

COHORT PLC

THE INDEPENDENT TECHNOLOGY GROUP

Investor Presentation

Andrew Thomis, Chief Executive &
Simon Walther, Finance Director

1 February 2023



INVESTMENT CASE

Strong Business Model

Consistent Dividend Track Record

Access to Attractive Growth Markets

Financial Strength

Continued Organic and Acquisitive Growth

Visibility of Future Earnings Provided by Substantial Order Pipeline

OVERVIEW

- Founded in 2006, by Nick Prest (current Chairman), Stanley Carter and Andy Thomis
- Listed on London Stock Exchange AIM
- Six independent, innovative, agile and responsive businesses
- Providing services and products in defence, security and related markets
- Over 1,000 permanent employees: engineers, mathematicians and scientists

**Group revenue of
£137.8m***

**Adjusted operating
profit £15.5m***

**Market capitalisation
~£215m (as at 24.01.23)**

*FY ending 31/04/22

COHORT SUBSIDIARIES



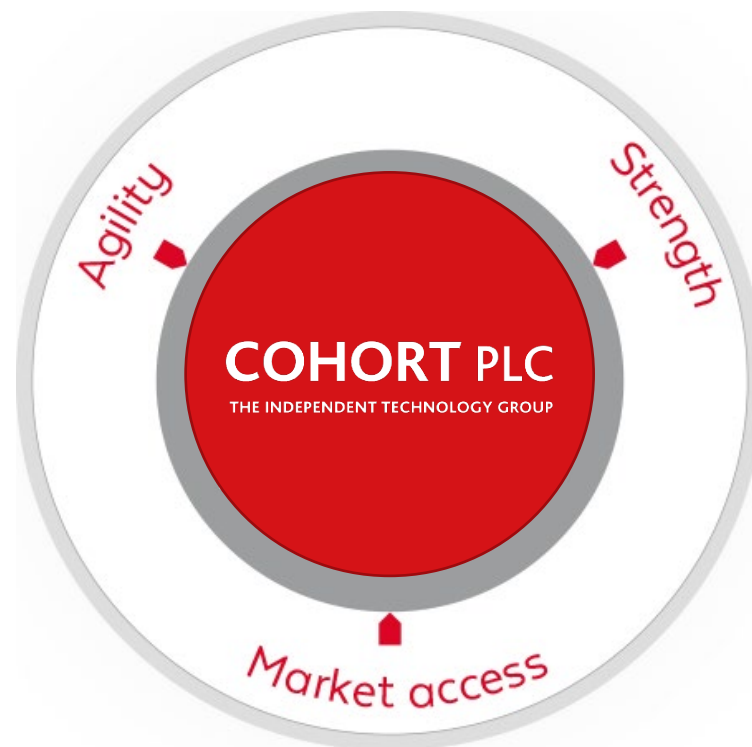
Applying advanced technology
to protect and secure



STRONG BUSINESS MODEL

Being part of the Cohort Group brings significant advantages to our subsidiary businesses and their customers, compared with operating independently

- **Operational autonomy**
- **Streamlined decision-making**



- **Strong balance sheet**
- **Inter-group Collaboration**

- **Deep experience and close relationships in defence and security**

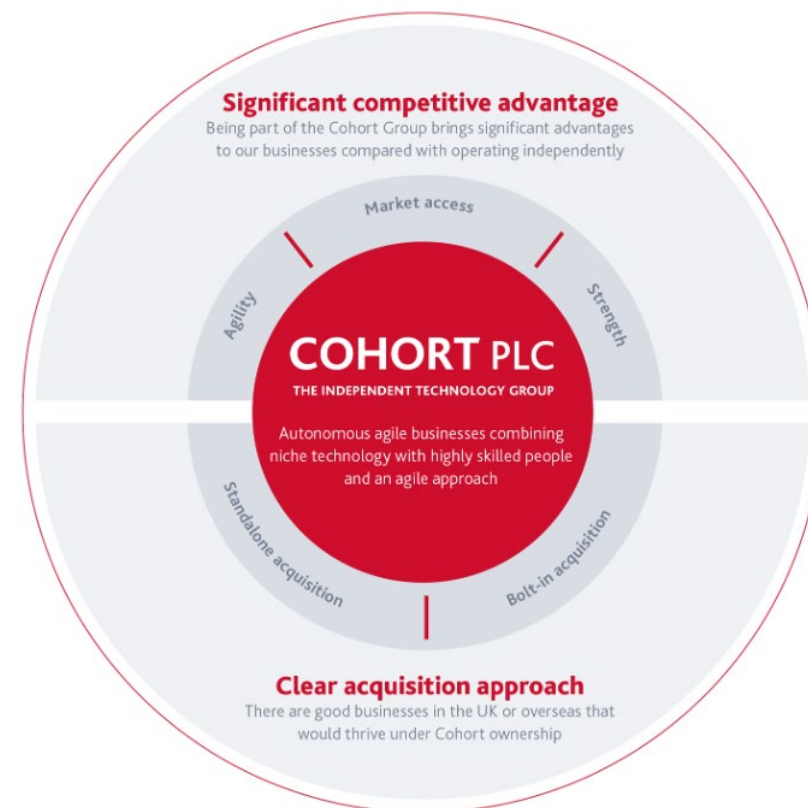
A CLEAR STRATEGY FOR GROWTH



ACQUISITION STRATEGY

Increase the profitability of the Group and access new markets through selective acquisitions

- Delivered through:
 - Proactive engagement with businesses that can add value to the Group.
 - Creativity and flexibility in structuring transactions to bridge value gaps.
- What we did in 2021/22:
 - Joint venture JSK, in Canada, fully acquired by SEA.
 - Reviewed numerous acquisition opportunities.
- Our priorities for 2022/23:
 - Completion of acquisition of minority interest in Chess.
 - Continue to seek value adding acquisitions with strong market positions in relevant sectors.



ORGANIC GROWTH

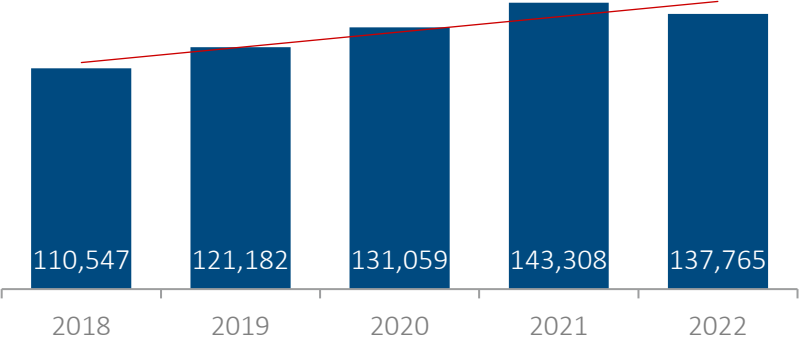
Consistently grow profits and cash generation organically through our subsidiaries



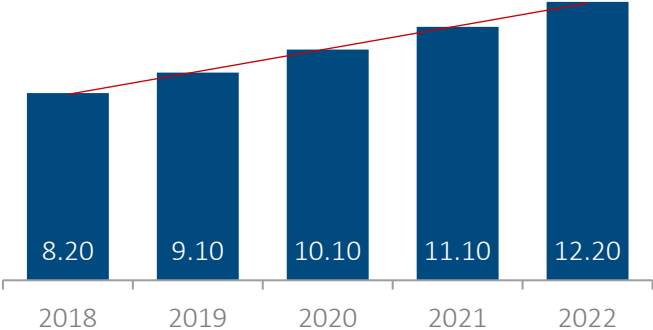
- Delivered through:
 - Focus on developing long-term customer partnerships
 - Identifying and pursuing growth opportunities in new and existing markets
- What we did in 2021/22:
 - Record closing order book and improved visibility at Chess, MCL and SEA
 - New leadership making good progress at SEA and EID
- Our priorities for 2022/3:
 - Continue to improve long-term order book in all subsidiaries.
 - Seek opportunities from increased focus on defence, especially in NATO.

FIVE-YEAR RECORD

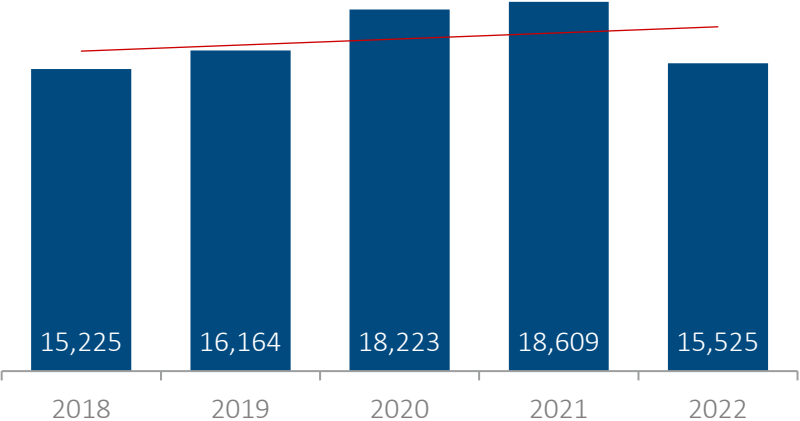
Revenue (£'000)



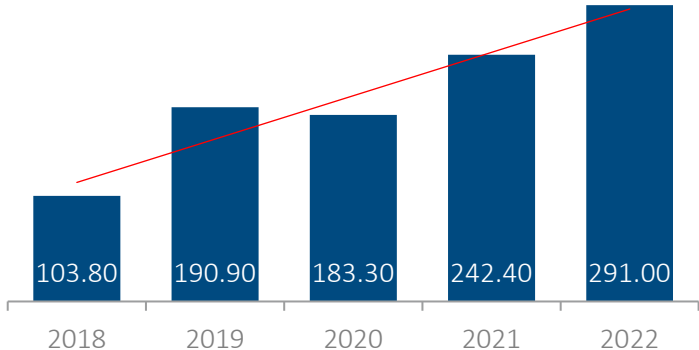
Dividend per share (pence)



Adjusted Operating Profit (£'000)



Order Book (£m)



CONSENSUS FORECASTS

	FY23e	FY24e
Revenue (£m)	164.6	175.5
PBT (£m)	17.7	19.7
EPS (pence)	34.5	36.2
DPS (pence)	13.3	14.6
Net cash/ (debt)	4.7	8.9

**Cohort compiled forecasts from 4 covering analysts. Correct as at 25 January 2023*

FINANCIAL HIGHLIGHTS

Increased revenue & operating profit

Revenue	Adjusted operating profit	Adjusted EPS
£77.5m	£5.0m	10.12p
29% (2021: £60m)	194% (2021: £1.7m)	233% (2021: 3.04p)

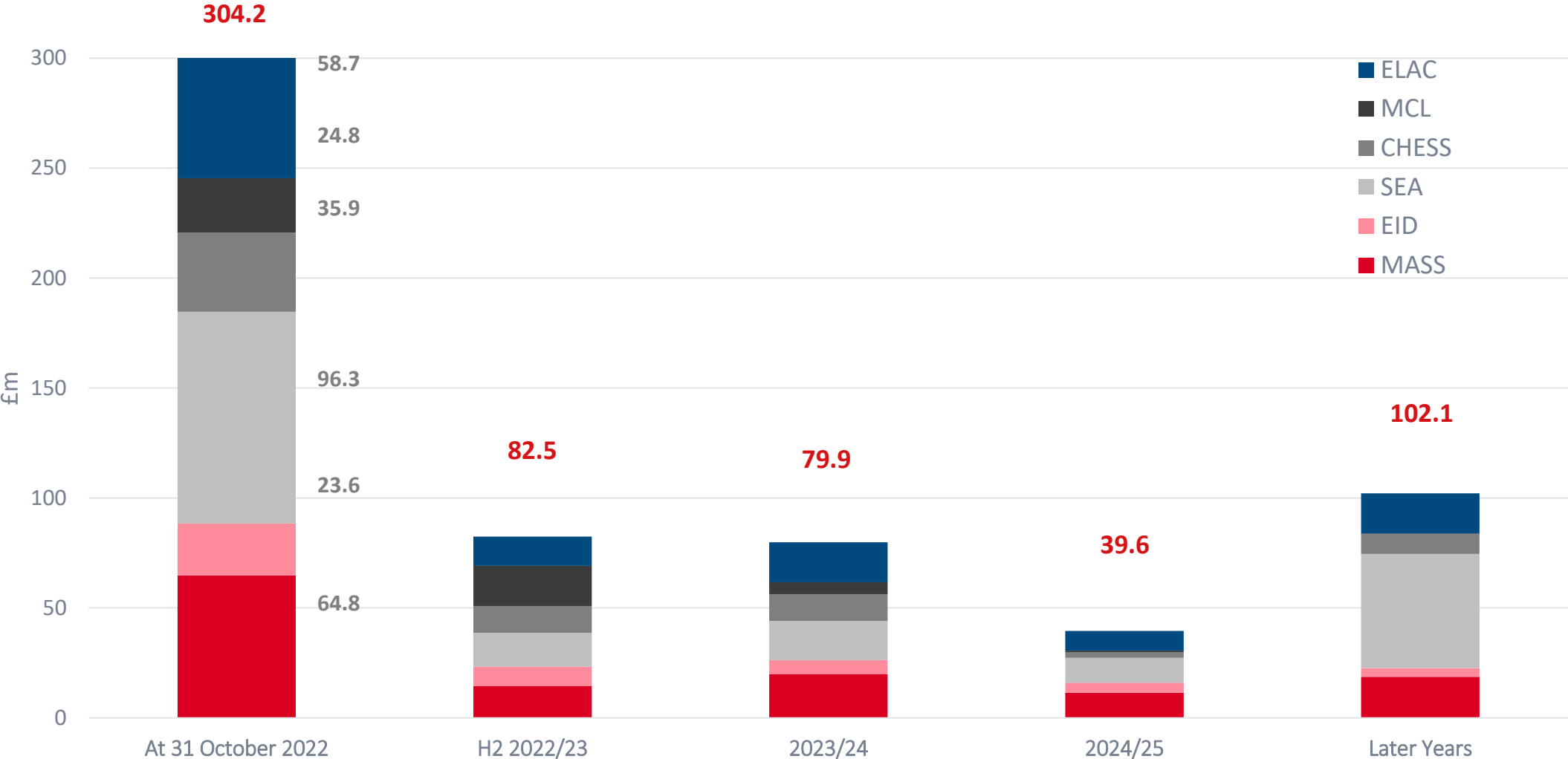
Record order book out to 2032 & strong revenue cover

Order book	Order intake	FY22/23 revenue cover
£304.2m	£88.6m	95%
(30/4/21: £291.0m)	(2021: £105.3m)	(2021: 89%)

Dividend increased

Dividend growth	Interim dividend	Net debt
10%	4.25p	-£0.6m
(2021/22: 10%)	(H1 22 3.85p)	(30/4/21: +£6.1m)

ORDER BOOK AND VISIBILITY



POSITIVE MEDIUM-TERM OUTLOOK FOR GROWTH

Big Picture

- Continuing geopolitical situation in Europe
- International tensions in Asia-Pacific region

Domestic markets

- UK defence and security mini-spending review expected Q1 2023
- Increased opportunities in Portugal
- Growing orders from German domestic market

Export markets

- Other NATO countries
- Asia and Australasia

INVESTMENT SUMMARY


Experienced leadership teams with core capabilities in defence and security

Strong balance sheet with robust funding

Track record of growing acquired businesses

Dividend increased every year since IPO in 2006

Record order book out to 2032 reflects positive market outlook



*Exciting long-term future as a
major independent defence
technology group offering
world-class systems to domestic
and export customers alike*

COHORT PLC
THE INDEPENDENT TECHNOLOGY GROUP

APPENDIX



SHAREHOLDER INFORMATION

As at December 2022:

Percentage of voting rights and issued share capital above 3%

S Carter	21.92
Schroder Investment Management	11.98
Liontrust Asset Management	11.55
Canaccord Genuity Wealth Management	10.39
N Prest CBE	4.33
Herald Investment Management	3.27
Unicorn Asset Management	3.25
Andy Thomis	0.56
Simon Walther	0.53



Chess Dynamics is an innovative, well-respected surveillance, tracking and gunfire control specialist for military and commercial customers. Incorporating Vision4ce Software for surveillance, tracking & fire control systems hardware

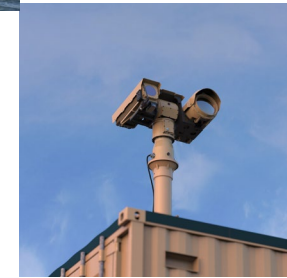
Chess's military customers include defence forces and prime contractors in the UK and overseas for the naval and land sectors.

Platforms:

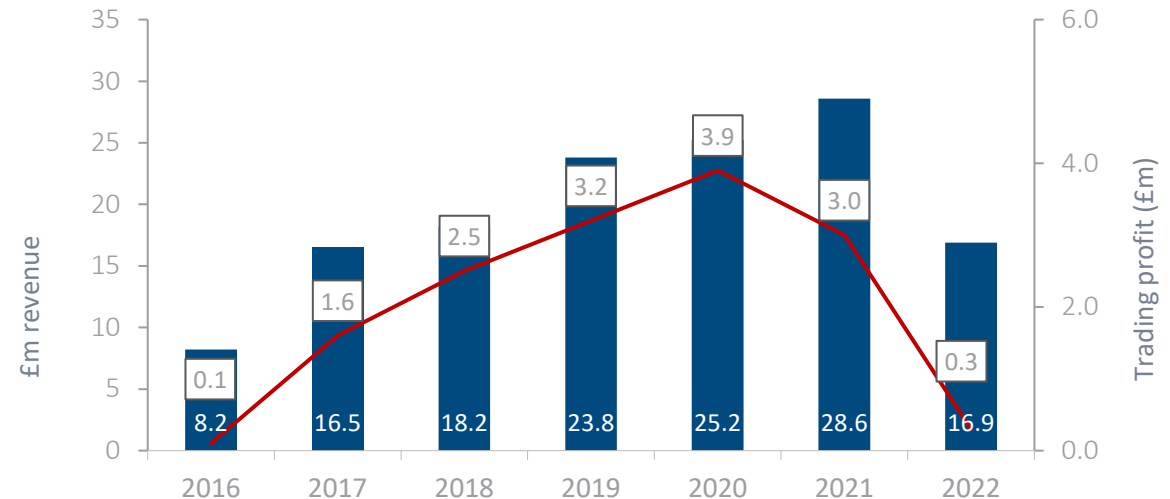
Fire control, surveillance & tracking systems

Counter UAV:

Counter UAV systems for military & civilian applications

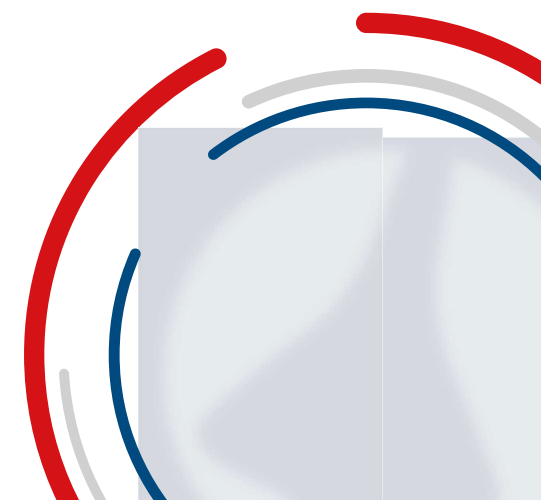


Trading History
(Under Cohort – 5 months ended 30 April 2019)



	H1 23	H1 22
Revenue (£m)	19.1	5.9
Operating profit (£m)	0.3	(2.7)
Operating margin	1.6%	(45.8%)

- Stronger first half, but weaker mix of revenue
- Improved cash performance
- Management team making significant improvements
- Stronger revenue and improved profit expected for full year





EID is a Portuguese high-tech company with over 35 years' experience and deep know-how in the increasingly critical fields of electronic tactical and naval communications, command and control (3C) equipment.

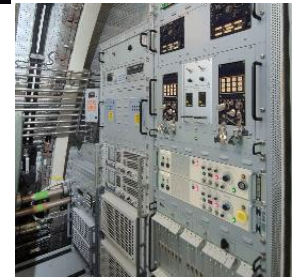
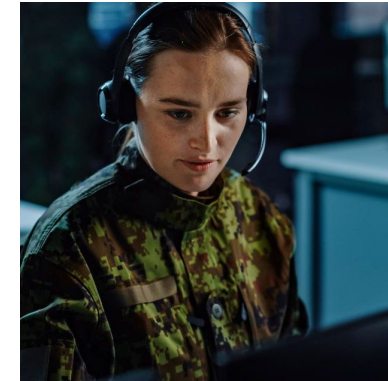
The company's focus is the design, manufacture, delivery and support of advanced high-performance 3C equipment for the global defence markets.

Tactical Communications:

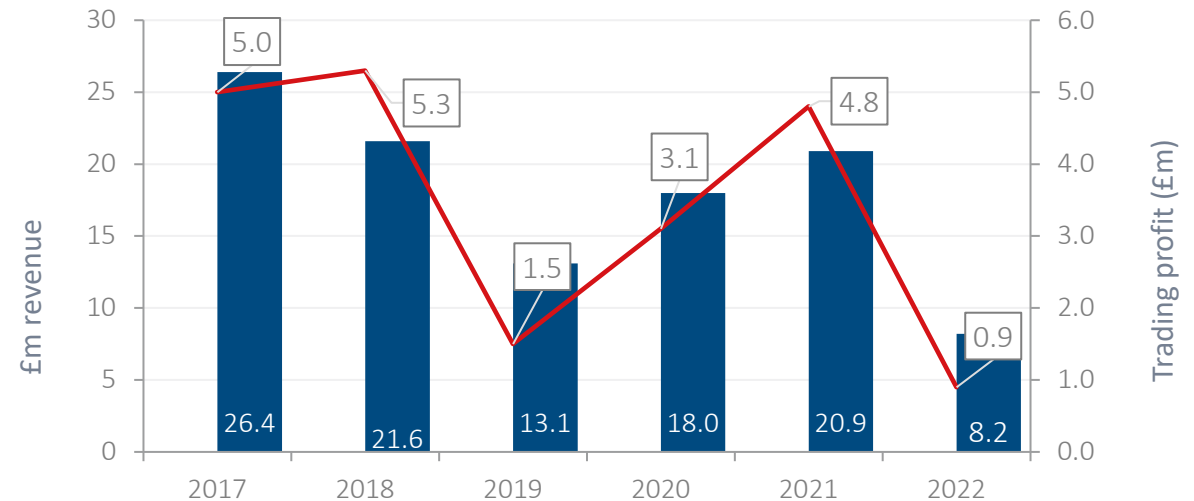
Tactical Communication Products, Systems and Networks including Vehicular Intercoms, Personal Radios and Field Communications for military operations

Naval Communications:

Fully Integrated Information and Communications Systems for warships



Trading History



	H1 23	H1 22
Revenue (£m)	2.0	2.6
Operating profit (£m)	(0.9)	(0.5)
Operating margin	(45.0%)	(19.2%)

- Disappointing first half
- Key order from Portuguese Navy further delayed - expected in 2023
- Closing order book underpins £13m of H2 2022/23 revenue
- Not expected to recover until 2023/24

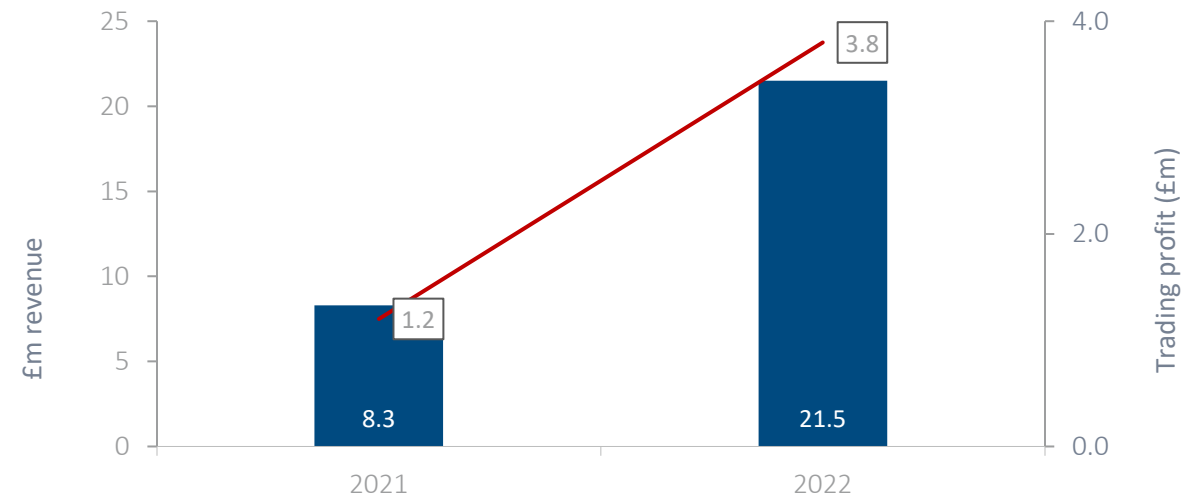


ELAC SONAR is an innovative German company supplying global navies with advanced sonar systems and underwater communications, located in Kiel Germany.

It works with navies, system integrators and shipyards to supply mission critical hydro-acoustic naval sensors - from fully-fledged submarine combat sonars, anti-submarine warfare sonars and submarine rescue sonars to digital underwater communications and measurement systems, offering flexibility through open architectures.



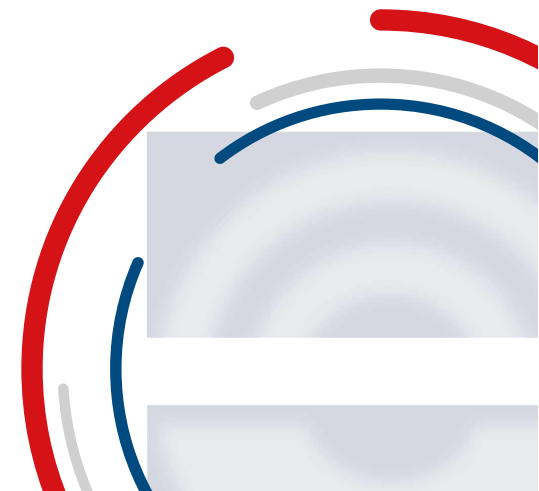
Trading History Under Cohort



* Five months only

	H1 23	H1 22
Revenue (£m)	8.9	10.7
Operating profit (£m)	0.9	1.5
Operating margin	10.1%	14.0%

- Weaker mix first half
- Some delays in Government export approvals, expected to ease 2023
- Order coverage >90% for 2022/23
- H1 2022/23 saw conclusion of adjustment mechanism from Wartsila of £0.4m profit
- Overall performance for year will be behind 2021/22



MASS is a global technology company, trusted by the most secure organisations to provide advanced, cyber hardened digital services centred around data, information and knowledge.

MASS has built its reputation through decades in defence, providing training, electronic warfare and cyber security services for governments to keep their confidential information safe. It now offers its data management and protection solutions to other sectors where data security expertise is crucial.

Electronic Warfare Operational Support (EWOS)

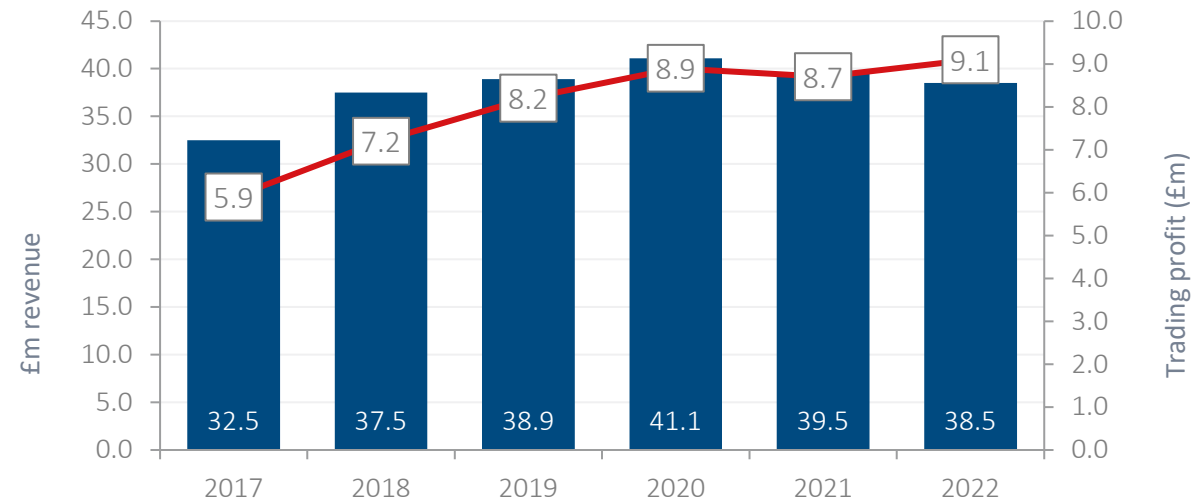
Strategic Systems

Digital Services

Training Support

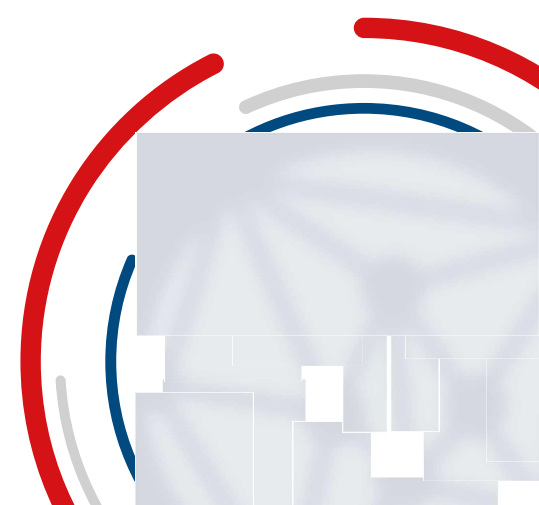


Trading History



	H1 23	H1 22
Revenue (£m)	17.3	19.1
Operating profit (£m)	4.0	3.7
Operating margin	23.1%	19.4%

- Improved operating profit from stronger mix of work, despite fall in revenue
- Delivery constraints from Covid-19 and redeployment of customer budgets due to geo-political situation
- Well positioned to take advantage of medium term opportunities for EW
- Expect stronger second half and overall performance in line with last year



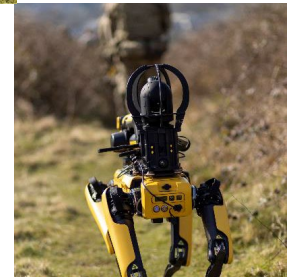
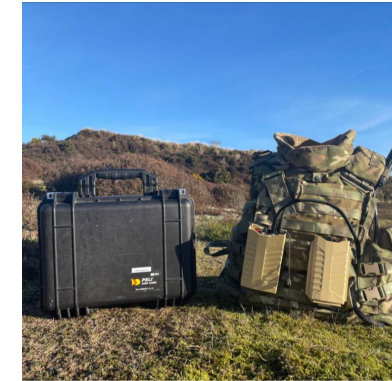


A COHORT PLC COMPANY

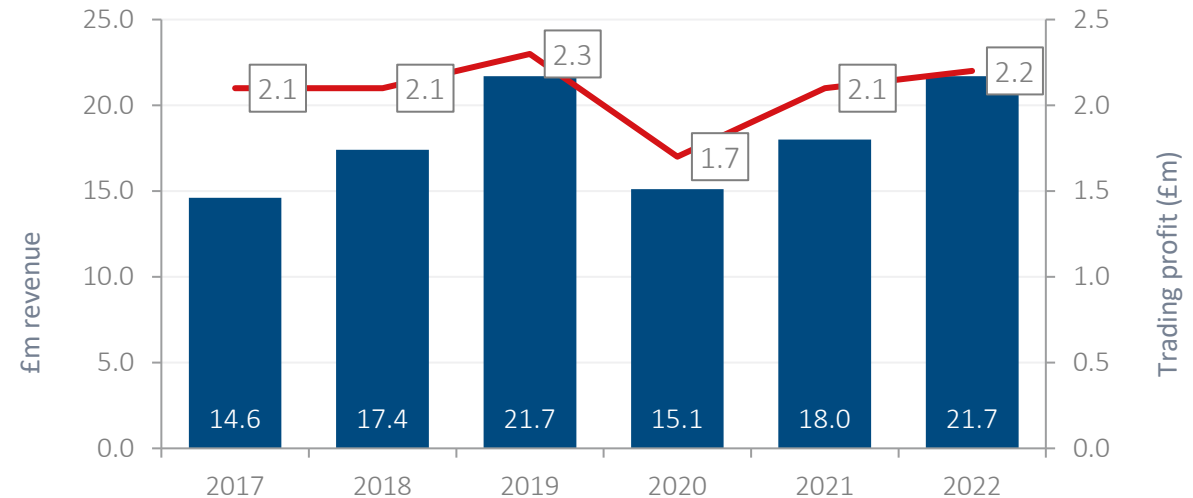
Marlborough Communications Limited (MCL) is a leading supplier of advanced electronic communications, information systems and signals intelligence technology to the defence and security sectors.

The company has over 40 years' experience in supporting the UK's ISTAR programmes including signals intelligence, electronic warfare, UGV and UAV technologies.

- Electronic Warfare
- Communications
- Surveillance and UAVs

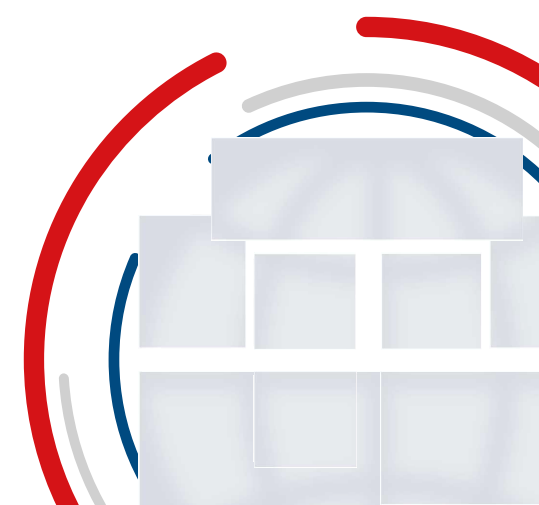


Trading History



	H1 23	H1 22
Revenue (£m)	13.8	7.9
Operating profit (£m)	2.2	0.5
Operating margin	15.9%	6.3%

- Very strong H1
- Greater activity in supplying equipment to UK MOD
- Record order book of £24.8m and good pipeline of opportunities
- High tempo of activity with UK MOD continues
- Working on securing significant contracts with Royal Navy



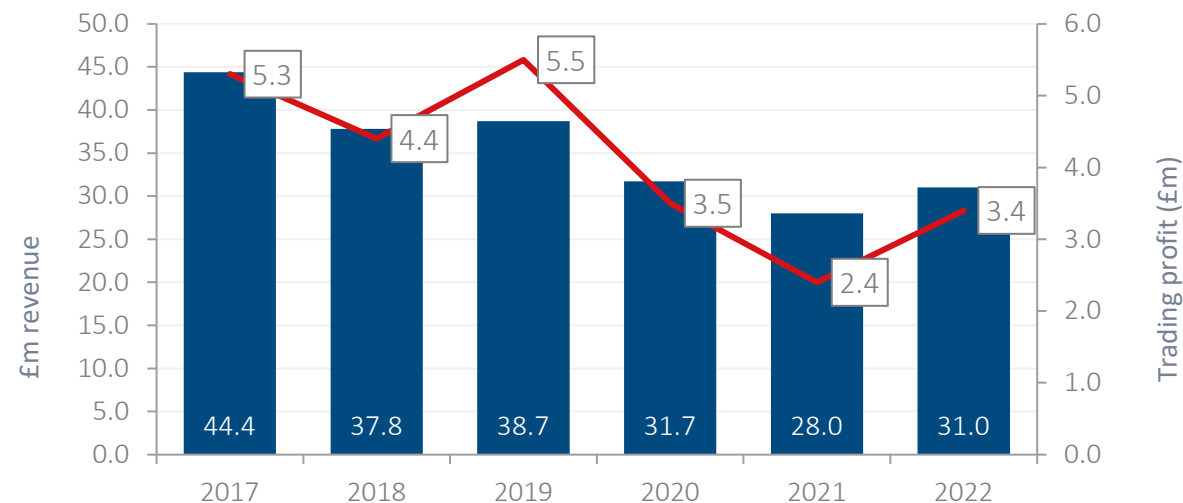
SEA delivers products and services into the defence and transport markets, alongside performing specialist research and providing services including training and product support.

SEA's engineering capabilities cover a wide range of maritime mission systems requirements including communications, ship and fleet protection via torpedo and decoy launching systems and anti-submarine warfare systems including towed-array sonar systems, infrastructure and training, for UK and export customers.

SEA also carries out technology research on behalf of the UK MOD into future maritime and soldier systems

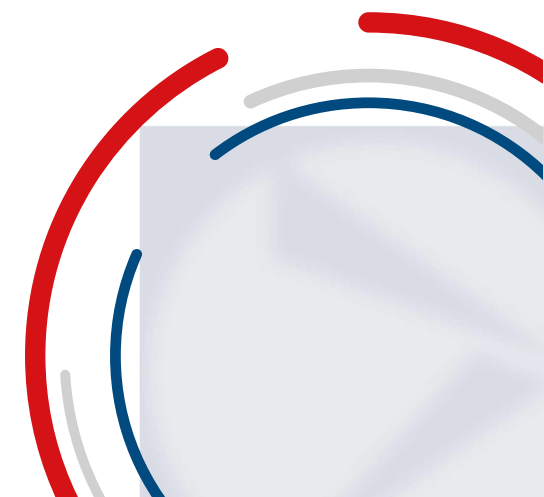


Trading history



	H1 23	H1 22
Revenue (£m)	16.4	13.9
Operating profit (£m)	1.2	1.2
Operating margin	7.3%	8.6%

- Very strong order intake including key five-year order from UK Royal Navy
- Pipeline from domestic and export remains robust
- Expect stronger second half and delivering full year performance ahead of 2021/22



THANK YOU

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