualified, (ii) did not draw attention to any matters by way of emphasis, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These Condensed Consolidated Half-Year Financial Statements are unaudited but have been reviewed by Ernst & Young LLP, the Company's auditors 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 Auditing Practices Board.

Going concern
In assessing the basis of preparation of the condensed set of financial statements for the period ended 30 June 2025 the Directors have considered the principles of the Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Related Reporting, including Solvency and Liquidity Risks, 2025'; particularly in assessing the applicability of the going concern basis, the review period and disclosures. The assessment period for the purposes of considering going concern is to 31 August 2026.

As at 30 June 2025, the Group's principal debt facilities comprised a £350m revolving credit facility maturing in November 2027 (of which £nil was drawn), and £437.9m of US private placement notes (USPP notes), giving £787.9m of committed credit facilities and available funds of £523.6m, being the undrawn RCF plus cash of £173.6m. The principal financial covenant ratios are consistent across the USPP notes and revolving credit facility, and are outlined on page 46. As at 30 June 2025, the Group's primary restricting covenant, its leverage ratio, is below the covenant of 3.5x and is below the Group's target range of 1x-2x at 0.86x. The Group has net current liabilities of £87.4m, the cash flows of which have been considered within the going concern assessment.

The Directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts, as well as the potential impact of key uncertainties and sensitivities on the Group's future performance. In making this assessment the Directors have considered the Group's existing debt levels, the committed funding and liquidity positions under its debt covenants, its ability to generate cash from trading activities and its working capital requirements. The Directors have also identified a series of mitigating actions that could be used to preserve cash in the business should the need arise.

The basis of the assessment continues to be the Board-approved budget updated to take account of known changes since, including the impact of the Group's results for the six months to 30 June 2025. The budget is prepared annually for the next two-year period and is based on a bottom-up approach to all of the Group's existing contracts, potential new contracts and administrative functions.

The Directors believe that appropriate sensitivities in assessing the Group's ability to continue as a going concern are to model reductions in the Group's win rates for bids and extensions, and reductions in profit margins. Due to the diversity in the Group's operations, the Directors believe that a reverse stress test of these sensitivities to assess the headroom available under the Group's debt covenants and available liquidity provides meaningful analysis of the Group's ability to continue as a going concern. Based on the headroom available, the Directors are then able to assess whether the reductions required to breach the Group's financial covenants, or exhaust available liquidity, are plausible.

This shows that, even after assuming that the US private placement loan of £36.5m due to mature during the assessment period is repaid, and that no additional refinancing occurs after the date of approval of the financial statements, the Group can afford to be unsuccessful on 60% of its bids and extensions, combined with a profit margin 200 basis points below the Group's forecast, and still retain sufficient liquidity to meet all liabilities as they fall due and remain compliant with the Group's financial covenants.

In respect of win rates, rebids and extensions have a more significant impact on the Group's revenue than new business wins during the assessment period. The Group has won more than 85% of its rebids and extensions and available contract extensions by volume over the last two years, therefore a reduction of 60% or more to the budgeted bid and extension win rate is not considered plausible.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 August 2026 and therefore have prepared the financial statements on a going concern basis.

Accounting policies
No new or amended accounting standards had a material impact on the Group for the period ended 30 June 2025.

There have been no changes to the Group's accounting policies during the period ended 30 June 2025.

Estimates and judgements
In preparing these Condensed Consolidated Financial Statements, the Group has applied the same critical accounting judgements and key sources of estimation uncertainty as disclosed in the audited financial statements for the year ended 31 December 2024.

However, the following item has been updated during the period:

Deferred Tax
Deferred tax assets are recognised for unused tax losses and other timing differences to the extent that it is probable that future taxable profits will be available against which these deductions can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and the level of future taxable profits.

Following the revised expectations regarding the Australian Base Services bid (see note 7), the probability of sufficient profits to enable tax asset utilisation has been reassessed. A deferred tax asset in respect of the Australian business as at 30 June 2025 of £43.8m (December 2024: £50.5m) continues to be recognised in full for temporary differences in line with IAS 12 'Income Taxes'. After considering the current forecasts of the Group's Australian entities and as tax losses in Australia do not expire, the Directors remain confident that the full deferred tax asset will be realised, although there is judgement associated with the period of time over which it will be utilised. The Australian business has consistently delivered taxable profits, and current forecasts indicate that this will continue. The Australian business has made good progress on restructuring its operations following the loss of the immigration contract announced in November 2024 and continues to focus on its ability to win new contracts within the region, however growth within the portfolio is an area of estimation uncertainty. Based on the forecasts and sensitivities prepared, the deferred tax asset will be fully utilised over a period potentially to 2035, which would be longer than the five-year period used for strategic planning purposes.

2. Segmental information
The Group's operating segments reflecting the information reported to the Board in 2024 under IFRS 8 Operating Segments are consistent with those reported in the Group's 2024 audited financial statements.

An analysis of the Group's revenue from its key market sectors is as follows:

Period ended 30 June 2025	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Total £m
Key sectors					
Defence	194.5	514.9	89.8	15.3	814.5
Justice & Immigration	692.1	-	120.6	-	812.7
Transport	60.5	37.4	13.4	33.9	145.2
Health & Other Facilities Management	113.2	-	77.1	27.9	218.2
Citizen Services	193.2	168.5	54.4	11.8	427.9
	1,253.5	**720.8**	**355.3**	**88.9**	**2,418.5**

Period ended 30 June 2024	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Total £m
Key sectors					
Defence	174.5	452.9	86.7	12.4	726.5
Justice & Immigration	710.9	-	156.1	-	867.0
Transport	62.8	43.9	4.5	41.3	152.5
Health & Other Facilities Management	106.6	-	82.9	38.9	228.4
Citizen Services	155.8	159.6	57.2	12.3	384.9
	1,210.6	**656.4**	**387.4**	**104.9**	**2,359.3**

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable operating segment:

Period ended 30 June 2025	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Corporate £m	Total £m
Revenue	**1,253.5**	**720.8**	**355.3**	**88.9**	**-**	**2,418.5**
Result						
Underlying operating profit/(loss)	78.4	76.4	14.0	6.5	(29.5)	145.8
Amortisation and impairment of intangibles arising on acquisition	(6.1)	(8.2)	-	-	-	(14.3)
Operating profit/(loss)	**72.3**	**68.2**	**14.0**	**6.5**	**(29.5)**	**131.5**
Net finance cost						(19.4)
Profit before tax						**112.1**
Tax charge						(23.5)
Profit for the period						**88.6**
Supplementary information						
Share of profits in joint ventures and associates, net of interest and tax	11.7	-	-	-	-	11.7
Total depreciation and impairment of plant, property and equipment and right of use assets	(73.3)	(10.7)	(3.2)	(0.6)	-	(87.8)
Amortisation and impairment of intangible assets	(2.9)	(0.4)	(0.6)	(0.1)	-	(4.0)

Period ended 30 June 2024	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Corporate £m	Total £m
Revenue	**1,210.6**	**656.4**	**387.4**	**104.9**	**-**	**2,359.3**
Result						
Underlying operating profit/(loss)	82.9	68.8	7.8	5.7	(22.8)	142.4
Amortisation and impairment of intangibles arising on acquisition	(5.1)	(7.8)	-	-	-	(12.9)
Operating profit/(loss)	**77.8**	**61.0**	**7.8**	**5.7**	**(22.8)**	**129.5**
Net finance cost						(15.5)
Profit before tax						**114.0**
Tax charge						(29.5)
Profit for the period						**84.5**
Supplementary information						
Share of profits in joint ventures and associates, net of interest and tax	11.2	-	-	-	-	11.2
Total depreciation and impairment of plant, property and equipment and right of use assets	(59.7)	(9.9)	(4.2)	(0.9)	-	(74.7)
Amortisation and impairment of intangible assets	(2.8)	(0.6)	(0.5)	(0.1)	-	(4.0)

Period ended 30 June 2025	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Corporate £m	Total £m
Segment assets						
Interests in joint ventures and associates	24.3	-	-	0.4	-	24.7
Other segment assets[1]	1,097.3	1,087.1	104.7	68.8	44.1	2,402.0
Total segment assets	**1,121.6**	**1,087.1**	**104.7**	**69.2**	**44.1**	**2,426.7**
Unallocated assets[2]						409.6
Consolidated total assets						**2,836.3**
Segment liabilities						
Segment liabilities	(944.5)	(173.0)	(203.9)	(61.5)	(74.2)	(1,457.1)

Unallocated liabilities[2]						(507.9)
Consolidated total liabilities						**(1,965.0)**
Supplementary information						
Additions to non-current assets[3]	76.4	246.0	1.9	1.4	-	325.7
Segment non-current assets	802.2	852.8	29.2	21.7	14.0	1,719.9
Unallocated non-current assets						221.5

1 The Corporate segment assets and liabilities include balance sheet items which provide benefit to the wider Group, including defined benefit pension schemes.

2 Unallocated assets and liabilities include deferred tax, current tax, cash and cash equivalents, derivative financial instruments and loans.

3 Additions to non-current assets reflects additions and amounts arising on acquisition for goodwill, other intangible assets, property plant and equipment and right of use assets.

Year ended 31 December 2024	UK&E £m	North America £m	Asia Pacific £m	Middle East £m	Corporate £m	Total £m
Segment assets						
Interests in joint ventures and associates[5]	24.7	-	-	0.4	-	25.1
Other segment assets[1]	1,052.2	886.7	136.1	68.6	52.7	2,196.3
Total segment assets[4]	**1,076.9**	**886.7**	**136.1**	**69.0**	**52.7**	**2,221.4**
Unallocated assets[2]						438.9
Consolidated total assets[5]						**2,660.3**
Segment liabilities						
Segment liabilities[4]	(921.9)	(169.6)	(213.6)	(61.6)	(79.4)	(1,446.1)
Unallocated liabilities[2]						(371.7)
Consolidated total liabilities						**(1,817.8)**
Supplementary information						
Additions to non-current assets[3]	280.6	22.5	9.3	11.4	0.2	324.0
Segment non-current assets	826.8	686.5	32.4	22.8	-	1,568.5
Unallocated non-current assets						230.2

1 The Corporate segment assets and liabilities include balance sheet items which provide benefit to the wider Group, including defined benefit pension schemes and corporate intangible assets.

2 Unallocated assets and liabilities include deferred tax, current tax, cash and cash equivalents, derivative financial instruments and loans.

3 Additions to non-current assets reflects additions and amounts arising on acquisition for goodwill, other intangible assets, property plant and equipment and right of use assets.

4 In 2024, central managed assets and liabilities were moved from corporate to UK&E to reflect an internal restructure of overhead functions predominately used by UK&E

5 An adjustment has been made to the interest in joint ventures and associates within the UK&E segment as at 31 December 2024. The amount previously disclosed in this note of £27.7m did not reflect the amount correctly recorded in the statement of financial position of £24.7m

3. Acquisitions

On 24 May 2025, the Group acquired the Mission Training and Satellite Ground Network Communications Software business (MT&S) from Northrop Grumman, for an enterprise value of US 327m (£242m). MT&S generates annual revenues of approximately US 300m, increasing the annual revenue of our North America business to US 2bn. This strategic acquisition significantly enhances Serco's defence and space capabilities, adding advanced mission training services and satellite ground network software to our portfolio. It also deepens our engagement with the US Department of Defense, supporting programmes across the US Army, Space Force, Air Force, Navy and Combatant Commands, with a team of around 900 skilled professionals. The acquisition supports Serco's growth ambitions within the international space sector, reinforcing our efforts to expand our global footprint in regions such as the UK, Australia, and the Middle East.

The operating results, assets and liabilities have been recognised effective 24 May 2025 and contributed £23.6m of revenue and £3.0m of operating profit including an appropriate allocation of charges for shared support services and fully allocated overheads, to the Group's result during the six months to 30 June 2025.

The total impact of acquisitions to the Group's cash flow position in the period was as follows:

	MT&S £m
Enterprise value[1]	241.6
Provisional working capital and completion account finalisation	4.1
Acquisition of business, net of cash acquired	**245.7**

1 Enterprise value reflects the consideration prior to working capital and fair value adjustments on the acquisition date. In local currency the enterprise value was US327.0m and the consideration paid was US332.6m.

The provisional fair value of assets and liabilities acquired during the period are summarised below:

Provisional fair value[1]	MT&S £m
Other intangible assets[2]	89.3
Property, plant and equipment	2.2
Right of use assets[3]	6.4
Contract assets, trade and other receivables[4]	20.9
Contract liabilities, trade and other payables	(6.4)
Provisions	(0.5)
Lease obligations[3]	(6.4)

Lease obligations[3]	[illegible]
Net assets acquired[5]	**105.5**
Goodwill[6]	**140.2**
Acquisition date fair value of consideration transferred	**245.7**

1 Due to the limited time since the acquisition was completed and ongoing work to finalise the completion accounts, the fair values of the acquired assets and liabilities have been determined on a provisional basis in accordance with IFRS 3. During the measurement period, which is expected to be less than the 12 months from the acquisition date permitted by IFRS 3, the Group may revise these provisional fair values as further information becomes available.

2 Other intangible assets is the fair value of customer relationships acquired using our best estimate of forecast cash flows discounted to present value.

3 The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right of use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable/ unfavourable terms of the lease relative to market terms.

4 The fair value of acquired contract assets, trade and other receivables was £20.9m. The gross contractual amount was £21.7m, with a loss allowance of £0.8m recognised on acquisition.

5 The fair value of the net assets acquired are prepared on a provisional basis in accordance with IFRS 3. During the measurement period, expected to be 12 months from acquisition date, the Group may amend the fair value.

6 The goodwill for MT&S is attributable to the workforce, expanding capabilities of the Group in the defence sector and the cost synergies expected to arise as a result of the acquisition. Goodwill has been allocated to the North America CGU. All £140.2 m of the goodwill balance is expected to be deductible for tax purposes equally over a 15-year period.

The total costs associated with the MT&S acquisition for the period ended 30 June 2025 were £3.3m (year ended 31 December 2024: £1.2m) and have been recognised in administrative expenses.

Based on estimates made of the half-year impact of the acquisition of MT&S, had this taken place on 1 January 2025, Group revenue and underlying operating profit for the period would have increased by approximately £83.7m and £11.7m respectively, taking total Group revenue to £2,502.2m and total Group underlying operating profit to £157.5m.

4. Non-underlying items

Non-underlying items consist of:

- IAS 1 Presentation of Financial Statements sets out disclosure requirements regarding fair representation of information and the composition, labelling, prominence and consistency of additional line items and subtotals in financial statements. IAS 1 paragraph 97 requires separate disclosure of the nature and amount of material items of income or expense. The company uses the term 'exceptional items' to categorise those items which require disclosure under IAS 1 paragraph 97, but this is not a term defined by IFRS. These items are separately disclosed. A level of judgement is involved in determining what items are classified as exceptional items. Management considers exceptional items to be outside of normal practice of the business (i.e. the financial impact is unusual or rare in occurrence), and are material to the results of the Group by virtue of their size or nature, and are suitable for separate presentation and detailed explanation. There is a level of judgement required in determining which items are exceptional on a consistent basis and require separate disclosure. There were no exceptional items in the period ended 30 June 2025 (2024: none).
- Amortisation and impairment of intangible assets arising on acquisition: These charges are disclosed separately because they are based on judgements about the value and economic life of assets that would not be capitalised in normal operating practice.

Period ended 30 June	**2025 £m**	**2024 £m**
Amortisation of customer relationship intangibles arising on acquisition	(14.3)	(10.9)
Impairment of customer relationship intangibles arising on acquisition	-	(2.0)
Amortisation and impairment of intangible assets arising on acquisition	**(14.3)**	**(12.9)**
Total non-underlying items before tax	**(14.3)**	**(12.9)**
Non-underlying tax credit	4.0	3.5
Total non-underlying items net of tax	**(10.3)**	**(9.4)**

5. Tax

The tax charge for the period ended 30 June 2025 is calculated using the full-year forecast effective tax rate by taxable entity which is then applied to the actual profit for the period in each taxable entity. The tax impacts of items specific to the period are then included to provide the half year actual tax charge.

A total tax charge of £23.5m includes an underlying tax charge of £27.5m and a tax credit on amortisation of intangibles arising on acquisition of £4.0m.

The current total tax rate of 21% is lower than the UK statutory rate of 25%. This is mainly due to the impact of profits made by joint ventures whose post-tax profits are included in the Group's profit before tax; credits arising following the conclusion of audits that have been provided for in prior years; and the finalisation of prior year tax positions. These reductions are only partially offset by higher rates of tax on profits arising on international operations and the impact of losses made in companies overseas where forecast profits are such that deferred tax is not recognised.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of shares in issue after deducting the Group's own shares held by employee share ownership trusts, deducting treasury shares and adding back vested share options not exercised.

In calculating the diluted earnings per share, unvested share options outstanding have been taken into account where the impact of these is dilutive.

The calculation of the basic and diluted EPS is based on the following data:

Period ended 30 June	**2025**	**2024**
Number of shares	**millions**	**millions**

Weighted average number of ordinary shares for the purpose of basic EPS	1,015.0	1,082.0
Effect of dilutive potential ordinary shares: Shares under award	15.1	14.1
Weighted average number of ordinary shares for the purpose of diluted EPS	**1,030.1**	**1,096.1**

Earnings per share

	Earnings	Per share amount	Earnings	Per share amount
Period ended 30 June	**2025**	**2025**	**2024**	**2024**
Basic EPS	**£m**	**pence**	**£m**	**pence**
Earnings for the purpose of basic EPS	88.6	8.73	84.2	7.78
Effect of dilutive potential ordinary shares	-	(0.13)	-	(0.10)
Diluted EPS	**88.6**	**8.60**	**84.2**	**7.68**

7. Goodwill

As at 30 June 2025 the carrying value of goodwill was £915.5m (31 December 2024: £826.2m). The net increase is due to the goodwill arising on the acquisition of MT&S of £140.2m offset by the impact of foreign exchange of £50.9m.

Goodwill is stated at cost less any provision for impairment and is compared against the associated recoverable amount at least annually. The value of each cash generating unit (CGU) is based on value in use calculations derived from forecast cash flows based on past experience, adjusted to reflect market trends, economic conditions and key risks. These forecasts include an estimate of new business wins and an assumption that the final year forecast continues on into perpetuity at a CGU-specific growth rate.

Goodwill is required to be tested for impairment at least once every financial year, irrespective of whether there is any indication of impairment. The annual impairment review typically takes place in the final quarter of the year. However, if there are indicators of impairment, an earlier review is also required.

In assessing for indicators of impairment, the Group has gathered information internally and externally at a global level and based on the individual geographies in which the Group operates. Factors that were considered included, but were not limited to:

- any obsolescence indicators within the Group's physical assets;
- any plans to dispose of CGUs or significant portions of CGUs;
- indicators of worse than expected financial and bidding performance to an extent that would have caused an impairment had they been known at the time of the latest full impairment review;
- unfavourable market conditions and valuations; and
- carrying amounts of net assets in excess of market capitalisation.

There have been no indicators of impairment identified since the full impairment test undertaken as at 31 December 2024. However, whilst an impairment of £114.5m was recognised in respect of the Asia Pacific CGU in 2024, some of the remaining risks outlined in the 2024 Annual Report and Accounts remain.

Asia Pacific CGU

As disclosed in the 31 December 2024 Consolidated Financial Statements, an adverse outcome of the Base Services bid could result in a further impairment of the Asia Pacific goodwill balance. Based on interactions with the Australian Defence Force, management believe that the probability of being successful in respect of the Base Services contract has reduced to a level where any contribution assumed from this contract has been removed from the long-term forecast for the business. As a result of this, and the exit of the Australian immigration contract, in the period to 30 June 2025 the Division has made progress in delivering sustained overhead reductions to reflect the contract portfolio which exists and to ensure the Division remains competitive in bid submissions.

A review of the overhead cost structure within the Division was anticipated in the event new information became available regarding the Base Services bid. Those planned and delivered to 30 June 2025 are expected to offset the cash flows assumed for Base Services within the five-year plan used for the 31 December 2024 impairment assessment, as the win rate applied to a Base Services win was risk-weighted. Consequently, the Directors have concluded that there is no indicator of impairment and that a full impairment test at 30 June 2025 is not required.

8. Analysis of net debt

The analysis below provides a reconciliation between the opening and closing positions in the balance sheet for liabilities arising from financing activities together with movements in derivatives relating to the items included in net debt. There were no changes in fair value noted in either the current or prior period.

	At 1 January 2025	Cash flow[1]	Acquisitions[2]	Exchange differences	Non-cash movements[3]	At 30 June 2025
	£m	£m	£m	£m	£m	£m
Loans payable	(276.3)	(193.2)	-	34.5	1.5	(433.5)
Lease obligations	(530.0)	75.9	(6.4)	3.1	(66.1)	(523.5)
Liabilities arising from financing activities	(806.3)	(117.3)	(6.4)	37.6	(64.6)	(957.0)
Cash and cash equivalents	183.0	(4.1)	-	(5.3)	-	173.6
Derivatives relating to net debt	(6.4)	-	-	7.3	-	0.9
Net debt	**(629.7)**	**(121.4)**	**(6.4)**	**39.6**	**(64.6)**	**(782.5)**

1 In April 2025, we issued US 250m (£193.2m) of US private placement loan notes to support the funding of the MT&S acquisition. The notes were split into three series of US 100m, US 75m and US 75m with maturities of six, eight and ten years respectively. The weighted average interest rate on the new loan notes was fixed at 6.23%. The blended rate on US private placement loan notes in issue at the end of June 2025 was 5.44% (December 2024: 4.88%).

2 Acquisitions represent the net cash/(debt) acquired on acquisition.

3 Non-cash movements on loans payable relate to movement in capitalised finance costs in the period. For lease obligations non-cash movements relate to the net impact of entering into new leases and exiting certain leases before the end of the lease term without payment

of a cash termination cost.

9. Provisions

	Employee related £m	Property £m	Contract £m	Claims £m	Other £m	Total £m
At 1 January 2025	79.8	19.8	19.8	25.5	45.4	190.3
Arising on acquisition	-	-	0.2	-	0.3	0.5
Charge capitalised in right of use assets	-	1.1	-	-	-	1.1
Charged to income statement	7.9	1.1	2.3	4.7	6.1	22.1
Released to income statement	(0.5)	(0.4)	(0.5)	(2.1)	(2.1)	(5.6)
Utilised during the period	(17.7)	(0.9)	(1.2)	(2.3)	(6.2)	(28.3)
Exchange differences	(3.5)	0.3	-	-	0.3	(2.9)
At 30 June 2025	**66.0**	**21.0**	**20.6**	**25.8**	**43.8**	**177.2**
Analysed as:						
Current	44.6	4.4	9.9	5.3	40.4	104.6
Non-current	21.4	16.6	10.7	20.5	3.4	72.6
	66.0	**21.0**	**20.6**	**25.8**	**43.8**	**177.2**

Employee-related provisions include amounts for long-term service awards and terminal gratuity liabilities which have been accrued and are based on contractual entitlement, together with an estimate of the probabilities that employees will stay until rewards fall due and receive all relevant amounts. The provisions will be utilised over various periods driven by attrition and demobilisation of contracts, the timing of which is uncertain. There are also amounts included in relation to restructuring.

The majority of property provisions relate to leased properties and are associated with the requirement to return properties to either their original condition, or to enact specific improvement activities in advance of exiting the lease. Dilapidations associated with leased properties are held as a provision until such time as they fall due, with the longest running lease ending in March 2037.

A contract provision is recorded when a contract is deemed to be unprofitable and therefore is considered onerous. The present value of the estimated future cash outflow required to settle the contract obligations as they fall due over the respective contracts has been used in determining the provision.

Claims provisions relate to claims made against the Group. These claims are varied in nature, although they typically come from either the Group's service users, claimants for vehicle-related incidents or the Group's employees. While there is some level of judgement on the amount to be recorded, in almost all instances the variance to the actual claim paid out will not individually be material; however, the timing of when the claims are reported and settled is less certain as a process needs to be followed prior to the amounts being paid.

Included within other provisions:

- £18.8m (31 December 2024: £20.5m) relates to legal and other costs that the Group expects to incur over an extended period, in respect of past events for which a provision has been recorded, none of which are individually material.
- £25.0m (31 December 2024: £24.9m) relates to a provision in respect of a contingent liability recognised on the acquisition of EHC. The Directors have assessed that a present obligation exists in respect of the treatment of certain historic transactions and have measured the fair value of these as required by IFRS 3 Business Combinations notwithstanding that the outflow of economic benefits is not probable. This provision will be reassessed at each reporting date as the risk associated with the contingent liability in due course expires.

Individual provisions are only discounted where the impact is assessed to be significant. Currently, the effect of discounting is not material.

10. Contingent liabilities

The Group and its subsidiaries have provided certain guarantees and indemnities in respect of performance and other bonds, issued by its banks on its behalf in the ordinary course of business. The total commitment outstanding as at 30 June 2025 was £254.8m (31 December 2024: £278.4m).

The Group has guaranteed overdrafts, finance leases and bonding facilities of its joint ventures and associates up to a maximum value of £5.7m (31 December 2024: £5.7m). The actual commitment outstanding at 30 June 2025 was £5.7m (31 December 2024: £5.7m).

The Group is also aware of other claims and potential claims which involve or may involve legal proceedings against the Group although the timing of settlement of these claims remains uncertain. The Directors are of the opinion, having regard to legal advice received and the Group's insurance arrangements, that it is unlikely that these matters will, in aggregate, have a material effect on the Group's financial position.

11. Financial risk management

The vast majority of financial instruments are held at amortised cost. The classification of the fair value measurement falls into three levels, based on the degree to which the fair value is observable. The levels are as follows:

- Level 1: Inputs derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs that are observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1.
- Level 3: Inputs are unobservable inputs for the asset or liability.

Based on the above, the derivative financial instruments held by the Group as at 30 June 2025 and the comparison fair values for loans are all considered to fall into Level 2. The contingent consideration and contingent liabilities on previous acquisitions are considered to fall into Level 3. Market prices are sourced from Bloomberg and third party valuations. The valuation models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

There have been no transfers between levels in the period.

The Group held the following financial instruments which fall within the scope of IFRS 9 Financial Instruments:

	Carrying amount At 30 June 2025 £m	Fair value At 30 June 2025 £m	Carrying amount At 31 December 2024 £m	Fair value At 31 December 2024 £m
Financial assets - current				
Derivatives designated as FVTPL (Level 2)				
Forward foreign exchange contracts	0.2	0.2	0.8	0.8
Derivative instruments in designated hedge accounting relationships (Level 2)				
Forward foreign exchange contracts	0.5	0.5	-	-
Financial assets at amortised cost				
Cash and bank balances [1]	173.6	173.6	183.0	183.0
Trade receivables [1]	240.3	240.3	228.2	228.2
Amounts owed by joint ventures and associates [1]	0.6	0.6	-	-
Financial assets - non-current				
Derivatives designated as FVTPL (Level 2)				
Forward foreign exchange contracts	0.7	0.7	-	-
Derivative instruments in designated hedge accounting relationships (Level 2)				
Forward foreign exchange contracts	0.5	0.5	-	-
Financial liabilities - current				
Derivatives designated as FVTPL (Level 2)				
Forward foreign exchange contracts	(0.4)	(0.4)	(6.4)	(6.4)
Derivative instruments in designated hedge accounting relationships (Level 2)				
Forward foreign exchange contracts	(0.2)	(0.2)	(0.2)	(0.2)
Financial liabilities at fair value (Level 3)				
Contingent consideration	(5.6)	(5.6)	(3.2)	(3.2)
Contingent liabilities on acquisition	(25.0)	(25.0)	(24.9)	(24.9)
Financial liabilities at amortised cost				
Trade payables [1]	(115.3)	(115.3)	(92.3)	(92.3)
Loans	(35.2)	(34.9)	(38.8)	(38.8)
Financial liabilities - non-current				
Derivatives designated as FVTPL (Level 2)				
Forward foreign exchange contracts	-	-	(0.3)	(0.3)
Derivative instruments in designated hedge accounting relationships (Level 2)				
Forward foreign exchange contracts	(0.8)	(0.8)	(0.3)	(0.3)
Financial liabilities at fair value (Level 3)				
Contingent consideration	(4.3)	(4.3)	(6.2)	(6.2)
Financial liabilities at amortised cost				
Loans	(398.3)	(392.9)	(237.6)	(225.2)

1 Management estimate that the carrying amounts of cash, trade receivables and trade payables approximate to their fair value due to the short-term maturity of these instruments.

12. Retirement benefit schemes

Period ended 30 June **Recognised in the income statement**	**2025** **£m**	**2024** **£m**
Current service cost - employer	3.7	3.5
Past service cost - employer	(0.4)	-
Administrative expenses and taxes	1.1	0.4
Recognised in arriving at operating profit	**4.4**	**3.9**
Interest income on scheme assets - employer	(24.1)	(23.7)
Interest cost on scheme liabilities - employer	23.7	22.8
Finance income	**(0.4)**	**(0.9)**
Total recognised in the income statement	**4.0**	**3.0**

Included within the statement of comprehensive income	**2025** **£m**	**2024** **£m**

Actual return on scheme assets	(15.0)	(24.6)
Less: interest income on scheme assets	(24.1)	(23.7)
Net return on scheme assets	**(39.1)**	**(48.3)**
Effect of changes in demographic assumptions	3.5	2.3
Effect of changes in financial assumptions	29.4	27.5
Effect of experience adjustments	7.8	(1.4)
Total recognised in the statement of comprehensive income	**1.6**	**(19.9)**

The assets and liabilities of the schemes are:

	Fair value of scheme assets	**Present value of scheme liabilities**	**Surplus/(deficit)**	**Fair value of scheme assets**	**Present value of scheme liabilities**	**Surplus/(deficit)**
	At 30 June 2025	**At 30 June 2025**	**At 30 June 2025**	**At 31 December 2024**	**At 31 December 2024**	**At 31 December 2024**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
SPLAS[1]	780.7	(766.3)	14.4	822.8	(810.0)	12.8
ORS	85.7	(95.5)	(9.8)	83.2	(93.9)	(10.7)
RPS	57.1	(55.2)	1.9	58.4	(57.4)	1.0
Other Schemes in surplus	-	-	-	4.0	(2.6)	1.4
Other schemes in deficit	1.1	(1.5)	(0.4)	1.1	(1.6)	(0.5)
Net retirement benefit asset[2]	**924.6**	**(918.5)**	**6.1**	**969.5**	**(965.5)**	**4.0**

1 The SPLAS Trust Deed gives the Group an unconditional right to a refund of surplus assets assuming the gradual settlement of plan liabilities over time until all members have left the plan. Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as economic benefits are available to the Group either in the form of future refunds or in the form of possible reductions in future contributions.

2 Net retirement benefit asset (before tax) is split between schemes with a pension asset totalling £16.3m (31 December 2024: £15.2m) and a pension liability totalling £10.2m (31 December 2024: £11.2m).

Actuarial assumptions:
The assumptions set out below are for SPLAS, which reflects 84% (31 December 2024: 85%) of total assets and 83% (31 December 2024: 84%) of total liabilities of the defined benefit pension schemes in which the Group participates. The significant actuarial assumptions with regards to the determination of the defined benefit obligation are set out below.

Significant actuarial assumptions	**At 30 June 2025** %	**At 31 December 2024** %
Discount rate	5.60	5.50
Rate of salary increases	2.70	3.05
RPI Inflation	2.90	3.15
CPI Inflation	2.20	2.55

Post-retirement mortality[1]	**At 30 June 2025** years	**At 31 December 2024** years
Current pensioners at 65 - male	20.8	20.8
Current pensioners at 65 - female	23.6	23.6
Future pensioners at 65 - male	22.8	22.8
Future pensioners at 65 - female	25.7	25.7

1 The mortality assumptions reflect the latest available mortality tables CMI_2023 (31 December 2024: CMI_2023).

In June 2025, the Department for Work and Pensions (DWP) announced forthcoming legislation to address legal uncertainties arising from the Court of Appeal's decision in *Virgin Media Limited v NTL Pension Trustees Limited*. The ruling raised concerns about the validity of historic benefit changes in occupational pension schemes under Section 37 of the Pension Schemes Act 1993. To provide clarity and legal certainty, the government will introduce legislation allowing pension schemes to retrospectively obtain written actuarial confirmation that past benefit changes complied with statutory requirements.

Prior to the DWP announcement, the trustees of the Group's UK pension schemes had taken initial legal advice and reviewed historic amendments. There were a small number of amendments identified but these will need further review to assess whether any of these amendments will require section 37 certificates. Where the certificates are required, the trustees plan to take retrospective action on these amendments. As a result, no material impact is expected on the Group's financial position or results.

13. Related party transactions
Transactions between the Company and its wholly-owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint venture undertakings and associates are disclosed below. During the period, Group companies entered into the following transactions with joint ventures and associates:

	Transactions for the period ended	**Current balance outstanding at**	**Non-current balance outstanding at**	**Transactions for the period ended**	**Current balance outstanding at**	**Non-current balance outstanding at**
	30 June 2025	**30 June 2025**	**30 June 2025**	**30 June 2024**	**31 December 2024**	**31 December 2024**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**

Sale of goods and services						
Joint ventures	6.3	0.6	-	10.3	(0.2)	-
Other transactions						
Loan receivable from joint ventures	-	-	-	10.0	-	-
Dividends received - joint ventures	12.2	-	-	5.6	-	-
Receivable from consortium for tax - joint ventures	4.3	4.9	4.3	7.3	9.4	10.1
Total	**22.8**	**5.5**	**4.3**	**33.2**	**9.2**	**10.1**

Sales of goods and services to joint ventures relates to services provided including administrative and back office activities to VIVO. The figures for the period ended 30 June 2024 include a loan receivable balance from VIVO that was repaid in the period; there is no outstanding balance in the period ended 30 June 2025.

14. Notes to the Consolidated Cash Flow statement

Period ended 30 June	Underlying 2025 £m	Non-underlying items 2025 £m	Reported 2025 £m	Underlying 2024 £m	Non-underlying items 2024 £m	Reported 2024 £m
Profit before tax	126.4	(14.3)	112.1	126.9	(12.9)	114.0
Net finance costs	19.4	-	19.4	15.5	-	15.5
Operating profit for the period	**145.8**	**(14.3)**	**131.5**	**142.4**	**(12.9)**	**129.5**
Adjustments for:						
Share of profits in joint ventures and associates	(11.7)	-	(11.7)	(11.2)	-	(11.2)
Share-based payment expense	7.5	-	7.5	7.8	-	7.8
Impairment of intangible assets	-	-	-	-	2.0	2.0
Amortisation of intangible assets	4.1	14.3	18.4	4.0	10.9	14.9
Impairment of property, plant and equipment	-	-	-	(0.3)	-	(0.3)
Depreciation of property, plant and equipment	8.8	-	8.8	8.0	-	8.0
Depreciation of right of use assets	79.2	-	79.2	66.9	-	66.9
Profit on disposal of property, plant and equipment	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Decrease in provisions	(11.8)	-	(11.8)	(3.9)		(3.9)
Other non-cash movements	0.1	-	0.1	-	-	-
Total non-cash items	**76.0**	**14.3**	**90.3**	**71.2**	**12.9**	**84.1**
Operating cash inflow before movements in working capital	**221.8**	**-**	**221.8**	**213.6**	**-**	**213.6**
Decrease/(increase) in inventories	1.8	-	1.8	(0.8)		(0.8)
Increase in receivables	(51.0)	-	(51.0)	(17.6)	-	(17.6)
Increase in payables	35.4	-	35.4	9.3	-	9.3
Movements in working capital	**(13.8)**	**-**	**(13.8)**	**(9.1)**	**-**	**(9.1)**
Cash generated by operations	**208.0**	**-**	**208.0**	**204.5**	**-**	**204.5**
Tax paid	(13.4)	-	(13.4)	(15.5)	-	(15.5)
Net cash inflow from operating activities	**194.6**	**-**	**194.6**	**189.0**	**-**	**189.0**

15. Post balance sheet events

Dividends
Subsequent to the period-end, the Board has declared an interim dividend in respect of the period ended 30 June 2025 of 1.45 pence per share.

Serco share buyback
The Group has announced its intention to commence a share buyback of up to £50m. Consistent with the Group's capital allocation policy, the objective of the programme is to provide additional returns to shareholders as well as aid the Group in meeting its medium-term leverage targets. The buyback programme is expected to complete in 2025 with the shares either held in treasury or cancelled.

Change of ownership
On 1 August 2025, Serco Holdings Limited, a subsidiary of Serco Group plc, entered into an agreement to reduce its shareholding in Khadamat Facilities Management LLC ('Khadamat') from 49% to 45%. The results of Khadamat as a joint operation from 1 January 2025 to 30 June 2025 and the comparable period were consolidated on a proportional basis. Following the change in ownership, Khadamat will no longer be proportionally consolidated and will be subject to the equity method of

the change in ownership, Khadamat will no longer be proportionally consolidated and will be subject to the equity method of accounting. The material impact to the Group's financial statements as a result of this transaction is to remove revenue from the Group's results, which is estimated to be £60m per year. The impact to net profit and net assets is not material to the Group.

Additional information

Key performance indicators
We use key performance indicators (KPIs) to monitor our performance, ensuring that we have a balance and an appropriate emphasis to both financial and non-financial aspects.

Key Performance Indicators	Relevance to strategy
Underlying operating profit (UOP)	The level of absolute UOP and the relationship of UOP with revenue - i.e. the margin we earn on what our customers pay us - is at the heart of our aspiration to be profitable and sustainable. We believe the delivery of strategic success has potential to support annual revenue growth of 4-6%, in the medium term, and trading margins of 5-6%.
Underlying earnings per share (EPS), diluted	EPS builds on the relevance of UOP and further reflects the strength and costs of our financial funding and tax arrangements. EPS is, therefore, a measure of financial return for our shareholders.
Free cash flow (FCF)	FCF is a reflection of the sustainability of the organisation, by showing how much of our effort turns into cash to reinvest into the business or to deploy in other ways. Our philosophy is that we should only win business that generates appropriate cash returns and we apply disciplined management of our working capital cash flow cycles.
Underlying return on invested capital (ROIC)	ROIC measures how efficiently the Group uses its capital to generate returns from its assets. To be a sufficiently profitable and sustainable business, a return must be achieved that is appropriately above a cost of capital hurdle reflective of the typical returns required by our weighting of equity and debt capital.
Pipeline of larger new bid opportunities	The pipeline provides a measure of potential for winning new business and, therefore, is a major input to being profitable and sustainable. The size of the pipeline and our win-rate on the bids within it are at the heart of our strategy to grow the business.
Order book	The order book reflects progress with winning and retaining good business and, as a store of future value, it is a key measure to ensure that the Group is profitable and sustainable. The value of how much is added to the order book compared to how much revenue we are billing our customers - the book-to-bill ratio - is important to achieving long-term growth.

Alternative Performance Measures (APMs) reconciliations

Overview
In general, APMs are presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. The APMs are also used internally in the management of our business performance, budgeting and forecasting, and for determining Executive Directors' remuneration and that of other Management throughout the business.

APMs are non-IFRS measures. Where additional revenue is being included in an APM, this reflects revenues presented elsewhere within the reported financial information, except where amounts are recalculated to reflect constant currency. Where items of income or expense are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income or expense of the Group, except where amounts are recalculated to reflect constant currency. As a result, APMs allow investors and other readers to review different kinds of revenue, profits and costs and should not be used in isolation. Commentary including in the Group and Divisional Review, as well as the condensed Consolidated Financial Statements and their accompanying notes, should be referred to in order to fully appreciate all the factors that affect our business. We strongly encourage readers not to rely on any single financial measure, but to carefully review our reporting in its entirety.

Definitions of the Group's APMs is shown in the glossary on pages 47 to 48 and the reconciliations for each measure are shown as follows:

Alternative revenue measures
A reconciliation of reported revenue to the alternative revenue measures is as follows:

Period ended 30 June	Statutory revenue 2025 £m	Statutory revenue 2024 £m	Organic revenue 2025 £m	Organic revenue 2024 £m	Revenue plus share of joint ventures and associates 2025 £m	Revenue plus share of joint ventures and associates 2024 £m
Alternative revenue measure at constant currency	2,465.7	2,359.3	2,419.1	2,359.3	2,702.2	2,626.9
Foreign exchange differences	(47.2)	-	(45.1)	-	(47.2)	-
Alternative revenue measure at reported currency	**2,418.5**	**2,359.3**	**2,374.0**	**2,359.3**	**2,655.0**	**2,626.9**
Impact of relevant acquisitions or disposals	-	-	44.5	-	-	-
Share of joint venture and associates	-	-	-	-	(236.5)	(267.6)
Reported revenue at reported currency	**2,418.5**	**2,359.3**	**2,418.5**	**2,359.3**	**2,418.5**	**2,359.3**

Alternative profit measures
A reconciliation of underlying operating profit to reported operating profit is as follows:

Period ended 30 June	2025 £m	2024 £m
Underlying operating profit at constant currency	148.8	142.4
Foreign exchange differences	(3.0)	-
Underlying operating profit at reported currency	**145.8**	**142.4**
Amortisation and impairment of intangibles arising on acquisition	(14.3)	(12.9)
Reported operating profit at reported currency	**131.5**	**129.5**

Underlying EPS
A reconciliation of underlying EPS to reported EPS is as follows:

Period ended 30 June	2025 basic pence	2024 basic pence	2025 diluted pence	2024 diluted pence
Underlying EPS	9.74	8.65	9.60	8.54
Non-underlying items:				
Net impact of non-underlying operating items, non-underlying tax and	[illegible]			

Net impact of non-underlying operating items, non underlying tax and amortisation and impairment of intangibles arising on acquisition	(1.01)	(0.87)	(1.00)	(0.86)
Reported EPS	**8.73**	**7.78**	**8.60**	**7.68**

Alternative cash flow measures
A reconciliation of underlying operating profit, net cash inflow from underlying operating activities, free cash flow and trading cash flow is as follows:

Period ended 30 June	2025 £m	2024 £m
Underlying operating profit	**145.8**	**142.4**
Less: Share of profit from joint ventures and associates	(11.7)	(11.2)
Movement in provisions	(11.8)	(3.9)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	12.9	11.7
Depreciation of right of use assets	79.2	66.9
Working capital movements	(13.8)	(9.1)
Tax paid	(13.4)	(15.5)
Other non-cash movements	7.4	7.7
Net cash inflow from underlying operating activities	**194.6**	**189.0**
Dividends from joint ventures and associates	12.2	5.6
Net interest paid	(17.0)	(12.2)
Capitalised finance costs paid	(2.2)	(1.0)
Capital element of lease repayments	(75.9)	(66.9)
Proceeds received from exercise of share options	-	-
Purchase of own shares to satisfy share awards	(5.0)	(22.8)
Purchase of intangible and tangible assets net of proceeds from disposal	(16.2)	(16.4)
Free cash flow	**90.5**	**75.3**
Add back:		
Tax paid	13.4	15.5
Net interest paid	17.0	12.2
Capitalised finance costs paid	2.2	1.0
Trading cash flow	**123.1**	**104.0**
Underlying operating profit	**145.8**	**142.4**
Trading cash conversion	**84 %**	**73 %**

Free cash flow to adjusted net debt
A reconciliation from free cash flow to adjusted net debt is as follows:

Period ended 30 June	2025 £m	2024 £m
Free cash flow	90.5	75.3
Net cash outflow on acquisition and disposal of subsidiaries, joint ventures and associates	(245.7)	(19.3)
Dividends paid to shareholders	(28.6)	(24.5)
Purchase of own shares	-	(57.6)
Loans repaid from joint venture	-	10.0
Capitalisation and amortisation of loan costs	1.5	0.5
Cash movements on hedging instruments	(13.4)	(0.3)
Foreign exchange gain/(loss) on adjusted net debt	36.5	(6.2)
Movement in adjusted net debt	(159.2)	(22.1)
Opening adjusted net debt - 1 January	(99.8)	(108.7)
Closing adjusted net debt	**(259.0)**	**(130.8)**

Reported net debt to adjusted net debt
Reported net debt includes all lease liabilities, including those recognised under IFRS 16 Leases. A reconciliation of adjusted net debt to reported net debt is as follows:

	At 30 June 2025 £m	At 31 December 2024 £m
Cash and cash equivalents	173.6	183.0
Loans payable	(433.5)	(276.4)
Lease liabilities	(523.5)	(530.0)
Derivatives relating to net debt	0.9	(6.4)
Reported net debt	(782.5)	(629.8)
Add back: Lease liabilities	523.5	530.0
Adjusted net debt	**(259.0)**	**(99.8)**

Return on invested capital (ROIC)

	At 30 June 2025 £m	At 31 December 2024 £m	At 30 June 2024 £m
ROIC excluding right of use assets			

Non current assets			
Goodwill	915.5	826.2	938.5
Other intangible assets - owned	173.6	101.4	117.2
Property, plant and equipment - owned	59.5	56.8	55.7
Interest in joint ventures	24.7	25.1	38.1
Contract assets, trade and other receivables	23.3	26.3	23.1
Current assets			
Inventory	21.9	24.1	24.9
Contract assets, trade and other receivables	684.9	631.5	655.7
Total invested capital assets	**1,903.4**	**1,691.4**	**1,853.2**
Current liabilities			
Contract liabilities, trade and other payables	(640.4)	(632.5)	(622.5)
Non current liabilities			
Contract liabilities, trade and other payables	(105.8)	(82.2)	(80.4)
Total invested capital liabilities	**(746.2)**	**(714.7)**	**(702.9)**
Invested capital	**1,157.2**	**976.7**	**1,150.3**
Two point average of opening and closing invested capital	**1,153.8**	**1,043.8**	**1,152.9**
Underlying operating profit 12 months	**276.9**	**273.5**	**243.2**
Underlying ROIC %	**24.0 %**	**26.2 %**	**21.1 %**

Debt covenants
The principal financial covenant ratios are consistent across the US private placement loan notes and revolving credit facility, with a maximum consolidated total net borrowings (CTNB) to covenant EBITDA of 3.5 times and minimum covenant EBITDA to covenant net finance costs of 3.0 times, tested semi-annually. A reconciliation of the basis of calculation is set out in the table below.

The covenants exclude the impact of IFRS 16 Leases on the Group's results.

For the 12 months ended	30 June 2025 £m	31 December 2024 £m	30 June 2024 £m
Operating profit	132.1	130.1	213.4
Remove: Exceptional items	114.5	114.5	(2.6)
Remove: Amortisation and impairment of intangibles arising on acquisition	30.3	28.9	32.4
Exclude: Share of joint venture post-tax profits	(23.4)	(22.8)	(22.2)
Include: Dividends from joint ventures	37.3	30.8	22.0
Add back: Net non-exceptional charges/(releases) to OCPs	5.9	5.7	9.1
Add back: Net covenant OCP utilisation	(2.1)	(2.7)	(2.8)
Add back: Depreciation, amortisation and impairment of owned property, plant and equipment and non acquisition intangible assets	26.4	25.1	19.5
Add back: Depreciation, amortisation and impairment of property, plant and equipment and non acquisition intangible assets held under finance leases - in accordance with IAS17 Leases	4.2	4.4	4.2
Add back: Foreign exchange on investing and financing arrangements	(0.5)	(2.1)	(1.9)
Add back: Share-based payment expense	14.9	15.2	14.2
Net other covenant adjustments to EBITDA	(13.0)	(15.0)	(16.4)
Pro-forma annualised impact of acquisition	25.7	-	-
Covenant EBITDA	**352.3**	**312.1**	**268.9**
Net finance costs	37.0	33.1	29.1
Exclude: Net interest receivable on retirement benefit obligations	1.4	1.9	2.5
Exclude: Movement in discount on deferred consideration	(0.9)	(0.8)	-
Exclude: Foreign exchange on investing and financing arrangements	(0.5)	(2.1)	(1.9)
Other covenant adjustments to net finance costs	(22.1)	(19.6)	(16.3)
Covenant net finance costs	**14.9**	**12.5**	**13.4**
Adjusted net debt	259.0	99.8	130.8
Obligations under finance leases - in accordance with IAS17 Leases	11.2	13.1	15.2
Recourse net debt	**270.2**	**112.9**	**146.0**
Add back: Disposal vendor loan note, encumbered cash and other adjustments	5.3	(3.7)	3.4
Covenant adjustment for average FX rates	26.5	(5.9)	1.2
CTNB	**302.0**	**103.3**	**150.6**
CTNB / Covenant EBITDA (not to exceed 3.5x)	**0.86 x**	**0.33 x**	**0.56 x**
Covenant EBITDA / Covenant net finance costs (at least 3.0x)	**23.6 x**	**25.0 x**	**20.1 x**

Glossary

Adjusted net debt
The adjusted net debt measure more closely aligns with the covenant measure for the Group's financing facilities than reported net debt because it excludes all lease liabilities recognised under IFRS 16 Leases. Principally as a result of the Asylum Accommodation and Support Services Contract (AASC), the Group has entered into a significant number of leases which contain a termination option. The use of adjusted net debt removes the volatility that would result from the estimation of lease periods and the recognition of liabilities associated with such leases where the Group has the right to cancel the lease. Though the intention is not to exercise the options to cancel the leases, it is available, unlike other debt obligations.

Constant currency
Constant currency is calculated by translating non-Sterling values for the period ended 30 June into Sterling at the average exchange rates for the prior year. Constant currency and reported currency are equal for the prior year numbers.

Employee engagement
We use a specialist third party provider to run Viewpoint, our global employee engagement survey. The survey covers employees, excluding our joint ventures, and measures engagement in two key areas: how happy employees are working at Serco and their intention to recommend Serco to others. Our engagement score incorporates all respondents' perceptions and shows the overall average view of these two areas when we survey.

Exceptional items
IAS 1 Presentation of Financial Statements sets out disclosure requirements regarding fair representation of information and the composition, labelling, prominence and consistency of additional line items and subtotals in financial statements. IAS 1 paragraph 97 requires separate disclosure of the nature and amount of material items of income or expense. The company uses the term 'exceptional items" to categorise those items which require disclosure under IAS 1 paragraph 97, but this is not a term defined by IFRS. A level of judgement is involved in determining what items are classified as exceptional items. Management considers exceptional items to be outside of normal practice of the business (i.e. the financial impact is unusual or rare in occurrence), and are material to the results of the Group by virtue of their size or nature, and are suitable for separate presentation and detailed explanation. There is a level of judgement required in determining which items are exceptional on a consistent basis and require separate disclosure.

Free cash flow (FCF)
Free cash flow is the net cash flow from operating activities adjusted to remove the impact of non-underlying cash flows from operating activities, adding dividends we receive from joint ventures and associates and deducting net interest, net capital expenditure on tangible and intangible asset purchases and the purchase of own shares to satisfy share awards.

Invested capital
Invested capital represents the assets and liabilities considered to be deployed in delivering the trading performance of the business. Invested capital assets are: goodwill and other intangible assets; property, plant and equipment; interests in joint ventures and associates; contract assets, trade and other receivables; and inventories. Invested capital liabilities are contract liabilities, trade and other payables. Invested capital is calculated as a two-point average of the opening and closing balance sheet positions. The invested capital of the Group used in underlying ROIC are for those items for which resources are or have been committed. This excludes right of use assets recognised under IFRS 16 Leases as many have termination options and commitments for expenditure in future years.

Order book
The order book reflects the estimated value of future revenue based on all existing signed contracts, excluding Serco's share of joint ventures and associates. It excludes contracts at the preferred bidder stage and excludes the award of new Multiple Award Contracts (MACs), Indefinite Delivery/Indefinite Quantity (IDIQ) contracts or framework vehicles, where Serco cannot estimate with sufficient certainty its expected future value of specific task orders that may be issued under the IDIQ or MAC; in these situations the value of any task order is recognised within the order book when subsequently won. The definition is aligned with IFRS15 disclosures of the future revenue expected to be recognised from the remaining performance obligations on existing contractual arrangements and therefore excludes unsigned extension periods and option periods in our US business. Order intake is the value of business which has been won during the year and typically includes Serco's share of order intake from its joint ventures and option periods in our US business.

Organic
Organic measures exclude the impact of relevant acquisitions or disposals (European Homecare, Climatize and MT&S). The prior year figures are recalculated on a consistent basis with the relevant acquisitions or disposals removed in the current year and therefore may not agree to the organic revenue previously reported.

Net debt
Net debt is a measure to reflect the net indebtedness of the Group and includes all cash and cash equivalents and any debt or debt-like items, including any derivatives entered into in order to manage risk exposures on these items. Net debt brings together the various funding sources that are included on the Group's Consolidated Balance Sheet and the accompanying notes. Net debt includes all lease liabilities, whilst adjusted net debt is derived from net debt by excluding liabilities associated with leases.

Non-underlying items
Included in non-underlying items are exceptional items as well as amortisation and impairment of intangibles arising on acquisitions, because these charges are based on judgements about the value and economic life of assets that, in the case of items such as customer relationships, would not be capitalised in normal operating practice.

Pipeline of large new bid opportunities
Pipeline of large new bid opportunities reflects the estimated aggregate value at the end of the reporting period of new bid opportunities with annual contract value (ACV) greater than £10m and which we expect to bid and be awarded within a rolling 24-month timeframe. It does not include re-bids or extensions of existing business and the total contract value (TCV) of individual opportunities is capped at £1bn; also excluded is the potential value of framework agreements, prevalent in the US in particular where there are numerous arrangements classed as IDIQ. In this case only the potential value of any individual task order is included.

Revenue plus share of joint ventures and associates
This alternative measure includes the share of revenue from joint ventures and associates for the benefit of reflecting the overall change in scale of the Group's ongoing operations, which is particularly relevant for evaluating Serco's presence in market sectors such as defence and transport. The alternative measure allows the performance of the joint venture and associate operations themselves, and their impact on the Group as a whole, to be evaluated on measures other than just the post-tax result.

Trading cash conversion
In order to calculate an appropriate cash conversion metric equivalent to UOP, trading cash flow is derived from FCF by excluding capitalised finance costs, interest, non-cash R&D expenditure and tax items. Trading cash conversion therefore provides a measure of the efficiency of the business in terms of converting profit into cash before taking account of the impact of capitalised finance costs, interest, non-cash R&D expenditure, tax and non-underlying items.

Underlying earnings per share (EPS), diluted
Underlying EPS reflects the underlying operating profit measure after deducting underlying net finance costs and tax. It takes into account any non-controlling interests share of the result for the period, and divides the remaining result that is attributable to the equity owners of the Company by the weighted average number of ordinary shares outstanding, including the potential dilutive effect of share options, in accordance with IFRS. Underlying net finance costs and tax are used to calculate underlying EPS to remove the impact of typical non-recurring or out of period items.

Underlying operating profit (UOP)
Underlying operating profit is defined as IFRS operating profit excluding non-underlying items (as described above). Consistent with IFRS, it includes Serco's share of profit after interest and tax of its joint ventures and associates.

Underlying return on invested capital (ROIC)
ROIC is calculated as UOP for the period divided by the invested capital balance (as described above).

Principal risks and uncertainties

Risk Management
Since the date of the approval of the Annual Report and Financial statements our risk management process has continued to operate as described on page 62 of our 2024 Annual Report.

The Group Executive Committee and the Risk Committee completed their annual review of our existing principal and emerging risks in line with our ERM framework. As a result, whilst all risks remain valid there has been a new principal risk added and some reshaping of the existing risks proposed. These were approved at the Risk Committee on 4 August 2025 and remain valid for the remaining half of the financial year. These and any emerging risks remain under review on a quarterly basis by the Risk Committee.

The following summarises the updated Principal Risk profile for the Group:

- Failure to grow profitably: Failure to win material bids or renew material contracts profitably, or a lack of opportunities in our chosen markets;
- Major information security breach (including cyber-attack, data protection and IT service disruption): Loss or compromise of personal, sensitive or commercial information or wilful damage;
- Impact of emerging technology (including AI and other disruptive technology): Failure to anticipate and invest in the right technology and capability to remain competitive;
- Contract performance, non-compliance or misreporting: Failure to deliver internal and customer financial and contractual requirements and to meet agreed service performance levels and report against them accurately;
- Impacts of significant policy change on our strategy and current portfolio: Ability to influence and respond to changing customer requirements and ideology shifts;
- Significant failure of the supply chain and/or sub-contractor network: Failure that may result in Serco being unable to meet customer obligations, perform business critical operations or win new business;
- Failure to act with integrity: Engagement in significant corrupt, illegal or dishonest acts;
- Health, safety and wellbeing: The diversity of our operations and the inherent risks in our operations in both work and public environments;
- Catastrophic incident: Focusing on the risk of an event as a result of our actions or failure to respond to an event that results in multiple fatalities, severe property/asset damage or loss or very serious long term environmental damage; and
- Material legal and regulatory compliance failure: Significant loss and damage to the Group including exposure to regulatory prosecution, reputational damage and the potential loss of licences and authorisations.

Further detail on our principal risks and uncertainties as articulated as at year end 2024 and the associated controls and mitigations can be found on page 65 in our 2024 Annual Report.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- The interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure Guidance 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 Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year;
- The interim management report includes a fair review of the information required by DTR 4.2.8R of the Disclosure Guidance 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:

Anthony Kirby	**Nigel Crossley**
Group Chief Executive	Group Chief Financial Officer
6 August 2025	6 August 2025

INDEPENDENT REVIEW REPORT TO SERCO GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Condensed Cash Flow Statement and related notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. 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.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

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 management have inappropriately adopted the going concern basis of accounting or that management 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 this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors
The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Review of the Financial Information
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of Our Report
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Reading
06 August 2025

Forward looking statements
This announcement contains statements which are, or may be deemed to be, "forward looking statements" which are prospective in nature. All statements other than statements of historical fact are forward looking statements. Generally, words such as "expect", "anticipate", "may", "could", "should", "will", "aspire", "aim", "plan", "target", "goal", "ambition", "intend" or, in each case, their negative or other variations or comparable terminology identify forward looking statements. By their nature, these forward looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Factors which may cause future outcomes to differ from those foreseen or implied in forward looking statements include, but are not limited to: general economic conditions and business conditions in Serco's markets; contracts awarded to Serco; customers' acceptance of Serco's products and services; operational problems; the actions of competitors, trading partners, creditors, rating agencies and others; the success or otherwise of partnering; changes in laws and governmental regulations; regulatory or legal actions, including the types of enforcement action pursued and the nature of remedies sought or imposed; the receipt of relevant third party and/or regulatory approvals; exchange rate fluctuations; the development and use of new technology; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks; and pandemics, epidemics or natural disasters. Many of these factors are beyond Serco's control or influence. These forward looking statements speak only as of the date of this announcement and have not been audited or otherwise independently verified. Past performance should not be taken as an indication or guarantee of future results and no representation or warranty, express or implied, is made regarding future performance. Except as required by any applicable law or regulation (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), Serco expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this announcement to reflect any change in Serco's expectations or any change in events, conditions or circumstances on which any such statement is based after the date of this announcement, or to keep current any other information contained in this announcement. Accordingly, undue reliance should not be placed on the forward looking statements.

END

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