

27 February 2026

**MELROSE INDUSTRIES PLC**  
**AUDITED RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**Strong 2025 performance and positive momentum**

Melrose Industries PLC ("Melrose", the "Company" or the "Group"), a world-leading global aerospace and defence business, today announces its results for 2025.

**Group highlights<sup>1</sup>**

- Strong performance with revenue growth of 8% and adjusted operating profit<sup>2</sup> up 23%
- Adjusted operating margin<sup>2</sup> up 240bps at 18.0%
- Free cash flow generated of £125 million (after interest and tax), a £199 million increase on 2024
- Multi-year transformation programme completed providing excellent foundation for growth
- Strong commercial progress, including key customer contract wins and new partnerships
- Quality and productivity gains delivered in a complex operating environment
- New twelve-month share buyback programme of £175 million
- Increase in final dividend to 4.8p taking the full year dividend to 7.2p, growth of 20%
- Positive momentum to continue in 2026, with Melrose well positioned to deliver growth in revenue, profit and cash flow towards our 2029 targets

	Adjusted <sup>2</sup> results		Growth <sup>1</sup>	Statutory results	
	2025	2024		2025	2024
	£m	£m		£m	£m
Revenue	3,589	3,468	8%	3,589	3,468
Operating profit/(loss)	647	540	23%	600	(4)
Profit/(loss) before tax	515	438	21%	468	(106)
Diluted earnings per share (p)	32.1	26.4	25%	29.0	(3.7)
Dividend per share (p)	7.2	6.0	20%	7.2	6.0
Free cash flow <sup>2</sup>	125	(74)	+£199m	n/a	n/a
Net debt <sup>2</sup>	1,407	1,321		n/a	n/a
Leverage <sup>2</sup>	1.8x	1.9x		n/a	n/a

Peter Dilnot, Chief Executive Officer of Melrose Industries PLC, today said:

*"Melrose delivered another strong performance in 2025. Significant profit growth was driven by increased Engines and Defence demand, together with the positive impact of our multi-year transformation programme reading through. We generated £125 million of free cash flow, representing an inflection point for the Group, with substantial further increases in cash generation to come. We have positive momentum and are well-positioned to benefit from expected production ramp-ups and ongoing aftermarket expansion. We are therefore confident of further growth in 2026 and achieving our 2029 targets."*

**Financial highlights<sup>1</sup>**

- Revenue of £3,589 million, representing like-for-like ("LFL") growth of 8% on the prior year
- Adjusted operating profit<sup>2</sup> up 23% at £647 million (2024: £540 million)
- Adjusted diluted EPS<sup>2</sup> up 25% at 32.1 pence compared to 26.4 pence in 2024. Statutory diluted EPS of 29.0 pence (2024: loss of 3.7 pence)
- Delivery of £125 million of free cash flow<sup>2</sup> (after interest and tax)
- Net debt<sup>2</sup> of £1.4 billion, representing leverage<sup>2</sup> of 1.8x, in line with our expectations and within our target range of 1.5-2.0x
- Final dividend of 4.8 pence per share proposed, an increase of 20% on the prior year, with a

total dividend of 7.2 pence, up 20% on 2024

## **Divisional highlights<sup>1</sup>**

### **Engines**

- Engines revenue growth of 15% to £1,632 million, with OE and aftermarket up 16% and 14% respectively
- Adjusted operating profit<sup>2</sup> up 27% at £520 million driven by top line performance with a 300bps improvement in adjusted operating margin<sup>2</sup> to 31.9%
- Adjusted operating profit<sup>2</sup> included £324 million (2024: £274 million) of variable consideration from RRSP contracts, in line with guidance
- Continued development of additive fabrication capability; 100% serial production on the Fan Case Mount Ring for the PW1500G and ongoing progress on further certifications
- Deepened relationship with the Swedish Defence Materiel Administration ("FMV") on RM16 engine and contract awarded to develop a clean sheet uncrewed aerial vehicle demonstrator
- Good growth in Engine repairs in the second half and secured a number of contract wins; San Diego repair facility now fully operational

### **Airframes**

- Structures division renamed Airframes to better reflect portfolio breadth
- Airframes revenue growth of 3% on a LFL basis to £1,957 million
- Strong performance across Defence platforms where revenue grew 15%
- Civil revenue was marginally lower, where we continue to manage production alongside variability in OE production rates and supply chain challenges
- 10% growth in adjusted operating profit<sup>2</sup> to £156 million
- Adjusted operating margin<sup>2</sup> up 80bps at 8.0% with further progression constrained by lower civil OE volumes, product mix and lower productivity at one of our manufacturing sites in the Netherlands
- Defence performing strongly driven by our commercial actions; over 90% of the portfolio now sustainably priced
- Multi-year contracts signed with BAE Systems for Typhoon and Lockheed Martin for C-130J
- Agreement with Archer to further expand engagement in the 'Midnight' electric platform following our capital-light approach to investment
- Partnership signed with Anduril UK to lead future Defence Uncrewed Aerial Vehicle ("UAV") capabilities

### **Guidance for 2026 full year<sup>3</sup>**

- Revenue range of £3.75 billion to £3.95 billion representing LFL growth of 10% at the mid-point reflecting OE volume ramp-up and the continued strength of the aftermarket
- Adjusted operating profit<sup>2</sup> of £700 million to £750 million, reflecting an adjusted operating margin<sup>2</sup> of c.19% at the mid-point
- Our guidance includes variable consideration of between £340 million and £380 million depending mainly on OE build rates of key engine programmes
- Free cash flow<sup>2</sup> generation range of £150 million to £200 million (after interest and tax)
- In line with historical and industry seasonality, profit and cash will be second half weighted

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**Audience webcast link**

The results will be broadcast from 09.30am UK time today with access via the following link:

<https://streamstudio.world-television.com/1006-1475-42844/en>

**Conference Call Details - 9.30am, Friday 27 February**

United Kingdom (Local): +44 20 3936 2999

United Kingdom (Toll-Free): +44 800 358 1035

[Global Dial-In Numbers](#)

Access Code: 718239

**Melrose Industries PLC**

Melrose is an industry-leading global aerospace technology business, listed in the UK, with more than 30 manufacturing sites across 12 countries. We are a 'Super-Tier 1' partner to all airframe and engine OEMs, with design-led solutions on-board 100,000 flights a day, across all of today's high-volume aircraft. We operate through two market-leading divisions, Engines and Airframes, across both original equipment and the aftermarket, covering the civil and defence markets. Every day we deliver flight-critical components including full engine systems and structures; major airframe components such as wings and empennages; and full aircraft electrical wiring systems. We have an excellent track record of delivering value for both customers and shareholders and have set out an exciting growth plan ahead.

**Notes**

1. Growth is calculated on a like-for-like basis at constant currency against 2024 results and, for revenue, excludes exited businesses
2. Described in the glossary to the Preliminary Announcement and considered by the Board to be a key measure of performance
3. Assuming US = 1.37 average exchange rate
4. PLC costs are also referred to as corporate costs (see note 3 to the Preliminary Announcement)

**2025 RESULTS****CHIEF EXECUTIVE OFFICER'S REVIEW****OVERVIEW**

We are executing our plan with a focused strategy providing a clear path for significant value creation through the delivery of profitable growth and accelerating cash generation. We operate in attractive aerospace and defence markets with excellent fundamentals supported by record order backlogs and a strong aftermarket. Having repositioned Melrose as a design-led, Super-Tier 1 business with embedded technology on the world's leading aircraft, we are well placed to benefit from this growing structural demand.

2025 marked the end of an important phase in the Group's development, with the completion of our multi-year transformation programme, a key component in delivering operational and commercial excellence across the Group. We have optimised our global footprint through the exit of non-core businesses and site consolidations. We have focused our capital investment on capacity expansion to meet the production ramp-up and continued to invest in our four global technology centres, ensuring we remain at the forefront of innovation supporting our customers on next generation platforms. Finally, we have met our commercial targets, working closely with our customers to ensure our Defence business and other parts of the product portfolio are sustainably priced.

With the right foundations now in place, we have transitioned into the next phase in the Group's evolution, leveraging the repositioned business to deliver growth, further margin expansion and increased cash flow.

leveraging the experienced business to deliver growth, further margin expansion and increased cash flow. This consists of delivering the OE and aftermarket ramp-up, driving productivity gains from the sites and ensuring that the commercial actions continue to read through. We are also focused on unlocking working capital, particularly through inventory reduction and embedding our 'Brilliant Basics' lean operating model.

We delivered another strong performance in 2025, our third year as a focused aerospace and defence company. Operating profit grew by 23% and we improved cash flow by c.£200 million, generating positive free cash flow of £125 million which is an important milestone for the Group. These strong results were delivered against the backdrop of additional complexity caused by US tariffs and ongoing constraints in the supply chain.

While the most significant contributor to future value is profitably capturing industry growth in OE production and the aftermarket, we are also making good progress through our ongoing expansion in attractive target opportunities such as commercialising our breakthrough proprietary additive fabrication technology and developing uncrewed Defence air vehicles. Beyond these, we continue to position for the longer term with partnerships working on the next generation of single aisle engines and airframes, sixth generation fighters, and electric flight.

Across both civil and defence airframes, we have design-led capability across a broad range of critical components, including primary wing structures; empennages; landing gear; anti-icing systems; electrical distribution systems; and aircraft windows and canopies. To better reflect the breadth and competitive strengths of this product portfolio, from today we are renaming the Structures division as Airframes.

We have positive momentum, a clear strategy and excellent growth opportunities ahead.

## **WELL-POSITIONED IN STRUCTURAL GROWTH MARKETS**

Our revenue streams are broad-based, generating income from: Engines and Airframes; original equipment and aftermarket; and across both civil aerospace and defence markets. In 2025, civil aerospace and defence represented 71% and 29% of Group revenue respectively.

Within civil aerospace, we have content on large, regional and business jets and hold embedded positions on all leading commercial narrowbody and widebody aircraft, with a stronger weighting towards Airbus. In Engines, we lead the industry in the fabrication of advanced engine structures, cases and frames. We are RRSP partners on 19 different engine families, six of which will generate 90% of the value of the RRSP portfolio. In Airframes, we have strong embedded positions with over 70% of our content provided on a sole-sourced basis.

Within defence, we have airframes and engines content on all of the major global platforms, both fixed wing and rotorcraft, including the F-35, Gripen, Apache, Black Hawk, C-130 and Eurofighter.

### *Defence Aerospace*

The most notable development during 2025 across our end markets was in defence, with global tensions and conflict driving a significant increase in military spending commitments. In June, NATO members announced a commitment to increase their defence spending target from 2% of gross domestic product to 3.5%. In Europe, the ReArm Europe Plan aims to mobilise €800 billion defence spending by 2029, and Security Action for Europe provides €150 billion in potential loans for joint procurement of military equipment. In the USA, while the defence budget request for 2026 of US 848 billion was flat on 2025, shortly after the period end, the US President announced a proposal to increase the defence budget for 2027 by over 50% to US 1.5 trillion.

Alongside this generational shift in defence spending, the nature of warfighting continues to evolve as demonstrated by the increased use of uncrewed vehicles. We are well placed to benefit from both of these long-term trends.

First, growing budgets and higher spending will support continued demand for key defence platforms such as the F-35 and Gripen where we have established positions and significant content. Secondly, our differentiated technology is already creating new business opportunities, and we are actively participating in a number of new projects, particularly in relation to uncrewed vehicles, such as the ones announced in 2025 with the Swedish Defence Materiel Administration ("FMV") in Sweden and Anduril in the UK.

### *Civil Aerospace*

The imposition of US tariffs in April added complexity and uncertainty in global supply chains. While we were able to largely mitigate the impact of these new trade restrictions, we saw some impact on deliveries in the second quarter, the majority of which was recovered in the second half. The UK/US and EU/US zero tariff agreements reached during 2025 covering civil aerospace have been welcomed by market participants, providing greater certainty for the industry. While deliveries of new aircraft increased in 2025, the supply chain remains fragile and is yet to recover to pre-covid levels, with the operational environment expected to remain complex and dynamic in 2026.

Despite this, the combination of strong underlying demand for new aircraft and a supply chain that continues to hold back OE build rates means order backlogs remain at record levels, stretching well into the 2030s. Pratt & Whitney's GTF engine family currently has one of the largest order books in the commercial-aviation market with total orders and commitments exceeding 12,000 engines from over 90 customers. Similarly, order books for new widebody engines such as GE Aerospace's GENx that powers the Boeing 787 and Rolls-Royce's XWB that powers the Airbus A350 continued to grow in 2025.

In 2025, Airbus delivered a total of 793 commercial aircraft, 4% up on 2024, and in February 2026 announced a target to increase production rates on the A320 to 70-75 per month by the end of 2027.

Boeing substantially increased its deliveries in the year growing 72% from 348 to 600 and obtained approval from the FAA to increase its monthly production of the 737MAX to 42 with a future goal of 47 plus. In the longer term, the substantial backlogs will support our expected future business growth.

Within our Engines portfolio, we have two RRSPs on Pratt & Whitney's Geared Turbo Fan ("GTF") engine which powers the A320, A220 and E2. The inspection programme to resolve powder metal issues on the GTF PW1100G engine (A320) remains on track with a substantial expansion in planned MRO capacity expected to increase engines returning to service in 2026. During 2025, the next generation of the engine, the GTF Advantage, obtained certification from both the FAA and EASA, with entry into service expected in the second half of this year.

Growth in air traffic continues to provide favourable conditions in the civil aftermarket. In 2025, total flight hours increased by 4.8%, and the outlook remains positive with forecast compound annual growth in total flight hours of over 6% between 2025 and 2030. Alongside this, the pricing environment in the aftermarket is expected to remain supportive at least in the short term, driven by high shop visit demand, low retirement rates of older aircraft and constrained OE production.

## FULL YEAR RESULTS

Group revenue increased 8% on a LFL basis to £3,589 million. This comprised excellent Engines growth of 15% and Airframes growth of 3%. In Airframes, we saw a strong performance from Defence which was partially offset by Civil, where OEM build rates continue to constrain growth. The translational impact of major currencies within the Group against Sterling was to reduce revenue and adjusted operating profit by £59 million and £19 million respectively versus the comparative period.

Adjusted operating profit grew strongly by 23% to £647 million, with margins up 240bps to 18.0% driven by sales growth and business and operational improvements. We generated £125 million of free cash flow which represents a key inflection point for the Group. Our net debt position was in line with our expectations at £1,407 million, representing a leverage ratio of 1.8x, after funding growth, the finalisation of our business transformation programme and share buybacks.

## FULL YEAR HIGHLIGHTS

Melrose is a 'Super-Tier 1' partner with design-led solutions deeply embedded in our customers' aircraft and engines, often for the life of the programme. During the year, we made good progress in all areas of our growth strategy.

### *Engines*

In Engines, we were awarded a contract by the FMV to develop a clean sheet uncrewed aerial vehicle demonstrator. The contract combines our leading structures and propulsion technologies from Sweden, the Netherlands and the UK, advancing system-level capabilities in uncrewed aviation. This strategic initiative builds on our long-standing partnership with FMV and the Swedish Air Force and reinforces its role as the licenced original equipment manufacturer of the RM12 engine powering the Saab Gripen fighter aircraft.

We continued to make excellent progress with our breakthrough proprietary additive fabrication technology, where we strengthened our position with the announcement of a new dedicated production line at our Newington, Connecticut facility, as well as bolstering production capability in Kongsberg, Norway, and in Trollhättan, Sweden. This additional capacity will support the full rate production of our breakthrough Fan Case Mount Ring ("FCMR") on the PW1500G engine, as well as enabling production of new additive components for our customers.

In engine repairs, we had a number of contract wins and extensions for fan blade repairs with key customers including Rolls Royce, Pratt & Whitney and Boeing. Our San Diego repairs facility, which opened at the end of 2024, became fully operational. This expansion effectively doubles repairs capacity in the region. Equipped with the latest automation and robotics, the facility enhances product reliability, boosts efficiency, and reduces turnaround times for our global partners.

### *Airframes*

In Defence, we signed multi-year continuation contracts with Lockheed Martin for C-130J nacelles and BAE Systems for Typhoon canopies. We also signed a new MoU with Airbus Helicopters, strengthening the long-term relationship between Airbus, GKN Aerospace and Dutch industry in defence. At the end of the year, we announced a collaboration with Anduril on next-generation uncrewed aerial vehicle solutions targeting the UK Government's Land Autonomous Collaborative Platform contract and the British Army's Project NYX.

Our Garden Grove facility in the USA achieved a number of production milestones, as well as moving the project to double F-35 canopy production into the execution phase, with additional capacity expected to come on stream in 2027. As announced at the half year, as a result of the work done by our commercial teams, we reached our goal of having 85% of our defence portfolio sustainably priced some six months ahead of schedule.

In June, we announced our collaboration with Archer on the manufacture and supply of key airframe components for the production ramp-up phase of the Midnight aircraft programme, with production taking place at our sites in the UK. This expands the scope of our existing relationship, which has focused on supplying Midnight's low voltage Electrical Wiring Interconnection Systems.

### *Operational highlights*

Across the Group we made significant operational gains in 2025, reinforcing safety and quality as top priorities. On safety, our Total Injury Rate ("TIR") was 32% lower at 4.16 (2024: 6.15), while the cost of poor quality ("COPQ") improved by 19%. Quality improvements not only strengthened customer relationships but also drove a number of efficiency savings versus the comparative period. We also delivered further improvements in productivity which increased by three percentage points. These gains reflect the traction we are seeing with our lean operating model, 'Brilliant Basics', which is building a stronger culture of continuous improvement throughout the Group.

While this is encouraging, we have not yet been successful in reducing our inventory levels across the Group which remain high. While continuing volatility in OE demand has been a factor here, reducing inventory levels and unlocking working capital will remain a key focus area across the Group where we are deploying our 'Brilliant Basics' tools.

## **DIFFERENTIATED TECHNOLOGY**

During 2025, we continued to apply our product design leadership capabilities to guide the development of our differentiated technologies aimed at improving the efficiency of our customers' aircraft and engines, as well as improving our efficiency in energy and material utilisation. Our solutions for both the civil and defence markets provide reductions in weight and improvements in performance critical to enabling the introduction of new aircraft concepts as well as the step change required to launch the next generation of major aircraft and engines.

Our additive fabrication technologies continue to progress, following the successful certification and industrialisation of the world's first major structural component, the Fan Case Mount Ring component of the GTF PW1500G engine for Pratt & Whitney. This two metre diameter engine structure has already achieved a 40% material waste reduction per part compared to traditional manufacturing methods, with further opportunities identified. This marks the first of many planned technology insertions being developed with Pratt & Whitney, GE Aerospace and Rolls-Royce, as we combine our design leadership role with world leading additive capabilities.

Composite structures also remain a key priority for our business, with material and process developments focused on minimising weight whilst also enabling significant improvements in manufacturing efficiency, rate and cost. Following successful completion of major collaborative programmes such as ASCEND and Airbus' Wing of Tomorrow programme, we have launched a new R&D consortium (ASPIRE) aimed at greater structural optimisation on the next generation of composite wing structures and have further programmes targeting both airframe and engine structures due to launch in 2026.

Electrification of aircraft and propulsion systems offer an important opportunity to reduce aviation's inflight emissions. Building on our established Electrical Wiring and Interconnect System ("EWIS") business, we have been exploring higher power electrical solutions, supporting our advanced air mobility customers as well as cutting edge technology collaborations such as the EU-supported SWITCH consortium project in which we delivered the first high voltage electrical wire harnesses to advance hybrid-electric aircraft. Our hydrogen propulsion portfolio was rationalised to focus on the area of greatest impact and importance to our customer, electrical power distribution. Building on our learning from the H2Gear programme planned to complete in 2026, we launched the H2FLyGHT programme in the UK and the connected Airbus led 'ICEFLIGHT' programme in the Netherlands.

In our aftermarket services, the extension of our repairs contract with Pratt & Whitney, demonstrates our continued commitment to improving aircraft life cycle and circularity. We also expanded our repair technology portfolio, building on our additive fabrication technologies to enhance efficiency and repairability of engine structures.

Having delivered on our 2025 climate-related sustainability targets, we have now set updated targets to 2030, which continue to focus on enabling aviation's route to Net Zero, reducing our emissions as a business and reducing our consumption of natural resources.

## **CAPITAL ALLOCATION**

The delivery of our free cash flow target in 2025 represents the start of a sustained period of cash generation for the Group, with our leading positions and positive momentum providing confidence that we will deliver a significant increase in cash flow for many years ahead.

Against this backdrop, we have a clear capital allocation framework.

Our first priority is to invest in the business to drive organic growth through capacity expansions and automation to deliver the Civil and Defence ramp up and targeted expansion opportunities. In Engines, we are deploying capital in our unique additive fabrication technology. In Airframes, we are taking a more selective approach including customer funding where possible.

Our second priority is our commitment to grow the ordinary dividend and finally, we will look to return excess capital to shareholders through share buybacks.

Alongside these priorities, we will maintain a strong balance sheet with a target leverage ratio of between 1.5x to 2.0x, with investment grade metrics being targeted over time.

The Board has declared a final dividend for 2025 of 4.8 pence per share which will be paid on 5 May 2026 to shareholders on the register at the close of business on 20 March 2026. This takes the total annual dividend to 7.2 pence per share, representing growth of 20%.

At the end of 2025, we had completed £192 million of our £250 million 18-month share buyback programme and remain on track to complete the remainder by the end of March 2026. Today we are announcing a new share buyback programme of £175 million to be completed by the end of March 2027.

## **BOARD CHANGES**

Our Board continued to evolve during the year to align with our strategy as a long-term aerospace and defence technology business, with a number of new appointments.

Further to his appointment as Non-executive Director and Chair designate on 1 October 2024, on 30 March

2025 Chris Grigg took over as Chair of the Board. Chris is an experienced FTSE 100 executive and non-executive, including in the aerospace and defence sector as former Senior Independent Director of BAE Systems PLC.

In May 2025, Alison Goligher was appointed to the Board as Non-executive Director and Chair of the Remuneration Committee, becoming Senior Independent Director in October. Alison was previously Non-executive Director at Meggitt PLC, the leading global aerospace and defence business.

In August 2025, Guy Hachey joined the Board as Non-executive Director. Guy served as President and Chief Operating Officer at Bombardier Aerospace, Inc. from 2008 until 2014, and is currently a non-executive on the board of Hexcel Corporation.

On 26 January 2026, we announced the appointment of Mary Petryszyn as Non-executive Director. Mary is a seasoned aerospace and defence industry leader with over 30 years of senior executive experience in defence systems technologies, operations, and profit and loss management. Between 2013 and 2023, Mary held a number of senior roles at Northrop Grumman, most recently as Corporate Vice President and President of Defence Systems.

In December 2025, we announced that Matthew Gregory, Chief Financial Officer, will retire from his position in 2026 and be succeeded by Ross McCluskey, who is currently Executive Vice President, EMEA and Government and Trade Services at Intertek Group plc. Ross, who will join Melrose on 5 May 2026. He previously served as Group Chief Financial Officer of Intertek plc and prior to that, held a number of senior finance roles at Inchcape plc.

## OUTLOOK

Melrose is focused on design-led technology where we have established proprietary or market-leading positions on the world's leading aircraft. With structural demand from record order backlogs and increasing aftermarket requirements set to continue, we are well placed to deliver further profitable growth and increased cash generation in 2026 and the years ahead.

For 2026, we expect to deliver another year of growth in sales, operating profit and free cash flow.

As usual we expect cash generation will be second half weighted. Our 2026 guidance assumes an average exchange rate of GBP £ = US 1.37 and does not factor any impact from any new trade restrictions or tariffs.

Income Statement	Updated (million)
<b>Revenue:</b>	
Engines	£1,700 - £1,800
Airframes	£2,050 - £2,150
<b>Group</b>	<b>£3,750 - £3,950</b>
<b>Adjusted operating profit</b>	
Engines	£565 - £595
Airframes	£170 - £190
PLC costs	c.£35
<b>Group</b>	<b>£700 - £750</b>
<b>Free cash flow</b>	<b>£150 - £200</b>

Last year we announced a series of five-year targets for the Group out to 2029: £5 billion of revenue, £1.2+ billion of adjusted operating profit and £600 million of free cash flow (stated at GBP £ = US 1.25). With strong momentum across the Group, we have a clear path to delivering these targets based on the expected ramp up in production rates to publicised levels and our positive trajectory. We are excited about the future prospects for Melrose and focused on delivering value for the benefit of all stakeholders in the years ahead.



Peter Dilnot  
Chief Executive Officer  
27 February 2026

## DIVISIONAL REVIEW

### ENGINES

Engines adjusted results	2025 £m	2024 £m	Growth <sup>1</sup>
Revenue	1,632	1,459	15%
Operating profit	520	422	27%
Operating profit margin	31.9%	28.9%	300bps

Our industry-leading Engines division is a trusted technology partner to all global engine manufacturers, with differentiated products helping power around 90% of the world's major aircraft. It has significant diversification, across both civil and defence and original equipment ("OE") and aftermarket. Its technology

leadership, especially in additive fabrication, has earned it a unique position on both next-generation engine development programmes. Engines' revenue is well balanced across four core business models: long-term risk and revenue sharing partnerships ("RRSPs"); non-RRSP commercial contracts; repair; and government partnerships.

The Engines division delivered excellent results in 2025 with revenue growth of 15% on a LFL basis to £1,632 million supported by favourable end market dynamics, with growth in OE and the aftermarket of 16% and 14%, respectively.

In OE, revenue from our RRSP portfolio grew 19%, driven by the ramp-up in new engine deliveries for both narrowbody and widebody aircraft, and a favourable mix impact from spare engine sales. We also saw good growth in non-RRSP commercial contracts including our military ducts business.

In the aftermarket, we saw strong revenue growth across our RRSP portfolio of 19%, primarily driven by the newer engines in service. After a flat first half, where the uncertainty created by US tariffs softened demand, our engine repairs business recovered strongly in the second half to deliver double-digit revenue growth for the full year driven by increasing shop visits and demand for spare parts. As expected, revenue in our governmental business was lower than the very strong 2024 comparator, although this part of the business also returned to growth in the second half. Variable consideration of £324 million was in line with our guidance, reflecting the ramp-up in new platforms powered by the GTF, XWB and GENx engines.

Adjusted operating profit increased by 27% to £520 million, up from £422 million in the prior year. This resulted in an adjusted operating margin of 31.9%, 300bps above 2024 and in line with our guidance. The impact of foreign exchange translation was to reduce revenue and operating profit by £51 million and £17 million respectively compared to 2024.

Pratt & Whitney's GTF Fleet Management Program ("FMP") on the PW1100G engine remains on track. The addition of substantial new shop visit capacity by global maintenance repair and overhaul ("MRO") partners is expected to accelerate progress on the FMP over the next two years. We continue to expect the total cash cost associated with the powder metal issue to be within the c.£200 million previously announced, with 2026 costs expected to be c.£50 million. The GTF Advantage was certified by both the FAA and EASA in 2025 and is expected to enter into service this year. This new variant of the GTF provides a number of benefits including additional thrust, better performance at short-field runways, improved payload and range and lower operating temperatures.

The Engines division made significant commercial progress in 2025. In engine repairs, we agreed a new contract with Rolls-Royce to be the sole external provider of fan blade repairs on the RB211-535, Trent 700 and Trent 800 engines. We agreed a five-year contract extension with Pratt & Whitney for critical fan blade repairs and also signed a new contract with Boeing for C-17 fan blades. Our new, state-of-the-art facility in San Diego increases engine repair capacity in the region, providing advanced repair solutions for both current and next generation engine components, including GE LEAP and Pratt & Whitney GTF models, alongside legacy platforms. Equipped with the latest automation and robotics, it will boost efficiency and reduce turnaround times for our global partners.

In defence, we continued to deepen our relationship with the FMV, including an agreement for us to become the type certificate holder for the RM16 engine at the heart of the latest generation of Gripen jets, the E-series. Once formalised, in 2026, this certification will maintain our support for Gripen engines for decades to come. We were also awarded a contract by the FMV to develop a clean sheet uncrewed aerial vehicle ("UAV") demonstrator, including a dedicated turbojet engine, within 18 months. With a contract value of c.£12 million, the project will combine our leading airframe and propulsion technologies from Sweden, the Netherlands and the UK, advancing system-level capabilities in uncrewed aviation and strengthens our position as a trusted partner in Sweden's national defence ecosystem. In 2025, following the successful completion of concept studies for future air combat propulsion systems, we were awarded a contract to explore and recommend options for Sweden's next generation of air combat systems.

Operationally, 2025 was another year of good progress for Engines. Safety is our top priority, and we continue to maintain a strong track record in this area with one lost time accident recorded in 2025, which was the same as 2024. The deployment of our lean operating model, 'Brilliant Basics', is generating a number of benefits and efficiency savings and is helping embed a strong focus on quality and productivity, with the division delivering a five-percentage point improvement in productivity and a 35% improvement in the COPQ.

We are also applying differentiated technology to enhance our operational performance. In 2025, we made progress implementing Automated Visual Inspection Technology using AI and machine-vision systems for critical engine components. This significantly cuts inspection time, reduces the risk of missed defects and ensures the highest level of component safety. We are also developing fully automated technology for repairing fan blades used in commercial aircraft engines using robotics, advanced scanning, and intelligent process control to restore damaged blades with high precision and consistency. This breakthrough will significantly improve repair turnaround time and quality, helping airlines maximise aircraft in service for a longer period and time on wing at a lower cost.

It has been another important year of progress for our proprietary, additive fabrication technology, where we strengthened our position as the industry leader. In 2025, we announced the expansion of production capability at our sites in Norway and Sweden, and announced plans for a new line at our Newington, Connecticut facility. This will support further production growth of our FCMR and new additive components for our global customers.

The FCMR is a key component for the Pratt & Whitney GTF engine. The two metre diameter titanium structure is the largest additive component to achieve FAA certification and is the only load-bearing additive engine structure flying today. In 2025 it reached serial production, moving from 100 fabricated cases per year to 300. We also made progress with GE Aerospace applying additive fabrication on key insertion activities on the GENx and GE9x including the production of a full-size demonstrator. Additive fabrication is

activities on the OEM and OEM including the production of a full size demonstrator. Additive fabrication is already helping to reduce lead times, material waste and emissions in manufacture, and importantly, helping to strengthen supply chains.

Looking further ahead, Engines is a strategic partner on both future engine development programmes: the CFMI RISE and Pratt & Whitney's next generation GTF. Our work is focused on designing high performing load bearing structures utilising our additive fabrication capabilities. In 2025, we were successful in delivering our largest ever all-additive component: a large-scale, titanium engine case for the CFMI RISE technology demonstrator. Produced using fully automated direct energy deposition, the structure met casting-quality standards and demonstrated the full design and build potential of large-scale additive fabrication.

## OUTLOOK

Our Engines division is well placed for continued growth, margin expansion and increasing cash flow. The division has an enviable combination of OEM level capability, proprietary technology positions, strategic partnerships with all major engine OEMs, and the most diverse RRSP portfolio in the industry. This provides the foundation for significant value creation in the years ahead.

In 2026, we expect the division to deliver revenue of £1,700 to £1,800 million and adjusted operating profit of £565 to £595 million (using an exchange rate of 1 GBP = US 1.37). In line with historical phasing, Engines margins are expected to be higher in the first half.

Our medium-term targets for the division out to 2029 are to deliver annual revenue growth of high single digits CAGR with an adjusted operating margin in the mid-to-high 30s percent.

## AIRFRAMES

<b>Airframes adjusted results</b>	<b>2025 £m</b>	<b>2024 £m</b>	<b>Growth<sup>1</sup></b>
Revenue	1,957	2,009	3%
Operating profit	156	144	10%
Operating profit margin	8.0%	7.2%	80bps

Our Airframes division is a Super-Tier 1 design-to-build partner on the world's most successful and highest volume civil and military aircraft. Through differentiated technology we are well positioned as partner of choice for next generation and emerging platforms. With strong underlying dynamics in both the civil and defence markets, our focus is on delivering production ramp-ups and driving margin expansion, quality of earnings and strong cash flow. The end market outlook remains very positive, underpinned by record backlog levels for new aircraft and the increase in global defence spending. Divisional revenue derived from civil and defence platforms in 2025 was 65% and 35% respectively.

While demand fundamentals are robust, during the year the division faced disruption caused by OE production rate variability, plus increased supply chain complexity following the imposition of US tariffs in the first half. Throughout the period, the business has worked closely with its customers and partners to mitigate the impact of these challenges with a focus on strong execution and meeting our commitments on delivery and quality.

While deliveries by the major OEMs increased in 2025, the overall operating environment is expected to remain complex in 2026 as strong demand continues to place pressure on what continues to be a fragile supply chain.

Airframes revenue of £1,957 million was 3% higher on a LFL basis. Defence growth was strong, with revenue up 15% on a LFL basis, reflecting programme ramp-ups and the work we have done to strengthen the business, including repricing the Defence portfolio, with over 90% achieved by the end of the year, exceeding our target. Within Defence, growth was driven by a number of platforms including the F-35, CH-47 and C130J. LFL revenue in Civil was 2% lower, with modest growth in our key narrowbody and widebody platforms, which are still impacted by continued supply chain issues affecting OEM production rates, offset by declines in business jets and other platforms.

Adjusted operating profit was up 10% at £156 million. Operating profit margin of 8.0% was 80bps above the comparative period, reflecting the positive impact of restructuring, portfolio rationalisation and business improvement actions. While we saw substantial margin improvement in Defence, progression was constrained in our Civil business reflecting a combination of lower sales volumes, product mix and lower productivity at one of our manufacturing sites in the Netherlands. We have a clear and actionable plan to deliver a significant improvement at this site in 2026, including further supply chain management.

The impact of foreign exchange translation was to reduce revenue and operating profit by £8 million and £2 million respectively compared to 2024.

Airframes made good commercial progress during the year. In Civil, we expanded engagement with Archer on the 'Midnight' platform to cover both electrical systems and wing structures. The partnership supports Archer's production ramp-up phase and reinforces both companies' commitment to advancing sustainable aviation. The selection of the Midnight platform as the Official Air Taxi Provider for the 2028 Los Angeles Olympics endorses the strength of this technology and will provide a high-visibility demonstration of urban air mobility.

Our Defence business signed multi-year continuation contracts with Lockheed Martin for C-130J nacelles and BAE Systems for Typhoon canopies. We signed a new Memorandum of Understanding with Airbus Helicopters, strengthening the long-term strategic collaboration between Airbus, GKN Aerospace and the Dutch defence industry. The relationship will advance the development of critical systems for the Airbus H225M Caracal helicopter. In December, we announced an agreement with Anduril Industries to

collaborate on next generation uncrewed aerial vehicle solutions. The partnership, which includes advanced composite aerostructures, Electrical Wiring Interconnection Systems ("EWIS") design and integration, a ground-based demonstrator, and advanced flight testing will initially target the UK Government's upcoming Land Autonomous Collaborative Platform contract and the British Army's Project NYX. We will be joined by Archer's eVTOL expertise to deliver this project.

Airframes continued to make good progress operationally, including steps taken to further enhance our manufacturing footprint. This included the establishment of EWIS capability at our Mexico facility which successfully progressed through first article approvals with Airbus with the full standalone facility planned to be operational in 2026. Inward investment continued in our machining and inspection capabilities for single aisle at our Filton site, to deliver incremental rate readiness and systemic productivity improvements. During the year, our Garden Grove facility achieved a number of milestones, including the delivery of the 2,500<sup>th</sup> F-35 canopy and 1,000<sup>th</sup> CH-53K transparency. The site also moved its F 35 canopy facility expansion project into full execution, with the goal to be fully operational in the second half of 2027.

The deployment of our 'Brilliant Basics' lean operating model continued to drive operational improvements more broadly across Airframes. This, combined with our investment in automation and digitalisation helped a number of sites deliver significant improvements in productivity and efficiency savings during 2025. The division also made excellent progress in our top priority areas of safety and quality, delivering a substantial reduction in its TIR of 55% and an improvement in the COPQ of 8% respectively.

We have completed our multi-year transformation and restructuring programme. Through the exit of non-core and loss-making businesses, we have materially optimised and streamlined our global footprint. This, alongside the drop-through impact of additional volumes as OE build rates ramp-up, represents a key driver of further margin expansion over the next few years.

We made good progress developing our proprietary technology as part of our position as a key partner on next generation platforms. In Civil, we continued as a partner on Airbus' Aviation 2 project, the successor to the Wing of Tomorrow programme, to develop advanced, efficient spar and fixed trailing edge solutions. In parallel we launched the ASPIRE technology collaboration, to further explore composite structures for the next generation of wings with complex architecture. We are also collaborating with Airbus on the application of electro-thermal technology for future ice protection systems and on the adoption of more electrification and higher-voltage systems for the future generation of aircraft to replace legacy bleed and hydraulic systems. We also partnered with Airbus on the ICEflight programme to develop the use of cryogenics for more sustainable aircraft.

In Defence, we secured contracts and customer funding for the development and delivery of an advanced canopy system utilising our latest generation canopy coatings. Shortly before the year end, we launched a US 8.5 million TITAN-AM programme with the US Air Force Research Laboratory to industrialise titanium additive manufacturing for large aerostructures.

## OUTLOOK

Airframes is a design-to-build partner on the world's highest volume platforms today and is a partner of choice for emerging and next generation aircraft. It is well-positioned to take advantage of the ongoing civil ramp up and defence market growth, as well as the shift to more sustainable aviation over time. With strong underlying dynamics in both markets, and our business improvement actions now substantially complete, we expect to deliver further profitable growth as production rates increase through the next five years.

In 2026, we expect the division to deliver revenue of £2,050 to £2,150 million and adjusted operating profit of £170 to £190 million (using an exchange rate of 1 GBP = US 1.37).

Our medium-term targets for the Airframes division out to 2029 are to deliver revenue growth of mid-single digit CAGR and expand operating margins to the low-teens level.

## CHIEF FINANCIAL OFFICER'S REVIEW

### MELROSE GROUP RESULTS

#### *Statutory results:*

The statutory IFRS results show revenue of £3,589 million (2024: £3,468 million), an operating profit of £600 million (2024: loss of £4 million) and a profit before tax of £468 million (2024: loss of £106 million). The diluted earnings per share ("EPS"), calculated using the diluted weighted average number of shares during the year of 1,276 million (2024: 1,324 million), were a profit of 29.0 pence (2024: loss of 3.7 pence).

#### *Adjusted results:*

The adjusted results exclude certain items which are significant in size or volatility or by nature are non-trading or non-recurring, or any net change in fair value items booked on an acquisition. It is the Group's accounting policy to exclude these items from the adjusted results, which are used as an Alternative Performance Measure ("APM") as described by the European Securities and Markets Authority ("ESMA"). APMs used by the Group are defined in the glossary to this Preliminary Announcement.

The Melrose Board considers the adjusted results to be an important measure used to monitor how the Group is performing as they achieve consistency and comparability between reporting periods when all subsidiaries are held for the complete reporting period.

subsidiaries are held for the complete reporting period.

The adjusted results for the year ended 31 December 2025 show revenue of £3,589 million (2024: £3,468 million), an operating profit of £647 million (2024: £540 million) and a profit before tax of £515 million (2024: £438 million). Adjusted diluted EPS, calculated using the diluted weighted average number of shares in the year of 1,276 million (2024: 1,324 million), were 32.1 pence (2024: 26.4 pence).

The following table shows the adjusted results for the year ended 31 December 2025 split by reporting segment:

	Engines £m	Airframes £m	Corporate £m	Total £m
Revenue	1,632	1,957	-	3,589
Operating profit/(loss)	520	156	(29)	647
Operating margin	31.9%	8.0%	n/a	18.0%

Revenue for Engines of £1,632 million (2024: £1,459 million) shows constant currency growth of 15% over 2024, with adjusted operating profit of £520 million (2024: £422 million) giving an operating margin of 31.9% (2024: 28.9%), an increase of 3.0 percentage points.

Revenue for Airframes of £1,957 million (2024: £2,009 million) shows like-for-like constant currency growth of 3% over 2024, with adjusted operating profit of £156 million (2024: £144 million) giving an operating margin of 8.0% (2024: 7.2%), an increase of 0.8 percentage points.

Corporate costs of £29 million (2024: £26 million) included £27 million (2024: £25 million) of operating costs and £2 million (2024: £1 million) of costs in respect of the Performance Share Plan for certain senior managers in the Group.

The performance of each reporting segment is discussed in the Chief Executive Officer's review.

## RECONCILIATION OF STATUTORY RESULTS TO ADJUSTED RESULTS

The following table reconciles the Group statutory operating profit/(loss) to adjusted operating profit:

	2025 £m	2024 £m
<b>Statutory operating profit/(loss)</b>	<b>600</b>	<b>(4)</b>
<i>Adjusting items:</i>		
Amortisation of intangible assets acquired in business combinations	252	255
Restructuring costs	34	111
Impairment of assets	6	-
Melrose equity-settled compensation scheme charges	1	14
(Gains)/losses in derivatives and associated financial assets and liabilities	(232)	112
Acquisition and disposal related gains and losses	(11)	44
Net changes in fair value items	(3)	8
<b>Adjustments to statutory operating profit/(loss)</b>	<b>47</b>	<b>544</b>
<b>Adjusted operating profit</b>	<b>647</b>	<b>540</b>

Adjusting items to statutory operating profit/(loss) are consistent with prior years and include:

- The amortisation charge on intangible assets acquired in business combinations of £252 million (2024: £255 million), which is excluded from adjusted results due to its non-trading nature and to enable comparison with companies that grow organically. However, where intangible assets are trading in nature, such as computer software and development costs, the amortisation is not excluded from adjusted results.
- Costs associated with significant restructuring projects in the year which totalled £34 million (2024: £111 million). These are shown as adjusting items due to their size and non-trading nature and include a charge of £32 million (2024: £64 million) relating to the completion of significant restructuring projects across sites in the Engines and Airframes divisions in Europe and North America. This £32 million charge includes a charge of £8 million to create an onerous contract provision which is associated with our significant restructuring projects in Europe in our Airframes division. These projects are now complete after a cumulative charge since commencement of £313 million (31 December 2024: £281 million). As at 31 December 2025, £5 million is included in restructuring provisions in relation to these projects.
- An impairment of property, plant and equipment of £6 million (2024: £nil) in the Airframes division connected to our final significant European restructuring project. This is shown as an adjusting item due to its non-trading nature.
- A charge of £1 million (2024: £14 million) relating to the Melrose equity-settled Employee Share Plan which matured during 2024, representing a charge for employer's tax payable which was excluded from adjusted results due to its size and volatility.
- Movements in the fair value of derivative financial instruments (primarily forward foreign currency exchange contracts), where hedge accounting is not applied, along with foreign exchange movements on the associated financial assets and liabilities, entered into within the businesses to mitigate the potential volatility of future cash flows on long-term foreign currency customer and

supplier contracts. This totalled a credit of £232 million (2024: charge of £112 million) in the year and is shown as an adjusting item because of its volatility and size.

- Acquisition and disposal related gains of £11 million (2024: net losses of £44 million) which relate to the release of provisions associated with legacy business disposals that are no longer required. The gains are recorded as an adjusting item due to their non-trading nature.
- The net changes in fair value items in the year which totalled a credit of £3 million (2024: charge of £8 million) and are shown as an adjusting item, due to their nature and volatility.

The following table shows the allocation of adjusting items, described above, by reporting segment:

	<b>Engines</b>	<b>Airframes</b>	<b>Corporate</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Statutory operating profit/(loss)	367	(6)	239	<b>600</b>
Adjusting items	153	162	(268)	<b>47</b>
Adjusted operating profit/(loss)	520	156	(29)	<b>647</b>

## FINANCE COSTS AND INCOME

Net finance costs for the year ended 31 December 2025 were £132 million (2024: £102 million), with no adjusting items in the current or prior year. These included net interest on external bank loans, bonds, overdrafts, factoring facilities and cash balances of £107 million (2024: £88 million).

Net finance costs also included: a £6 million (2024: £4 million) amortisation charge relating to the arrangement costs of raising the Group's current bank facilities; an interest charge on net pension liabilities of £3 million (2024: £4 million); a charge on lease obligations of £12 million (2024: £6 million); and a charge for the unwind of discounting on long-term liabilities of £4 million (2024: £nil).

## TAX

The statutory results show a tax charge of £98 million (2024: credit of £57 million) which arises on a statutory profit before tax of £468 million (2024: loss of £106 million), resulting in a statutory tax rate of 20.9% (2024: 53.8%). The effective tax rate on adjusted profit before tax for the year ended 31 December 2025 was 20.4% (2024: 20.1%).

The statutory tax rate is higher than the adjusted tax rate because the intangible asset amortisation and other adjusting items generate adjusting tax credits and charges at rates higher than 20%, resulting in an overall tax credit effect.

The Group has £823 million (31 December 2024: £868 million) of deferred tax assets comprising: £530 million (31 December 2024: £522 million) on tax losses; and £293 million (31 December 2024: £346 million) on retirement benefit obligations and other temporary differences. These are offset by deferred tax liabilities on intangible assets of £347 million (31 December 2024: £423 million), temporary differences related to revenue recognition of £304 million (31 December 2024: £259 million) and other deferred tax liabilities of £77 million (31 December 2024: £52 million), totalling £728 million (31 December 2024: £734 million). In certain cases (typically where they arise in the same territory or tax group), deferred tax assets and liabilities must be offset, resulting in deferred tax assets of £659 million (31 December 2024: £651 million) and deferred tax liabilities of £564 million (31 December 2024: £517 million) being shown on the Balance Sheet at 31 December 2025. Most of the tax losses and other deferred tax assets will generate future cash tax savings. The deferred tax liabilities on intangible assets are not expected to give rise to cash tax payments.

Net cash tax paid in the year ended 31 December 2025 was £12 million (2024: £10 million), 2.3% (2024: 2.3%) of adjusted profit before tax. This is lower than the adjusted tax rate primarily due to the utilisation of tax losses and other timing differences between accounting and taxable profits.

## SHARE BUYBACK PROGRAMMES AND NUMBER OF SHARES IN ISSUE

The Group commenced a £250 million share buyback programme on 1 October 2024 making market purchases of existing ordinary shares in the Company. During the year ended 31 December 2025, 31,515,908 ordinary shares were purchased at an average price per share of 551 pence and transferred to treasury. Additionally, 3,114,036 shares were issued out of treasury to a participant of the Melrose Employee Share Plan following the exercise of nil-cost options. The number of ordinary shares in issue, excluding treasury shares, has reduced by 2% from 1,286 million at 31 December 2024 to 1,258 million at 31 December 2025.

The weighted average number of shares used for basic earnings per share calculations in the year ended 31 December 2025 was 1,272 million (2024: 1,307 million), and when including the number of shares expected to be issued from the Melrose equity-settled share plans, the weighted average number of shares used for diluted earnings per share was 1,276 million (2024: 1,324 million).

## CASH GENERATION AND MANAGEMENT

Free cash flow was an inflow of £125 million (2024: outflow of £74 million). An analysis of free cash flow is shown in the table below:

<b>2025</b>	<b>2024</b>
<b>£m</b>	<b>£m</b>

Adjusted operating profit	647	540
Depreciation and amortisation	138	142
Lease obligation payments	(31)	(32)
Positive non-cash impact from loss-making contracts	(11)	(23)
Working capital movements:		
Inventory	(32)	(71)
Receivables and payables	65	51
Unbilled work done	(324)	(274)
GTF PMI payments	(68)	(35)
<b>Adjusted operating cash flow (pre-capex)</b>	<b>384</b>	<b>298</b>
Capital expenditure	(94)	(123)
Defined benefit pension contributions	(22)	(20)
Restructuring	(31)	(126)
Net other	15	(6)
<b>Free cash flow pre-interest and tax</b>	<b>252</b>	<b>23</b>
Net interest and net tax paid	(127)	(97)
<b>Free cash flow</b>	<b>125</b>	<b>(74)</b>

Working capital movements excluding unbilled work done totalled an inflow of £33 million (2024: outflow of £20 million) for the year ended 31 December 2025 being an outflow of £32 million (2024: £71 million) in inventory offset by a £65 million inflow (2024: £51 million) from receivables and payables. Inventory increased during the year due to a combination of supporting customer build rates and supply chain issues. Inventory temporarily increased in the first half due to tariff related issues, but these eased in the second half contributing to a second half reduction.

As anticipated, working capital inflows from receivables and payables were strong in the second half of the year reflecting the typical seasonality of the Group and customer settlements.

Unbilled work done has increased in the year ended 31 December 2025 by £324 million (2024: £274 million) in accordance with the development anticipated in our Risk and Revenue Sharing Partnership booklet. Payments of £68 million (2024: £35 million) have been made for obligations in connection with powder metal issues on the Pratt & Whitney PW1100G engine.

Capital expenditure in the year ended 31 December 2025 was £94 million (2024: £123 million). Capital expenditure represented 0.9x (2024: 1.1x) depreciation of owned assets.

Restructuring spend in the year reduced to £31 million (2024: £126 million) as our multi-year restructuring projects were completed.

Net other includes £28 million generated from the sale and leaseback of owned land and buildings at one Group facility, which was combined with an existing property lease at the same facility into a single, more efficient lease arrangement, offset by other movements including divisional management incentive scheme related payments of £7 million.

Net interest paid in the year was £115 million (2024: £87 million) comprising £103 million (2024: £81 million) of net interest paid on loans, bonds, overdrafts, factoring facilities and cash balances, and £12 million (2024: £6 million) of interest paid on lease obligations. In addition, net tax payments were £12 million (2024: £10 million) and ongoing contributions to defined benefit pension schemes were £22 million (2024: £20 million).

The movement in net debt is summarised as follows:

	<b>£m</b>
<b>Opening net debt</b>	<b>(1,321)</b>
Free cash flow	125
Amounts paid to shareholders including associated costs	(255)
Net cash flow from acquisitions and disposals	(16)
FX and other non-cash movements	68
Other	(8)
<b>Net debt at 31 December 2025 at closing exchange rates</b>	<b>(1,407)</b>

Group net debt at 31 December 2025, translated at closing exchange rates (being US 1.35 and €1.15), was £1,407 million (31 December 2024: £1,321 million), after a free cash inflow of £125 million, described above. Movements in Group net debt also included dividends paid to shareholders of £82 million, £173 million spent buying back shares in the market, £16 million net cash outflow from acquisitions and disposals of businesses and net favourable foreign exchange and other non-cash movements of £68 million.

Group leverage at 31 December 2025 was 1.8x EBITDA (31 December 2024: 1.9x EBITDA) and interest cover was 6.9x (31 December 2024: 7.4x).

## ASSETS AND LIABILITIES AND IMPAIRMENT REVIEW

The summarised Melrose Group assets and liabilities are shown below:

	<b>2025</b>	<b>2024</b>
	<b>£m</b>	<b>£m</b>
Goodwill and intangible assets acquired with business combinations	2,503	2,878
Tangible fixed assets, computer software and development costs	1,051	1,037
Net working capital <sup>1</sup>	962	699

Net retirement benefit obligations	(27)	(59)
Provisions	(147)	(184)
Deferred tax and current tax	81	119
Lease obligations	(330)	(237)
Net other	141	(88)
<b>Total</b>	<b>4,234</b>	<b>4,165</b>

<sup>1</sup> Includes £1,308 million of unbilled work done (31 December 2024: £922 million)

Lease obligations increased as a number of leases were either entered into, renewed or extended and consequently the liabilities and associated right-of-use assets were remeasured.

Net other of £141 million primarily represents a net derivative financial asset which has moved from a net derivative financial liability as a result of exchange rate fluctuations during the year.

The Group's goodwill has been tested for impairment, and in accordance with IAS 36 Impairment of Assets the Board is comfortable that no impairment is required as at 31 December 2025.

The assets and liabilities shown above are funded by:

	2025 £m	2024 £m
Net debt	(1,407)	(1,321)
Equity	(2,827)	(2,844)
<b>Total</b>	<b>(4,234)</b>	<b>(4,165)</b>

Net debt shown in the table above is defined in the glossary to this Preliminary Announcement.

## PROVISIONS

Total provisions at 31 December 2025 were £147 million (31 December 2024: £184 million).

The following table details the movement in provisions in the year:

	£m
<b>Provisions at 1 January 2025</b>	<b>184</b>
Net charge in the year	26
Spend against provisions	(48)
Utilisation of loss-making contract provision	(11)
Exchange adjustments	(4)
<b>Provisions at 31 December 2025</b>	<b>147</b>

The net charge to the Income Statement in the year was £26 million, and included £23 million relating to restructuring activities, a £14 million loss-making contract provision charge offset by an £11 million provision release associated with legacy business disposals which is no longer required.

During the year, £11 million was utilised against loss-making contract provisions and £48 million of cash was spent against provisions with £31 million relating to restructuring activities.

Net provision movements relating to property, environmental, litigation and warranty were not material in the year.

## PENSIONS AND POST-EMPLOYMENT OBLIGATIONS

Melrose operates a number of defined benefit pension schemes and retiree medical plans across the Group, accounted for using IAS 19 Revised: Employee Benefits.

The values of the Group plans were updated at 31 December 2025 by independent actuaries to reflect the latest key assumptions and are summarised as follows:

	Assets £m	Liabilities £m	Accounting surplus/(deficit) £m
GKN UK Group Pension Scheme - Number 1	579	(577)	2
Other Group pension schemes	-	(29)	(29)
<b>Total Group pension schemes</b>	<b>579</b>	<b>(606)</b>	<b>(27)</b>

At 31 December 2025, the total plan assets of Melrose Group's defined benefit pension plans were £579 million (31 December 2024: £986 million) and total plan liabilities were £606 million (31 December 2024: £1,045 million), a net deficit of £27 million (31 December 2024: £59 million).

The GKN UK Group Pension Scheme (Number 1) is the most significant pension plan in the Group, and is closed to new members and to the accrual of future benefits for current members.

At 31 December 2025, the GKN UK Group Pension Scheme (Number 1) had gross assets of £579 million (31 December 2024: £577 million), gross liabilities of £577 million (31 December 2024: £599 million), resulting in a net surplus of £2 million (31 December 2024: deficit of £22 million).

During the year ended 31 December 2025, the Group finalised processes to buy-out both the GKN UK

Group Pension Scheme (Number 4) and the US Consolidated Pension Plan. The scheme assets and liabilities have left the Group and are no longer shown on the Group's Balance Sheet.

In total, contributions to the Group defined benefit pension plans and post-employment medical plans in the year ended 31 December 2025 were £22 million (2024: £20 million) and are expected to be approximately £20 million in 2026.

A summary of the assumptions used are shown in note 11 to this Preliminary Announcement.

## FINANCIAL RISK MANAGEMENT

The Group continuously assesses its financial risks and implements policies to manage them effectively. The most significant financial risks are considered to relate to liquidity, finance costs, foreign exchange rates, contract and warranties and commodities, each of which is discussed below.

### Liquidity risk management

The Group's net debt position at 31 December 2025 was £1,407 million (31 December 2024: £1,321 million). During the year, the Group arranged additional committed bank facilities of €355 million maturing in January 2027 and facilities totalling US 70 million and £50 million maturing in January 2026. In addition, bank facilities totalling US 29 million were cancelled.

The facilities outstanding as at 31 December 2025 totalled US 1,680 million, €755 million and £350 million. Within these amounts, US 1,610 million, €400 million and £300 million of facilities were due to mature in April 2026, but with the potential to be extended for two additional one-year periods at the Group's option. Subsequent to 31 December 2025, these facilities have been extended for an additional year to April 2027, with the second one-year extension option still available to the Group.

Subsequent to 31 December 2025, the £50 million facility maturing January 2026 was extended to January 2027, and for the €355 million facilities maturing in January 2027 the Group has arranged for the potential to extend the facilities for one year at the Group's option.

Details of the facilities and amounts borrowed as at 31 December 2025 are shown below:

	Local currency			£m
	Size	Drawn	Headroom	Headroom
Term loan:				
USD	549	549	-	-
EUR	415	280	135	118
Revolving credit facility:				
USD	1,131	975	156	116
GBP	350	184	166	166
EUR	340	2	338	294
<b>Total (GBP)</b>	<b>2,257</b>	<b>1,563</b>		<b>694</b>

In addition to the headroom of £694 million on committed facilities, there are a number of uncommitted overdraft, guarantee and borrowing facilities made available to the Group. As at 31 December 2025, there were cash and cash equivalents, net of overdrafts, totalling £154 million (31 December 2024: £80 million).

The committed bank funding has two financial covenants, being a net debt to adjusted EBITDA covenant (banking covenant leverage) and an interest cover covenant, both of which are tested half-yearly at 30 June and 31 December.

Both covenants have comfortable headroom with the banking covenant leverage test level set at 3.5x, and as at 31 December 2025 it was 1.9x. The interest cover test is set at 4.0x, and as at 31 December 2025 the Group interest cover was 6.9x.

A limited number of Group trade receivables are subject to non-recourse factoring and customer supply chain finance arrangements. As at 31 December 2025, these amounted to £396 million (31 December 2024: £338 million). No new schemes were added during the year and the increase in the amount factored represents year over year revenue growth on the associated programmes.

### Finance cost risk management

The Group uses financial derivatives to fix a portion of the interest cost on its committed bank facilities.

The maximum weighted average rates, excluding the bank margin, the Group will pay on the fixed portions of its US dollar, Euro and Sterling bank debt are 3.7%, 2.6% and 3.9% respectively.

The margin on the bank facilities depends on the banking covenant leverage and were as follows:

Facility:	31 Dec 2025		31 Dec 2024	
	Margin	Range	Margin	Range
Term Loan	1.40%-1.75%	0.90%-2.40%	1.40%	1.00%-2.30%
Revolving Credit Facilities	1.40%-1.75%	1.00%-2.40%	1.40%-1.55%	1.00%-2.40%

The Group's cost of drawn debt for the next 12 months is currently expected to be approximately 5.3%.

### Exchange rate risk management

The Group trades in various countries around the world and is exposed to movements in a number of foreign currencies.

The Group carries exchange rate risk that can be categorised into two types: transaction and translation risk, as described in the paragraphs below. The Group's policy is designed to protect against the majority of the cash risks but not the non-cash risks.

The most common exchange rate risk is the transaction risk the Group takes when it invoices a customer or purchases from suppliers in a different currency to the underlying functional currency of the relevant business. The Group's policy is to review transactional foreign exchange exposures and place necessary hedging contracts on a rolling quarterly basis. To the extent the cash flows associated with a transactional foreign exchange risk are committed, the Group will hedge 100% at the time the cash flow becomes committed. For forecast and variable cash flows, the Group hedges a proportion of the expected cash flows, with the percentage being hedged lowering as the time horizon lengthens. The Group hedges on a sliding scale, typically hedging around 90% of foreign exchange exposures expected over the next 12 months, with the percentage decreasing by approximately 10 percentage points for each subsequent year. This policy does not eliminate the cash risk but does bring some certainty to it.

The translation rate risk is the effect on the Group results in the period due to the movement of exchange rates used to translate foreign results into Sterling from one period to the next. No specific exchange instruments are used to protect against the translation risk because it is a non-cash risk to the Group, until foreign currency is subsequently converted to Sterling. However, the Group utilises its multi-currency banking facilities, where relevant, to maintain an appropriate mix of debt in each currency. The hedge of having debt drawn in these currencies funding the trading units with US dollars or Euro functional currencies protects against some of the Balance Sheet and banking covenant translation risk.

Exchange rates for currencies most relevant to the Group in the year were:

	Average rate	Closing rate
<b>US dollar</b>		
2025	1.32	1.35
2024	1.28	1.25
<b>Euro</b>		
2025	1.17	1.15
2024	1.18	1.21

A 1 cent strengthening of the major currencies within the Group, if this were to happen in isolation against all other currencies, would have the following impact on the re-translation of adjusted operating profit into Sterling:

	USD	EUR
Increase in adjusted operating profit - £ million	5	1
% impact on adjusted operating profit	0.7%	0.1%

The impact from transactional foreign exchange exposures is not material in the short term due to hedge coverage being approximately 90%.

A 1 cent strengthening in either the US dollar or Euro would have the following impact on gross debt as at 31 December 2025:

	USD	EUR
Increase in gross debt - £ million	9	2
Increase in gross debt	1%	0%

### Contract and warranty risk management

A suitable bid and contract management process exists in the businesses, which includes thorough reviews of contract terms and conditions, contract-specific risk assessments and clear delegation of authority for approvals. These processes aim to ensure effective management of risks associated with complex contracts. The financial risks connected with contracts and warranties include the consideration of commercial, legal and warranty terms and their duration, which are all considered carefully by the businesses and Group management before being entered into.

### Commodity cost risk management

The cumulative expenditure on commodities is important to the Group and the risk of base commodity costs increasing is mitigated, wherever possible, by passing on the cost increases to customers, by the use of customer directed suppliers under common agreements, or by having suitable purchase agreements with suppliers which fix the price over a certain period. Where possible, these risks are also managed through sourcing policies, including the use of multiple suppliers and procurement contracts where prices are agreed in advance to limit exposure to price volatility. The Group selectively uses financial derivatives where changes in commodity costs cannot be passed on to customers or fixed with suppliers.

## GOING CONCERN

As part of their consideration of going concern, the Directors have reviewed the Group's future cash forecasts and projections, which are based on both market and internal data and recent past experience.

The Directors recognise the challenges in the current economic environment, including challenges in supply chains and geopolitical risks. The Group is actively managing the associated impacts on trading through a sharp focus on pricing, productivity and costs. In addition, the Group's cash flow forecasts consider any impacts from further economic factors.

The Group has modelled a severe but plausible downside case against these future cash forecasts and throughout this scenario the Group would not breach any financial covenants and would not require any additional sources of financing.

The macroeconomic environment remains uncertain and volatile and the impacts of economic factors such as inflation, high interest rates, geopolitical conflict and challenges in supply chains could be more prolonged or severe than that which the Directors have considered in the Group's severe but plausible downside case.

Considering the Group's current committed bank facility headroom, its access to liquidity, and the level of bank covenants in place with lending banks, the Directors consider it appropriate that the Group can manage its business risks successfully and adopt a going concern basis in preparing the Consolidated Financial Statements.



Matthew Gregory  
Chief Financial Officer  
27 February 2026

## CAUTIONARY STATEMENT

This announcement contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "potential", "predicts", "expects", "intends", "may", "will", "can", "likely" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the business, results of operations, financial position, liquidity, prospects, growth and strategies of the Group. Forward-looking statements speak only as of the date they are made. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur or the Company's or the Group's actual results, performance or achievements of the Company might be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements contained in this announcement speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements contained in this announcement to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA or Regulation (EU) 596/2014 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

## Consolidated Income Statement

	Notes	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Revenue	3	3,589	3,468
Cost of sales		(2,635)	(2,646)
Gross profit		954	822
Operating expenses		(354)	(826)
Operating profit/(loss)	3, 4	600	(4)
Finance costs		(132)	(105)
Finance income		-	3
Profit/(loss) before tax		468	(106)

Tax	5	400 (98)	(57)
<b>Profit/(loss) after tax for the year attributable to owners of the parent</b>		<b>370</b>	<b>(49)</b>

<b>Earnings per share</b>			
- Basic	7	29.1p	(3.7)p
- Diluted	7	29.0p	(3.7)p

<b>Adjusted<sup>(1)</sup> results</b>			
Adjusted operating profit	3, 4	647	540
Adjusted profit before tax	4	515	438
Adjusted profit after tax	4	410	350
Adjusted basic earnings per share	7	32.2p	26.8p
Adjusted diluted earnings per share	7	32.1p	26.4p

(1) Defined in note 2.

All results arise from continuing operations.

## Consolidated Statement of Comprehensive Income

		Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Profit/(loss) after tax for the year</b>	Notes	<b>370</b>	<b>(49)</b>
<b>Items that will not be reclassified subsequently to the Income Statement:</b>			
Net remeasurement gain on retirement benefit obligations		16	27
Fair value loss on investments in equity instruments		-	(47)
Income tax credit/(charge) relating to items that will not be reclassified	5	3	(4)
		<b>19</b>	<b>(24)</b>
<b>Items that may be reclassified subsequently to the Income Statement:</b>			
Currency translation on investments, net of investment hedging		(125)	17
Transfer to Income Statement from equity of cumulative translation differences on disposal of foreign operations		-	(6)
Derivative (losses)/gains on hedge relationships		(12)	3
Income tax credit/(charge) relating to items that may be reclassified	5	6	(1)
		<b>(131)</b>	<b>13</b>
<b>Other comprehensive expense for the year</b>		<b>(112)</b>	<b>(11)</b>
<b>Total comprehensive income/(expense) for the year attributable to owners of the parent</b>		<b>258</b>	<b>(60)</b>

## Consolidated Statement of Cash Flows

		Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Operating activities</b>			
<b>Net cash from/(used in) operating activities</b>	12	<b>214</b>	<b>(121)</b>
<b>Investing activities</b>			
Disposal of businesses, net of cash disposed		(20)	55
Purchase of property, plant and equipment		(86)	(108)
Proceeds from disposal of property, plant and equipment		29	-
Purchase of computer software and capitalised development costs		(9)	(15)
Acquisition of subsidiaries, net of cash acquired		(5)	-
Disposal of investments		9	-
Equity accounted investment additions		-	(3)
Interest received		-	3
<b>Net cash used in investing activities</b>		<b>(82)</b>	<b>(68)</b>
<b>Financing activities</b>			
Repayment of borrowings		-	(10)
Drawings on borrowing facilities		229	767
Costs of raising debt finance		(1)	(3)
Payment of principal under lease obligations		(31)	(32)
Purchase of own shares, including associated costs	6	(173)	(431)
Dividends paid to owners of the parent	6	(82)	(72)
<b>Net cash (used in)/from financing activities</b>		<b>(58)</b>	<b>219</b>
<b>Net increase in cash and cash equivalents, net of bank overdrafts</b>		<b>74</b>	<b>30</b>
Cash and cash equivalents, net of bank overdrafts at the beginning of the year	12	80	57
Effect of foreign exchange rate changes	12	-	(7)

Cash and cash equivalents, net of bank overdrafts at the end of the year	12	154	80
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As at 31 December 2025, the Group had net debt of £1,407 million (31 December 2024: £1,321 million). A definition and reconciliation of the movement in net debt is shown in note 12.

## Consolidated Balance Sheet

	Notes	31 December 2025 £m	31 December 2024 £m
<b>Non-current assets</b>			
Goodwill and other intangible assets		2,690	3,094
Property, plant and equipment		864	821
Investments		56	69
Interests in equity accounted investments		6	8
Deferred tax assets		659	651
Derivative financial assets		84	12
Other receivables	8	1,526	1,201
Retirement benefit surplus	11	2	-
		5,887	5,856
<b>Current assets</b>			
Inventories		542	528
Trade and other receivables	8	971	949
Derivative financial assets		29	10
Current tax assets		1	5
Cash and cash equivalents		166	88
		1,709	1,580
<b>Total assets</b>	3	7,596	7,436
<b>Current liabilities</b>			
Trade and other payables	9	1,544	1,510
Interest-bearing loans and borrowings		60	8
Lease obligations		31	33
Derivative financial liabilities		23	72
Current tax liabilities		15	20
Provisions	10	64	108
		1,737	1,751
<b>Net current liabilities</b>		(28)	(171)
<b>Non-current liabilities</b>			
Other payables	9	533	469
Interest-bearing loans and borrowings		1,513	1,401
Lease obligations		299	204
Derivative financial liabilities		11	115
Deferred tax liabilities		564	517
Retirement benefit obligations	11	29	59
Provisions	10	83	76
		3,032	2,841
<b>Total liabilities</b>	3	4,769	4,592
<b>Net assets</b>		2,827	2,844
<b>Equity</b>			
Issued share capital		1	1
Share premium account		1,000	1,000
Merger reserve		109	109
Capital redemption reserve		-	-
Other reserves		(2,330)	(2,330)
Translation and hedging reserve		155	286
Retained earnings		3,892	3,778
<b>Total equity attributable to owners of the parent</b>		2,827	2,844

The Financial Statements were approved and authorised for issue by the Board of Directors on 27 February 2026 and were signed on its behalf by:

Matthew Gregory



Peter Dilnot



## Consolidated Statement of Changes in Equity

	Issued share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Translation and hedging reserve £m	Retained earnings £m	Total equity attributable to owners of the parent £m
At 1 January 2024	309	3,271	109	753	(2,330)	273	1,182	3,567
Loss for the year	-	-	-	-	-	-	(49)	(49)
Other comprehensive income/(expense)	-	-	-	-	-	13	(24)	(11)
Total comprehensive income/(expense)	-	-	-	-	-	13	(73)	(60)
Purchase of own shares <sup>(1)</sup>	-	-	-	-	-	-	(449)	(449)
Dividends paid (note 6)	-	-	-	-	-	-	(72)	(72)
Capital reduction <sup>(1)</sup>	(308)	(2,271)	-	(753)	-	-	3,332	-
Equity-settled incentive scheme related <sup>(1)</sup>	-	-	-	-	-	-	(157)	(157)
Equity-settled share-based payments	-	-	-	-	-	-	1	1
Deferred tax on equity-settled share-based payments (note 5)	-	-	-	-	-	-	14	14
At 31 December 2024	1	1,000	109	-	(2,330)	286	3,778	2,844
Profit for the year	-	-	-	-	-	-	370	370
Other comprehensive (expense)/income	-	-	-	-	-	(131)	19	(112)
Total comprehensive (expense)/income	-	-	-	-	-	(131)	389	258
Purchase of own shares <sup>(1)</sup>	-	-	-	-	-	-	(193)	(193)
Dividends paid (note 6)	-	-	-	-	-	-	(82)	(82)
Equity-settled share-based payments	-	-	-	-	-	-	2	2
Deferred tax on equity-settled share-based payments (note 5)	-	-	-	-	-	-	(2)	(2)
At 31 December 2025	1	1,000	109	-	(2,330)	155	3,892	2,827

(1) Further information is set out in note 1.

## Notes to the Consolidated Financial Statements

### 1. Corporate information

The financial information included within this Preliminary Announcement does not constitute the Company's statutory Financial Statements for the years ended 31 December 2025 or 31 December 2024 within the meaning of s435 of the Companies Act 2006, but is derived from those Financial Statements. Statutory Financial Statements for the year ended 31 December 2024 have been delivered to the Registrar of Companies and those for the year ended 31 December 2025 will be delivered to the Registrar of Companies during April 2026. The auditor has reported on those Financial Statements; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) of the Companies Act 2006. While the financial information included in this Preliminary Announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRSs") adopted pursuant to IFRSs as issued by the IASB, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full Financial Statements that comply with IFRSs during April 2026.

### Corporate structure

#### Capital structure

On 1 October 2024, the Group commenced a £250 million share buyback programme which is expected to complete by the end of March 2026. During the year ended 31 December 2025, 31,515,908 shares (2024: 4,173,411 shares) were purchased at an average price of 551 pence (2024: 484 pence) per share for total consideration of £173 million (2024: £20 million), inclusive of costs of £1 million (2024: £nil). These are held as treasury shares. A liability of £38 million (31 December 2024: £18 million) has also been recognised in respect of the shares expected to be purchased under the share buyback programme during the close period, as there was an irrevocable instruction to contracted financial institutions to complete purchases at 31 December 2025. The total costs of the purchase of £193 million recognised during the year ended 31 December 2025 have been recorded in retained earnings.

In the prior year, the Group completed a £500 million share buyback programme which commenced in 2023. During the year ended 31 December 2024, 70,967,661 shares were purchased at an average price of 571 pence per share with cash spent of £411 million, inclusive of costs of £5 million. The total costs of the purchase were recognised in retained earnings.

In the prior year, the Melrose Employee Share Plan ("MESP") crystallised. Of the 54,346,536 shares awarded, 25,498,465 were withheld by the Company in exchange for a cash payment sufficient to allow holders to meet their income tax and employee national insurance liabilities in respect of the MESP. In accordance with IFRS 2: Share-based Payment, £157 million was recognised in retained earnings. In addition, the Group undertook a capital reduction. This reduced share capital by £308 million, the share premium account by £2,271 million and the capital redemption reserve by £753 million.

#### Acquisitions

On 13 January 2025, the Group acquired the entire share capital of TPC Components AB, a company specialising in precision cast products based in Sweden, for consideration of £5 million.

#### Disposals

In the prior year, the Group disposed of its Fuel Systems business, its St. Louis operation and its Orangeburg operation. The results of the three businesses disposed were not classified within discontinued operations as they did not meet the criteria of being a major separate line of business.

...and must meet the criteria of being a single separate line of business.

### Going concern

The Consolidated Financial Statements have been prepared on a going concern basis as the Directors consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future, being 12 months from the date of this report (the relevant period).

The Group's liquidity and funding arrangements are described in the Chief Financial Officer's Review. There is significant liquidity headroom of £0.7 billion at 31 December 2025 and sufficient headroom throughout the going concern forecast period. Forecast covenant compliance is considered further below.

### Covenants

The Group's banking facility has two financial covenants being a net debt to adjusted EBITDA covenant and an interest cover covenant, both of which are tested half-yearly at 30 June and 31 December. Covenant calculations are detailed in the glossary to this Preliminary Announcement.

The financial covenants during the period of assessment for going concern are as follows:

	31 December 2025	30 June 2026	31 December 2026
Net debt to adjusted EBITDA (banking covenant leverage)	3.5x	3.5x	3.5x
Interest cover	4.0x	4.0x	4.0x

### Testing

The Group has modelled two scenarios in its assessment of going concern, a base case and a severe but plausible downside case.

The base case takes into account end markets and operational factors, including supply chain challenges, throughout the going concern period and has been monitored against the actual results and cash generation in the period since 1 January 2026. Climate scenario analysis was used to model the impact of climate change on the Group's cash flow position. Climate change is deemed to not have a material impact over the period of 12 months for the assessment of going concern.

The severe but plausible downside case models more conservative revenue assumptions for 2026 and the first half of 2027. The sensitised assumptions are specific to each business taking into account their markets, but on average represent a c.10% reduction to the Group's forecast revenue in 2026, and a c.5% reduction in the first half of 2027. The sensitised revenues have had a consequential impact on profit and cash flow, along with a further downside sensitivity applied to increase working capital by approximately 2% of revenue. Given that there is liquidity headroom of £0.7 billion and the Group's banking covenant leverage was 1.9x, comfortably below the covenant test at 31 December 2025, no further sensitivity detail is provided.

Under the severe but plausible downside case no covenant is breached at 30 June 2026 nor, based on the continuation of existing financing arrangements with the Group having the option to extend the majority of its facilities through to April 2028, at 31 December 2026 or 30 June 2027.

## 2. Alternative Performance Measures

The Group presents Alternative Performance Measures ("APMs") in addition to the statutory results of the Group. These are presented in accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA").

APMs used by the Group are set out in the glossary to these Financial Statements and the reconciling items between statutory and adjusted results are listed below and described in more detail in note 4.

Adjusted profit measures exclude items which are significant in size or volatility or by nature are non-trading or non-recurring or any net change in fair value items booked on an acquisition.

On this basis, the following are the principal items included within adjusting items impacting operating profit:

- Amortisation of intangible assets that are acquired in a business combination, excluding computer software and development costs;
- Significant restructuring project costs and other associated costs, including losses incurred following the announcement of closure for identified businesses, arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- Acquisition and disposal related gains and losses;
- Impairment charges that are considered to be significant to the trading performance of the business;
- Movement in derivative financial instruments not designated in hedging relationships, including revaluation of associated financial assets and liabilities;
- The charge for the previous Melrose equity-settled compensation scheme, including its associated employer's tax charge; and
- The net change in fair value items booked on acquisitions.

Further to the adjusting items above, adjusting items impacting profit before tax include:

- Acceleration of unamortised debt issue costs written off as a consequence of Group refinancing; and
- Significant settlement gains and losses associated with debt instruments including interest rate swaps following acquisition or disposal related activity or non-trading transactions, which are not considered by the Group to be part of normal financing costs.

In addition to the items above, adjusting items impacting profit after tax include:

- The net effect on tax of significant restructuring from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- The net effect of significant new tax legislation; and
- The tax effects of adjustments to profit before tax, described above.

The Board considers the adjusted results to be an important measure used to monitor how the Group is performing, as this provides a meaningful reflection of how the Group is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods, when all subsidiaries are held for a complete reporting period.

The adjusted measures are used to partly determine the variable element of remuneration of senior management throughout the Group and are also in alignment with performance measures used by certain external stakeholders.

Adjusted profit is not a defined term under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative periods where provided.

## 3. Segment information

Segment information is presented in accordance with IFRS 8: Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reported to the Group's Chief Operating Decision Maker ("CODM"), which has been deemed to be the Group's Board, in order to allocate resources to the segments and assess their performance. During the year, the Structures segment was renamed Airframes.

The operating segments are as follows:

**Engines** - An industry leading global tier one supplier to the aerospace engines market, including structural engineered components; parts repair; commercial and aftermarket contracts.

**Airframes** - A multi-technology global tier one supplier of both civil and defence airframes, including lightweight composite and metallic structures; electrical distribution systems and components.

In addition, there is a corporate cost centre which is also reported to the Board containing the Group's head office costs.

Reportable segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis.

Inter-segment pricing is determined on an arm's length basis in a manner similar to transactions with third parties.

The Group's geographical segments are determined by the location of the Group's non-current assets and, for revenue, the location of external customers. Inter-segment sales are not material and have not been disclosed.

The following tables present the results and certain asset and liability information regarding the Group's operating segments and corporate cost centre for the year ended 31 December 2025.

#### a) Segment revenues

The Group derives its revenue from the transfer of goods and services over time and at a point in time. The Group has assessed that the disaggregation of revenue recognised from contracts with customers by operating segment is appropriate as this is the information regularly reviewed by the CODM in evaluating financial performance. The Group also believes that presenting this disaggregation of revenue based on the timing of transfer of goods or services provides useful information as to the nature and timing of revenue from contracts with customers.

Year ended 31 December 2025	Engines £m	Airframes £m	Total £m
<b>Timing of revenue recognition</b>			
At a point in time	1,110	1,137	2,247
Over time	522	820	1,342
<b>Revenue</b>	<b>1,632</b>	<b>1,957</b>	<b>3,589</b>

  

Year ended 31 December 2024 <sup>(1)</sup>	Engines £m	Airframes £m	Total £m
<b>Timing of revenue recognition</b>			
At a point in time	949	1,190	2,139
Over time	510	819	1,329
<b>Revenue</b>	<b>1,459</b>	<b>2,009</b>	<b>3,468</b>

(1) For the year ended 31 December 2024, £313 million of revenue (Engines: £187 million, Airframes: £126 million) has been re-presented as revenue recognised over time, with a corresponding decrease in revenue recognised at a point in time, with no change to total revenue.

#### b) Segment operating profit

Year ended 31 December 2025	Engines £m	Airframes £m	Corporate <sup>(1)</sup> £m	Total £m
<b>Adjusted operating profit/(loss)</b>	<b>520</b>	<b>156</b>	<b>(29)</b>	<b>647</b>
Items not included in adjusted operating profit <sup>(2)</sup> :				
Amortisation of intangible assets acquired in business combinations	(128)	(124)	-	(252)
Restructuring costs	(5)	(29)	-	(34)
Impairment of assets	-	(6)	-	(6)
Melrose equity-settled compensation scheme charges	-	-	(1)	(1)
(Losses)/gains in derivatives and associated financial assets and liabilities	(20)	(6)	258	232
Acquisition and disposal related gains and losses	-	-	11	11
Net changes in fair value items	-	3	-	3
<b>Operating profit/(loss)</b>	<b>367</b>	<b>(6)</b>	<b>239</b>	<b>600</b>
Finance costs				(132)
Finance income				-
<b>Profit before tax</b>				<b>468</b>
Tax				(98)
<b>Profit after tax for the year</b>				<b>370</b>

  

Year ended 31 December 2024	Engines £m	Airframes £m	Corporate <sup>(1)</sup> £m	Total £m
<b>Adjusted operating profit/(loss)</b>	<b>422</b>	<b>144</b>	<b>(26)</b>	<b>540</b>
Items not included in adjusted operating profit <sup>(2)</sup> :				
Amortisation of intangible assets acquired in business combinations	(131)	(124)	-	(255)
Gains/(losses) in derivatives and associated financial assets and liabilities	7	-	(119)	(112)
Restructuring costs	(15)	(75)	(21)	(111)
Acquisition and disposal related gains and losses	-	(43)	(1)	(44)
Melrose equity-settled compensation scheme charges	-	-	(14)	(14)
Net changes in fair value items	-	(8)	-	(8)
<b>Operating profit/(loss)</b>	<b>283</b>	<b>(106)</b>	<b>(181)</b>	<b>(4)</b>
Finance costs				(105)
Finance income				3
<b>Loss before tax</b>				<b>(106)</b>
Tax				57
<b>Loss after tax for the year</b>				<b>(49)</b>

(1) Corporate adjusted operating loss of £29 million (2024: £26 million), includes a charge of £2 million (2024: £1 million) in respect of the Performance Share Plan for certain senior managers in the Group.

(2) Further details on adjusting items are discussed in note 4.

#### c) Segment total assets and liabilities

Total assets Total liabilities

	TOTAL ASSETS		TOTAL LIABILITIES	
	31 December 2025 £m	31 December 2024 £m	31 December 2025 £m	31 December 2024 £m
Engines	4,689	4,595	1,903	1,757
Airframes	2,189	2,284	1,156	1,134
Corporate	718	557	1,710	1,701
<b>Total</b>	<b>7,596</b>	<b>7,436</b>	<b>4,769</b>	<b>4,592</b>

#### d) Segment capital expenditure and depreciation

	Capital expenditure <sup>(1)</sup>		Depreciation of owned assets <sup>(1)</sup>		Depreciation of leased assets	
	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Engines	56	63	41	43	11	7
Airframes	39	54	66	74	19	17
Corporate	-	1	-	-	1	1
<b>Total</b>	<b>95</b>	<b>118</b>	<b>107</b>	<b>117</b>	<b>31</b>	<b>25</b>

(1) Including computer software and development costs. Capital expenditure excludes lease additions.

#### e) Geographical information

The Group operates in various geographical areas around the world. The parent company's country of domicile is the UK and the Group's revenues and non-current assets in the rest of Europe and North America are also considered to be material.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets, non-current derivative financial assets, non-current other receivables and non-current retirement benefit surplus) by geographical location are detailed below:

	Revenue <sup>(1)</sup> from external customers		Segment assets	
	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m	31 December 2025 £m	31 December 2024 £m
UK	574	569	676	739
Rest of Europe	564	567	1,884	2,061
North America	2,349	2,232	1,017	1,145
Other	102	100	39	47
<b>Total</b>	<b>3,589</b>	<b>3,468</b>	<b>3,616</b>	<b>3,992</b>

(1) Revenue is presented by destination.

### 4. Reconciliation of adjusted profit measures

As described in note 2, adjusted profit measures are an alternative performance measure used by the Board to monitor the operating performance of the Group.

#### a) Operating profit

	Notes	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Operating profit/(loss)		600	(4)
Amortisation of intangible assets acquired in business combinations	a	252	255
Restructuring costs	b	34	111
Impairment of assets	c	6	-
Melrose equity-settled compensation scheme charges	d	1	14
(Gains)/losses in derivatives and associated financial assets and liabilities	e	(232)	112
Acquisition and disposal related gains and losses	f	(11)	44
Net changes in fair value items	g	(3)	8
Total adjustments to operating profit/(loss)		47	544
<b>Adjusted operating profit</b>		<b>647</b>	<b>540</b>

- The amortisation charge on intangible assets acquired in business combinations of £252 million (2024: £255 million) is excluded from adjusted results due to its non-trading nature and to enable comparison with companies that grow organically. However, where intangible assets are trading in nature, such as computer software and development costs, the amortisation is not excluded from adjusted results.
- Restructuring and other associated costs in the year totalled £34 million (2024: £111 million). These are shown as adjusting items due to their size and non-trading nature and include a charge of £32 million (2024: £64 million) relating to the completion of significant restructuring projects across sites in the Engines and Airframes divisions in Europe and North America. This £32 million charge includes a charge of £8 million to create an onerous contract provision which is associated with our significant restructuring projects in Europe in our Airframes division. These projects are now complete after a cumulative charge since commencement of £313 million (31 December 2024: £281 million). As at 31 December 2025, £5 million is included in restructuring provisions in relation to these projects.
- An impairment of property, plant and equipment of £6 million (2024: £nil) in the Airframes division is connected to our final significant European restructuring project. This is shown as an adjusting item due to its non-trading nature.
- The Melrose equity-settled Employee Share Plan matured during 2024. The charge of £1 million (2024: £14 million) represents a charge for employer's tax payable and was excluded from adjusted results due to its size and volatility.
- Movements in the fair value of derivative financial instruments (primarily forward foreign currency exchange contracts where hedge accounting is not applied) entered into to mitigate the potential volatility of future cash flows, on long-term foreign currency customer and supplier contracts, including foreign exchange movements on the associated financial assets and liabilities are shown as an adjusting item because of volatility and size. This

totalled a credit of £232 million (2024: charge of £112 million) in the year.

- f. Acquisition and disposal related gains of £11 million (2024: net losses of £44 million) relate to the release of provisions associated with legacy business disposals that are no longer required. The gain is recorded as an adjusting item due to its non-trading nature.
- g. The net changes in fair value items in the year totalled a credit of £3 million (2024: charge of £8 million) and are shown as an adjusting item due to their nature and volatility.

The adjustments to operating profit/(loss) identified above resulted in a net cash spend of £59 million (2024: £113 million) in the year, being cash costs associated with restructuring programmes of £31 million (2024: £126 million), £5 million (2024: £nil) of cash costs associated with legacy Melrose operations, a cash outflow on acquisition and disposal related gains and losses of £20 million (2024: inflow of £54 million), and cash costs of the Melrose equity-settled compensation scheme of £3 million (2024: £41 million).

## b) Profit before tax

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit/(loss) before tax	468	(106)
Adjustments to operating profit/(loss) as above	47	544
<b>Adjusted profit before tax</b>	<b>515</b>	<b>438</b>

## c) Profit after tax

	Note	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit/(loss) after tax		370	(49)
Adjustments to profit/(loss) before tax as above		47	544
Tax effect of adjustments to profit/(loss) before tax	5	(7)	(128)
Tax effect of significant restructuring	5	-	(17)
Total adjustments to profit/(loss) after tax		40	399
<b>Adjusted profit after tax</b>		<b>410</b>	<b>350</b>

## 5. Tax

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Analysis of tax charge/(credit) in the year:</b>		
<b>Current tax</b>		
Current year tax charge	17	15
Adjustments in respect of prior years	2	-
<b>Total current tax charge</b>	<b>19</b>	<b>15</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	11	(32)
Adjustments in respect of prior years	4	(9)
Tax on the change in value of derivative financial instruments	62	(30)
Adjustments to deferred tax attributable to changes in tax rates	-	-
Temporary differences not recognised in deferred tax	2	2
Recognition of previously unrecognised deferred tax	-	(3)
<b>Total deferred tax charge/(credit)</b>	<b>79</b>	<b>(72)</b>
<b>Total tax charge/(credit) for the year</b>	<b>98</b>	<b>(57)</b>
<b>Analysis of tax charge/(credit) for the year:</b>		
	£m	£m
Tax charge in respect of adjusted profit before tax	105	88
Tax effect of adjustments to profit/(loss) before tax:		
Amortisation of intangible assets acquired in business combinations	(59)	(59)
Restructuring costs	(9)	(28)
Gains/losses in derivatives and associated financial assets and liabilities	62	(30)
Net changes in fair value items	1	(2)
Impairment of assets	(2)	-
Acquisition and disposal related gains and losses	-	(4)
Melrose equity-settled compensation scheme charges	-	(5)
	(7)	(128)
Tax effect of significant restructuring	-	(17)
<b>Total tax charge/(credit) for the year</b>	<b>98</b>	<b>(57)</b>

The tax charge of £105 million (2024: £88 million) arising on adjusted profit before tax of £515 million (2024: £438 million) results in an effective tax rate of 20.4% (2024: 20.1%).

The tax charge/(credit) for the year can be reconciled to the profit/(loss) before tax per the Income Statement as follows:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Profit/(loss) before tax	468	(106)
Tax charge/(credit) on profit/(loss) before tax at 24.5% (2024: 25.0%)		
Tax effect of:	115	(27)
Disallowable expenses and other permanent differences within adjusted profit <sup>(1)</sup>	(15)	8
Disallowable expenses and other permanent differences included within adjusting items <sup>(1)</sup>	(14)	8
Temporary differences not recognised in deferred tax	2	2
Recognition of previously unrecognised deferred tax	-	(3)
Tax credits and withholding taxes	4	2
Adjustments in respect of prior years	6	(9)
Tax charge classified within adjusting items	-	(20)

Effect of changes in tax rates	-	-
Effect of rate differences between UK and overseas rates	-	(18)
<b>Total tax charge/(credit) for the year</b>	<b>98</b>	<b>(57)</b>

(1) Included within permanent differences is the effect of foreign exchange differences arising as a result of certain entities having a different reporting functional currency to that required to be used for local statutory accounts and tax returns.

The reconciliation has been performed at a tax rate of 24.5% (2024: 25.0%). The reconciliation rate represents the weighted average of the tax rates applying to profits and losses in the jurisdictions in which those results arose in the year. However, for 2024 this rate was not representative due to offsetting profits and losses in the relevant jurisdictions and as such the UK corporation tax rate was used.

Tax (credits)/charges included in other comprehensive income are as follows:

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Deferred tax movements on retirement benefit obligations	(3)	4
Deferred tax movements on hedge relationship gains and losses	(6)	1
<b>Total (credit)/charge for the year</b>	<b>(9)</b>	<b>5</b>

There is also a tax charge of £2 million (2024: credit of £14 million) recognised directly in the Statement of Changes in Equity in respect of deferred tax on equity-settled share-based payments.

## 6. Dividends

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Interim dividend for the year ended 31 December 2025 of 2.4p	31	-
Final dividend for the year ended 31 December 2024 of 4.0p	51	-
Interim dividend for the year ended 31 December 2024 of 2.0p	-	26
Final dividend for the year ended 31 December 2023 of 3.5p	-	46
	<b>82</b>	<b>72</b>

A final dividend for the year ended 31 December 2025 of 4.8p per share totalling an expected £60 million is declared by the Board on 27 February 2026 and in accordance with IAS 10: Events after the Reporting Period, has not been included as a liability in the Consolidated Financial Statements.

On 1 October 2024, the Group commenced a £250 million share buyback programme which is expected to complete by the end of March 2026. During the year ended 31 December 2025, 31,515,908 shares (2024: 4,173,411 shares) were purchased at an average price of 551 pence (2024: 484 pence) per share for total consideration of £173 million (2024: £20 million), inclusive of costs of £1 million (2024: £nil).

During the prior year, the Group completed a £500 million share buyback programme, which commenced on 2 October 2023, with £411 million of cash spent in 2024, inclusive of costs of £5 million.

## 7. Earnings per share

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Earnings attributable to owners of the parent</b>		
Earnings for basis of earnings per share	<b>370</b>	<b>(49)</b>

	Year ended 31 December 2025 Number	Year ended 31 December 2024 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	1,272	1,307
Further shares for the purposes of diluted earnings per share (million)	4	17
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)</b>	<b>1,276</b>	<b>1,324</b>

	Year ended 31 December 2025 pence	Year ended 31 December 2024 pence
<b>Earnings per share</b>		
Basic earnings per share	29.1	(3.7)
Diluted earnings per share	29.0	(3.7)

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Adjusted earnings</b>		
Adjusted earnings for the basis of adjusted earnings per share	410	350

### Adjusted earnings per share

	Year ended 31 December 2025 pence	Year ended 31 December 2024 pence
<b>Adjusted earnings per share</b>		
Adjusted basic earnings per share	32.2	26.8
Adjusted diluted earnings per share	32.1	26.4

## 8. Trade and other receivables

	31 December 2025 £m	31 December 2024 £m
<b>Current</b>		
Trade receivables	486	407
Allowance for expected credit loss	(8)	(7)
Other receivables	219	255
Prepayments	32	33
Contract assets	242	261

Trade receivables are non interest-bearing. Credit terms offered to customers vary upon the country of operation but are generally between 30 and 90 days.

	31 December 2025 £m	31 December 2024 £m
<b>Non-current</b>		
Other receivables	36	8
Contract assets	1,490	1,193
	<b>1,526</b>	<b>1,201</b>

The Group's contract assets comprise the following:

	Participation fees £m	Unbilled receivables £m	Unbilled work done £m	Other £m	Total £m
At 1 January 2024	176	206	595	61	1,038
Additions	8	1,016	298	5	1,327
Utilised	(11)	(935)	(24)	(1)	(971)
Settlements <sup>(1)</sup>	-	-	35	-	35
Exchange adjustments	3	4	18	-	25
At 31 December 2024	176	291	922	65	1,454
Reclassifications <sup>(2)</sup>	-	-	143	-	143
Additions	-	1,048	352	3	1,403
Utilised	(11)	(1,101)	(28)	(15)	(1,155)
Exchange adjustments	(12)	(16)	(81)	(4)	(113)
<b>At 31 December 2025</b>	<b>153</b>	<b>222</b>	<b>1,308</b>	<b>49</b>	<b>1,732</b>

(1) Settlements principally relate to the utilisation of provision balances held as commercial matters are resolved.

(2) Reclassification of the specific liability relating to the PW1100G powder metal issue ("PMI") to contract liabilities (see note 9).

### Risk and revenue sharing partnerships

The amount of revenue recognised from RRSP contracts during the year was £996 million (2024: £859 million), which included an increase in the unbilled work done contract asset of £324 million (2024: £274 million). Within this, there is revenue from the delivery of product which is recognised at a point in time of £930 million (2024: £802 million) and revenue from provision of service which is recognised over time of £66 million (2024: £57 million). Due to the nature of certain of these RRSP arrangements, there is an associated unbilled work done contract asset.

During the year, £80 million (2024: £50 million) of revenue has been recognised relating to performance obligations satisfied by the Group in previous years as risks have reduced and the constraint reassessed. There has been a further £36 million (2024: £41 million) of revenue recognised from changes in assumptions which will also impact the revenue allocation between future years. Assumption changes were made following operational progress by engine manufacturers with their customers, providing more certainty over future costs and volumes for the RRSP partners.

### 9. Trade and other payables

	31 December 2025 £m	31 December 2024 £m
<b>Current</b>		
Trade payables	627	580
Other payables	94	81
Customer advances and contract liabilities	460	509
Other taxes and social security	60	51
Government refundable advances	6	6
Funded development costs	64	80
Accruals	220	190
Deferred government grants	13	13
	<b>1,544</b>	<b>1,510</b>

	31 December 2025 £m	31 December 2024 £m
<b>Non-current</b>		
Other payables	44	51
Customer advances and contract liabilities	376	316
Other taxes and social security	-	2
Government refundable advances	40	45
Funded development costs	45	17
Accruals	11	18
Deferred government grants	17	20
	<b>533</b>	<b>469</b>

The Group's customer advances and contract liabilities comprise the following:

	31 December 2025 £m	31 December 2024 £m
Customer cash advances	281	211
Material rights given	12	23
RRSP related obligations	543	591
	<b>836</b>	<b>825</b>

RRSP related obligations at 31 December 2025 includes £66 million (31 December 2024: £143 million, recorded within unbilled work done) relating to the PW1100G powder metal issue ("PMI") which has been reclassified from unbilled work done, a contract asset category, during the year. The movement during the year includes settlements of £68 million (2024: £35 million).

### 10. Provisions

	Loss-making contracts £m	Property related costs £m	Environmental and litigation £m	Warranty related costs £m	Restructuring £m	Other £m	Total £m
At 1 January 2025							

At 1 January 2025	28	25	50	24	27	30	184
Utilised	(11)	-	(6)	(2)	(36)	(4)	(59)
Charge to operating profit <sup>(1)</sup>	17	10	10	2	24	3	66
Release to operating profit <sup>(2)</sup>	(3)	(4)	(10)	(4)	(1)	(18)	(40)
Exchange adjustments	-	(1)	(1)	(1)	-	(1)	(4)
<b>At 31 December 2025</b>	<b>31</b>	<b>30</b>	<b>43</b>	<b>19</b>	<b>14</b>	<b>10</b>	<b>147</b>
Current	14	4	24	6	12	4	64
Non-current	17	26	19	13	2	6	83
	<b>31</b>	<b>30</b>	<b>43</b>	<b>19</b>	<b>14</b>	<b>10</b>	<b>147</b>

(1) Includes £46 million of adjusting items and £20 million recognised in adjusted operating profit.

(2) Includes £20 million of adjusting items and £20 million recognised in adjusted operating profit.

### Loss-making contracts

Provisions for loss-making contracts are considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it. This obligation has been discounted and will be utilised over the period of the respective contracts, which is up to 15 years.

Calculation of loss-making contract provisions is based on contract documentation and delivery expectations, along with an estimate of directly attributable costs and represents management's best estimate of the unavoidable costs of fulfilling the contract.

Utilisation during the year of £11 million (2024: £23 million) has benefitted adjusted operating profit. In addition, £14 million (2024: £12 million) has been charged on a net basis, of which £16 million (2024: £10 million) is shown as an adjusting item.

### Property related costs

The provision for property related costs represents dilapidation costs for ongoing leases and is expected to result in cash expenditure over the next 15 years. Calculations of dilapidation obligations are based on lease agreements with landlords and external quotes, or in the absence of specific documentation, management's best estimate of the costs required to fulfil obligations.

### Environmental and litigation

There are environmental provisions amounting to £11 million (31 December 2024: £8 million) relating to the estimated remediation costs of pollution, soil and groundwater contamination at certain sites and estimated future costs and settlements in relation to legal claims and associated insurance obligations amounting to £32 million (31 December 2024: £42 million). Liabilities for environmental costs are recognised when environmental assessments are probable and the associated costs can be reasonably estimated.

The Group has on occasion been required to take legal or other actions to defend itself against proceedings brought by other parties. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, considering professional advice received. This represents management's best estimate of the likely outcome. The timing of utilisation of these provisions is uncertain, reflecting the complexity of issues and the outcome of various court proceedings and negotiations. Contractual and other provisions represent management's best estimate of the cost of settling future obligations and reflect management's assessment of the likely settlement method, which may change over time. However, no provision is made for proceedings which have been, or might be, brought by other parties against Group companies unless management, considering professional advice received, assess that it is more likely than not that such proceedings may be successful.

### Warranty related costs

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products and subsequently updated for changes in estimates as necessary. The provision for warranty related costs represents the best estimate of the expenditure required to settle the Group's obligations, based on past experience, recent claims and current estimates of costs relating to specific claims. Warranty terms are, on average, between one and five years.

### Restructuring

Restructuring provisions relate to committed costs in respect of restructuring programmes, as described in note 4, usually resulting in cash spend within one to two years. A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by either starting to implement the plan or by announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are necessarily entailed by the restructuring programmes.

### Other

Other provisions include indemnities and the employer tax on equity-settled incentive schemes which are expected to result in cash expenditure during the next three years.

Where appropriate, provisions have been discounted using discount rates between 0% and 4% (31 December 2024: 0% and 5%) depending on the territory in which the provision resides and the length of its expected utilisation.

## 11. Retirement benefit obligations

### Defined benefit plans

The Group sponsors defined benefit plans for qualifying employees of certain subsidiaries. The funded defined benefit plans are administered by separate funds that are legally separated from the Group. The Trustees of the funds are required by law to act in the interest of the fund and of all relevant stakeholders in the plans. The Trustees of the pension funds are responsible for the investment policy with regard to the assets of the fund.

### Contributions

The Group contributed £22 million (2024: £20 million) to defined benefit pension plans and post-employment plans in the year ended 31 December 2025. The Group expects to contribute approximately £20 million in 2026.

### Actuarial assumptions

The major assumptions used by the actuaries in calculating the Group's pension liabilities are as set out below:

	Rate of increase of pensions in payment % per annum	Discount rate %	Price inflation (RPI/CPI) %
<b>31 December 2025</b>			
GKN Group Pension Scheme (Number 1)	2.5	5.6	2.8/2.4
<b>31 December 2024</b>			
GKN Group Pension Schemes (Numbers 1 and 4)	2.7	5.5	3.0/2.6
GKN US plans	n/a	5.5	n/a

### Balance Sheet disclosures

The amounts recognised in the Consolidated Balance Sheet in respect of defined benefit plans were as follows:

31 December 2025	31 December 2024
£m	£m

Present value of funded defined benefit obligations	(577)	(1,022)
Fair value of plan assets	579	986
Funded status	2	(36)
Present value of unfunded defined benefit obligations	(29)	(23)
<b>Net liabilities</b>	<b>(27)</b>	<b>(59)</b>
Analysed as:		
Retirement benefit surplus	2	-
Retirement benefit obligations	(29)	(59)
<b>Net liabilities</b>	<b>(27)</b>	<b>(59)</b>

The plan assets and liabilities at 31 December 2025 were as follows:

	UK Plans <sup>(1)</sup> £m	Other Plans £m	Total £m
Plan assets	579	-	579
Plan liabilities	(583)	(23)	(606)
<b>Net liabilities</b>	<b>(4)</b>	<b>(23)</b>	<b>(27)</b>

(1) Includes a liability in respect of the GKN post-employment medical plans of £6 million and a surplus in respect of the GKN Group Pension Scheme (Number 1) of £2 million.

## 12. Cash flow statement

	Notes	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Reconciliation of operating profit/(loss) to net cash from/(used in) operating activities</b>			
Operating profit/(loss)		600	(4)
Adjusting items <sup>(1)</sup>	4	47	544
Adjusted operating profit	4	647	540
Adjustments for:			
Depreciation of property, plant and equipment		104	101
Amortisation of computer software and development costs		34	41
Restructuring costs paid and movements in provisions		(53)	(135)
Defined benefit pension contributions paid		(22)	(20)
Change in inventories		(32)	(71)
Change in receivables <sup>(2)</sup>		(347)	(449)
Change in payables		20	191
Tax paid		(12)	(10)
Interest paid on loans and borrowings		(103)	(84)
Interest paid on lease obligations		(12)	(6)
Acquisition and disposal costs		-	(1)
Divisional management incentive scheme related payments		(7)	(20)
Melrose equity-settled compensation scheme related payments		(3)	(198)
<b>Net cash from/(used in) operating activities</b>		<b>214</b>	<b>(121)</b>

(1) The cash impact of adjusting items is detailed in note 4.

(2) Change in receivables includes increases to unbilled work done contract assets of £324 million (2024: £309 million).

	31 December 2025 £m	31 December 2024 £m
<b>Reconciliation of cash and cash equivalents, net of bank overdrafts</b>		
Cash and cash equivalents per Balance Sheet	166	88
Bank overdrafts included within current interest-bearing loans and borrowings	(12)	(8)
<b>Cash and cash equivalents, net of bank overdrafts per Statement of Cash Flows</b>	<b>154</b>	<b>80</b>

## Net debt reconciliation

Net debt consists of interest-bearing loans and borrowings and cash and cash equivalents.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate of interest-bearing loans and borrowings (current and non-current) and cash and cash equivalents. A reconciliation from the most directly comparable IFRS measure to net debt, used as a basis for banking covenant calculations, is given below:

	31 December 2025 £m	31 December 2024 £m
Interest-bearing loans and borrowings - due within one year	(60)	(8)
Interest-bearing loans and borrowings - due after one year	(1,513)	(1,401)
External debt	(1,573)	(1,409)
Less:		
Cash and cash equivalents	166	88
<b>Net debt</b>	<b>(1,407)</b>	<b>(1,321)</b>

The table below shows the key components of the movement in net debt:

	At 1 January 2025 £m	Cash flow £m	Acquisitions and disposals £m	Other non-cash movements £m	Effect of foreign exchange £m	At 31 December 2025 £m
External debt (excluding bank overdrafts and unamortised finance costs)	(1,408)	(229)	-	-	74	(1,563)
Unamortised finance costs	7	1	-	(6)	-	2
External debt (excluding bank overdrafts)	(1,401)	(228)	-	(6)	74	(1,561)

Cash and cash equivalents, net of bank overdrafts	80	90	(16)	-	-	154
<b>Net debt</b>	<b>(1,321)</b>	<b>(138)</b>	<b>(16)</b>	<b>(6)</b>	<b>74</b>	<b>(1,407)</b>

## Glossary

### Alternative Performance Measures ("APMs")

In accordance with the Guidelines on APMs issued by the European Securities and Markets Authority ("ESMA"), additional information is provided on the APMs used by the Group below.

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures (commonly referred to as APMs) provide additional information on the performance of the business and trends to stakeholders. These measures are consistent with those used internally, and are considered important to understanding the financial performance and financial health of the Group. APMs are considered to be an important measure to monitor how the Group is performing because this provides a meaningful comparison of how the Group is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. All results arise from continuing operations.

### Income Statement measures

#### APM

##### Adjusting items

#### Closest equivalent statutory measure

None

#### Reconciling items to statutory measure

Adjusting items (note 4)

#### Definition and purpose

Those items which the Group excludes from its adjusted profit metrics in order to present a further measure of the Group's performance.

These include items which are significant in size or volatility, or by nature are non-trading or non-recurring or the net change in fair value items booked on an acquisition.

This provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and provides consistency and comparability between reporting periods.

#### APM

##### Adjusted operating profit

#### Closest equivalent statutory measure

Operating profit/(loss)<sup>(1)</sup>

#### Reconciling items to statutory measure

Adjusting items (note 4)

#### Definition and purpose

The Group uses adjusted profit measures to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Adjusted operating profit</b>		
Operating profit/(loss)	600	(4)
Adjusting items to operating profit/(loss) (note 4)	47	544
<b>Adjusted operating profit</b>	<b>647</b>	<b>540</b>

#### APM

##### Adjusted operating margin

#### Closest equivalent statutory measure

Operating margin<sup>(2)</sup>

#### Reconciling items to statutory measure

Adjusting items (note 4)

#### Definition and purpose

Adjusted operating margin represents Adjusted operating profit as a percentage of revenue. The Group uses adjusted profit measures to provide a useful and more comparable measure of the ongoing performance of the Group.

#### APM

##### Adjusted profit before tax

#### Closest equivalent statutory measure

Profit/(loss) before tax

#### Reconciling items to statutory measure

Adjusting items (note 4)

#### Definition and purpose

Profit/(loss) before the impact of adjusting items and tax. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.

	Year ended 31 December	Year ended 31 December
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	2025	2024
	£m	£m
<b>Adjusted profit before tax</b>		
Profit/(loss) before tax	468	(106)
Adjusting items to profit/(loss) before tax (note 4)	47	544
<b>Adjusted profit before tax</b>	<b>515</b>	<b>438</b>

#### APM

##### Adjusted profit after tax

#### Closest equivalent statutory measure

Profit/(loss) after tax

#### Reconciling items to statutory measure

Adjusting items (note 4)

#### Definition and purpose

Profit/(loss) after tax but before the impact of adjusting items. As discussed above, adjusted profit measures are used to provide a useful and more comparable measure of the ongoing performance of the Group. Adjusted measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed above and further detailed in note 4.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
<b>Adjusted profit after tax</b>		
Profit/(loss) after tax	370	(49)
Adjusting items to profit/(loss) after tax (note 4)	40	399
<b>Adjusted profit after tax</b>	<b>410</b>	<b>350</b>

#### APM

##### Constant currency

#### Closest equivalent statutory measure

Income Statement, which is reported using actual average foreign exchange rates

#### Reconciling items to statutory measure

Constant currency foreign exchange rates

#### Definition and purpose

The Group uses Sterling based constant currency models to measure performance. These are calculated by applying 2025 average exchange rates to local currency reported results for the current and prior year. This gives a Sterling denominated Income Statement which excludes any variances attributable to foreign exchange rate movements.

#### APM

##### Adjusted EBITDA and Adjusted EBITDA for banking covenant leverage purposes

#### Closest equivalent statutory measure

Operating profit/(loss)<sup>(1)</sup>

#### Reconciling items to statutory measure

Adjusting items (note 4), depreciation of property, plant and equipment and amortisation of computer software and development costs. Adjusted EBITDA for banking covenant leverage purposes also includes an imputed lease charge and other adjustments required for banking covenant leverage purposes<sup>(3)</sup>

#### Definition and purpose

Adjusted operating profit for 12 months prior to the reporting date, before depreciation of property, plant and equipment and before the amortisation of computer software and development costs.

Adjusted EBITDA and Adjusted EBITDA for banking covenant leverage purposes are measures used by external stakeholders to measure performance.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
<b>Adjusted EBITDA and Adjusted EBITDA for banking covenant leverage purposes</b>		
Adjusted operating profit	647	540
Depreciation of property, plant and equipment and amortisation of computer software and development costs	138	142
<b>Adjusted EBITDA</b>	<b>785</b>	<b>682</b>
Imputed lease charge	(43)	(38)
Other adjustments required for banking covenant leverage purposes <sup>(3)</sup>	-	(15)
<b>Adjusted EBITDA for banking covenant leverage purposes</b>	<b>742</b>	<b>629</b>

#### APM

##### Adjusted tax rate

#### Closest equivalent statutory measure

Effective tax rate

#### Reconciling items to statutory measure

Adjusting items, adjusting tax items and the tax impact of adjusting items (note 4 and note 5)

#### Definition and purpose

The income tax charge for the Group excluding adjusting tax items, and the tax impact of adjusting items, divided by adjusted profit before tax.

This measure is a useful indicator of the ongoing tax rate for the Group.

	Year ended 31 December 2025	Year ended 31 December 2024
	£m	£m
<b>Adjusted tax rate</b>		
Tax (charge)/credit per Income Statement	(98)	57
Adjusted for:		
Tax impact of adjusting items (note 4)	(7)	(128)
Tax impact of significant restructuring	-	(17)
<b>Adjusted tax charge</b>	<b>(105)</b>	<b>(88)</b>
<b>Adjusted profit before tax</b>	<b>515</b>	<b>438</b>
<b>Adjusted tax rate</b>	<b>20.4%</b>	<b>20.1%</b>

#### APM

##### Adjusted basic earnings per share

#### Closest equivalent statutory measure

Basic earnings per share

#### Reconciling items to statutory measure

Adjusting items (note 4 and note 7)

#### Definition and purpose

Profit/(loss) after tax attributable to owners of the parent before the impact of adjusting items, divided by the weighted average number of ordinary shares in

Profit/(loss) after tax attributable to owners of the parent before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year.

The Board considers this to be a key measure of performance when all businesses are held for the complete reporting period.

#### APM

##### Adjusted diluted earnings per share

##### Closest equivalent statutory measure

Diluted earnings per share

##### Reconciling items to statutory measure

Adjusting items (note 4 and note 7)

##### Definition and purpose

Profit/(loss) after tax attributable to owners of the parent before the impact of adjusting items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options.

The Board considers this to be a key measure of performance when all businesses are held for the complete reporting period.

#### APM

##### Interest cover

##### Closest equivalent statutory measure

None

##### Reconciling items to statutory measure

Not applicable

##### Definition and purpose

Adjusted EBITDA calculated for banking covenant leverage purposes (including adjusted EBITDA from businesses disposed) as a multiple of net interest payable on bank loans and overdrafts and factoring facilities.

This measure is used for bank covenant testing.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Interest cover</b>		
Adjusted EBITDA for banking covenant leverage purposes	742	629
Adjusted EBITDA from businesses disposed in the year	-	20
<b>Adjusted EBITDA for interest cover</b>	<b>742</b>	<b>649</b>
Interest on bank loans and overdrafts	90	75
Interest on factoring facilities	17	16
Finance income	-	(3)
<b>Net finance charges for covenant purposes</b>	<b>107</b>	<b>88</b>
<b>Interest cover</b>	<b>6.9x</b>	<b>7.4x</b>

## Balance Sheet measures

#### APM

##### Working capital

##### Closest equivalent statutory measure

Inventories, trade and other receivables less trade and other payables

##### Reconciling items to statutory measure

Not applicable

##### Definition and purpose

Working capital comprises inventories, current trade and other receivables, non-current other receivables, current trade and other payables and non-current other payables.

This measure provides additional information in respect of working capital management.

#### APM

##### Net debt

##### Closest equivalent statutory measure

Cash and cash equivalents less interest-bearing loans and borrowings

##### Reconciling items to statutory measure

Reconciliation of net debt (note 12)

##### Definition and purpose

Net debt comprises cash and cash equivalents and interest-bearing loans and borrowings.

Net debt is one measure that could be used to indicate the strength of the Group's Balance Sheet position and is a useful measure of the indebtedness of the Group.

#### APM

##### Bank covenant definition of net debt at average rates and banking covenant leverage

##### Closest equivalent statutory measure

Cash and cash equivalents less interest-bearing loans and borrowings

##### Reconciling items to statutory measure

Impact of foreign exchange

##### Definition and purpose

Net debt (as above) is presented in the Balance Sheet translated at year end exchange rates.

For bank covenant testing purposes net debt is converted using average exchange rates for the previous 12 months.

Banking covenant leverage is calculated as the bank covenant definition of net debt divided by adjusted EBITDA for banking covenant leverage purposes.

This measure is used for bank covenant testing.

	31 December 2025 £m	31 December 2024 £m
<b>Bank covenant definition of net debt at average rates and banking covenant leverage</b>		
Net debt at closing rates (note 12)	1,407	1,321
Impact of foreign exchange	22	(16)
<b>Bank covenant definition of net debt at average rates</b>	<b>1,429</b>	<b>1,305</b>
<b>Banking covenant leverage</b>	<b>1.9x</b>	<b>2.1x</b>

#### APM

##### Leverage

##### Closest equivalent statutory measure

None

NONE

**Reconciling items to statutory measure**

None

**Definition and purpose**

Leverage is calculated as the bank covenant definition of net debt at average rates (as above) divided by adjusted EBITDA.

This measure is used by external stakeholders to assess the financial stability of the Group.

	31 December 2025 £m	31 December 2024 £m
Leverage	1.8x	1.9x

## Cash Flow measures

**APM**

Adjusted operating cash flow (pre-capex)

**Closest equivalent statutory measure**

Net cash from/(used in) operating activities

**Reconciling items to statutory measure**

Non-working capital items (note 12) and the payment of principal under lease obligations

**Definition and purpose**

Adjusted operating cash flow (pre-capex) is calculated as net cash from operating activities before restructuring costs paid and movements in provisions, defined benefit pension contributions paid, tax paid, interest paid on loans and borrowings, interest paid on lease obligations, acquisition and disposal costs, divisional management incentive scheme related payments, Melrose equity-settled compensation scheme related payments and the payment of principal under lease obligations.

This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Adjusted operating cash flow (pre-capex)		
Net cash from/(used in) operating activities	214	(121)
<b>Operating activities:</b>		
Restructuring costs paid and movements in provisions <sup>(4)</sup>	42	112
Defined benefit pension contributions paid	22	20
Tax paid	12	10
Interest paid on loans and borrowings	103	84
Interest paid on lease obligations	12	6
Acquisition and disposal costs	-	1
Divisional management incentive scheme related payments	7	20
Melrose equity-settled compensation scheme related payments	3	198
<b>Debt related:</b>		
Payment of principal under lease obligations	(31)	(32)
<b>Adjusted operating cash flow (pre-capex)</b>	<b>384</b>	<b>298</b>

**APM**

Free cash flow

**Closest equivalent statutory measure**

Net increase in cash and cash equivalents (net of bank overdrafts)

**Reconciling items to statutory measure**

Acquisition and disposal related cash flows, dividends paid to owners of the parent, transactions in own shares, payments made in respect of equity-settled compensation schemes and movements on borrowing facilities

**Definition and purpose**

Free cash flow represents cash generated after all trading costs including restructuring, pension contributions, tax and interest payments.

This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
Free cash flow		
Net increase in cash and cash equivalents (net of bank overdrafts)	74	30
<b>Debt related:</b>		
Repayment of borrowings	-	10
Drawings on borrowing facilities	(229)	(767)
Costs of raising debt finance	1	3
<b>Equity related:</b>		
Dividends paid to owners of the parent	82	72
Purchase of own shares, including associated costs	173	431
Melrose equity-settled compensation scheme related payments	3	198
<b>Acquisition and disposal related:</b>		
Disposal of businesses, net of cash disposed	20	(55)
Acquisition of subsidiaries, net of cash acquired	5	-
Equity accounted investment additions	-	3
Disposal of investments	(9)	-
Acquisition and disposal costs	-	1
Other	5	-
<b>Free cash flow</b>	<b>125</b>	<b>(74)</b>

**APM**

Free cash flow pre-interest and tax

**Closest equivalent statutory measure**

Net increase in cash and cash equivalents (net of bank overdrafts)

**Reconciling items to statutory measure**

Free cash flow, as defined above, adjusted for interest and tax cash flows

**Definition and purpose**

Free cash flow pre-interest and tax represents free cash flow adjusted for interest and tax.

This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.

	Year ended 31 December 2025 £m	Year ended 31 December 2024 £m
<b>Free cash flow pre-interest and tax</b>		
Free cash flow	125	(74)
Tax paid	12	10
Interest paid on loans and borrowings	103	84
Interest paid on lease obligations	12	6
Interest received	-	(3)
<b>Free cash flow pre-interest and tax</b>	<b>252</b>	<b>23</b>

**APM**

Capital expenditure (capex)

**Closest equivalent statutory measure**

None

**Reconciling items to statutory measure**

Not applicable

**Definition and purpose**

Calculated as the purchase of owned property, plant and equipment and computer software and expenditure on capitalised development costs during the year, excluding any assets acquired as part of a business combination.

**APM**

Capital expenditure to depreciation ratio

**Closest equivalent statutory measure**

None

**Reconciling items to statutory measure**

Not applicable

**Definition and purpose**

Capital expenditure divided by depreciation of owned property, plant and equipment and amortisation of computer software and development costs.

**APM**

Dividend per share

**Closest equivalent statutory measure**

Dividend per share

**Reconciling items to statutory measure**

Not applicable

**Definition and purpose**

Amounts payable by way of dividends in terms of pence per share.

- (1) Operating profit/(loss) is not defined within IFRS but is a widely accepted profit measure being profit/(loss) before finance costs, finance income and tax.
- (2) Operating margin is not defined within IFRS but is a widely accepted profit measure being derived from operating profit/(loss)<sup>(1)</sup> divided by revenue.
- (3) Included within other adjustments required for banking covenant leverage purposes in the year ended 31 December 2025 are unrealised annual savings from spend incurred in the year on restructuring projects of £nil (2024: £5 million) of set by the elimination of EBITDA from sites disposed in the year of £nil (2024: £20 million).
- (4) Excludes non-cash utilisation of loss-making contract provisions of £11 million (2024: £23 million).

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