

A man in a white shirt is leaning over a table, working on a network cable. He is using a pair of pliers to strip the outer jacket of the cable. The background is a server room with rows of server racks.

COHORT PLC

THE INDEPENDENT TECHNOLOGY GROUP

**Delivering trusted and valued
technology innovation that
protects us all.**

Results for the year ended 30 April 2024

Andrew Thomis and Simon Walther

17 July 2024

Group: Financial Highlights



Strong growth in revenue and profit, exceeding expectations

REVENUE
£202.5m

+11%

(2023: £182.7m)

ADJUSTED OPERATING PROFIT

£21.1m

+11%

(2023: £19.1m)

ADJUSTED EPS

42.89p

+18%

(2023: 36.48p)



Record closing order book, visibility out to 2037, more to come in pipeline

ORDER INTAKE
£392.1m

(2023: £220.9m)

ORDER BOOK

£518.7m

(30 Apr 23: £329.1m)

REVENUE COVER

>90%

(2023: 80%)



Robust net funds and operating cash, increased dividend

OPERATING CASH FLOW
+£22.2m

(2023 : +£16.3m)

NET FUNDS

£23.1m

(30 Apr 23: £15.6m)

TOTAL DIVIDEND

+10%

14.80p

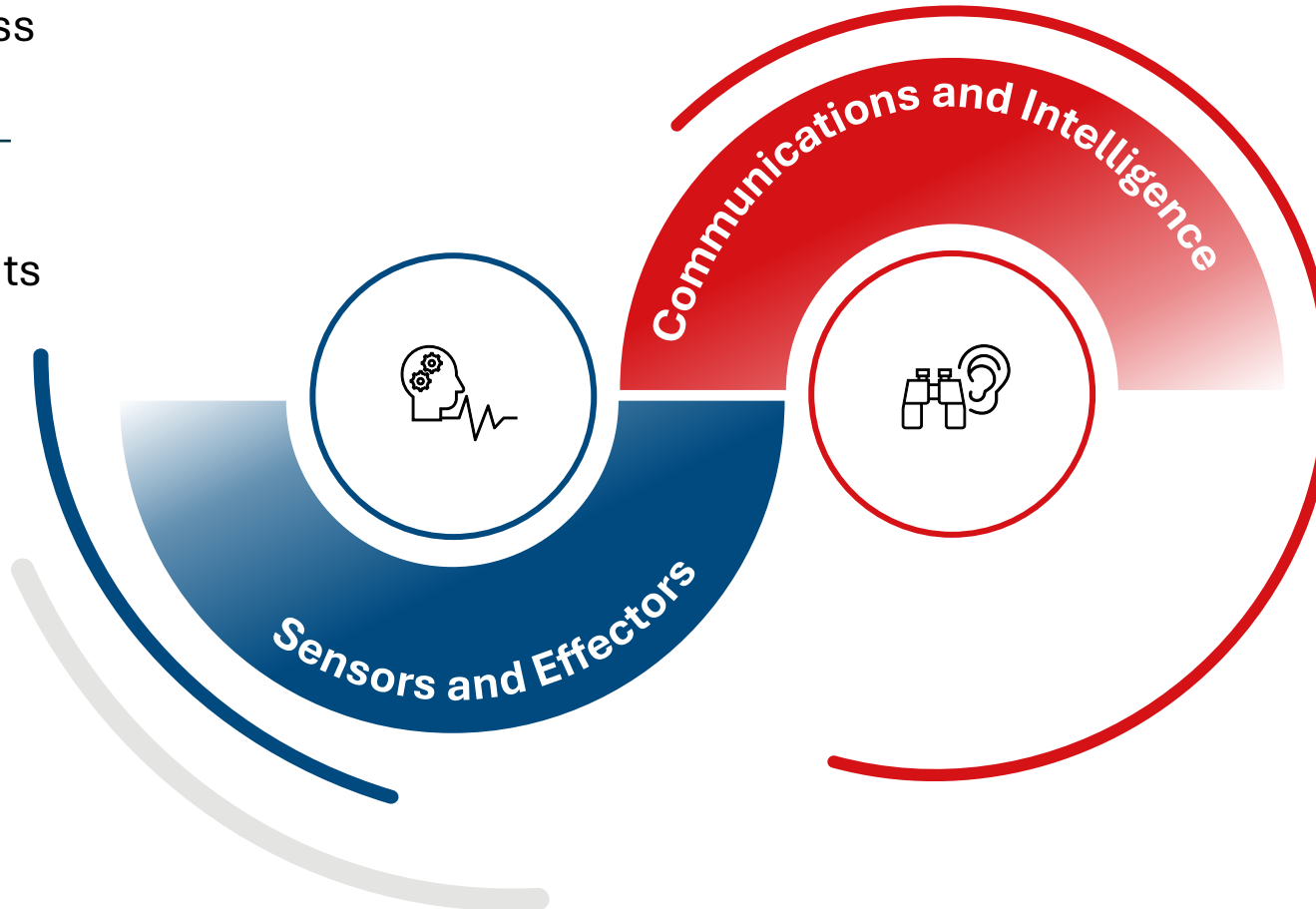
Operational Highlights

Robust growth at Sensors and Effectors. Communications and Intelligence slightly behind last year.

Demand strong for Chess and SEA products

Positive results from the operational improvements at Chess

Italian sonar passed CDR and into production

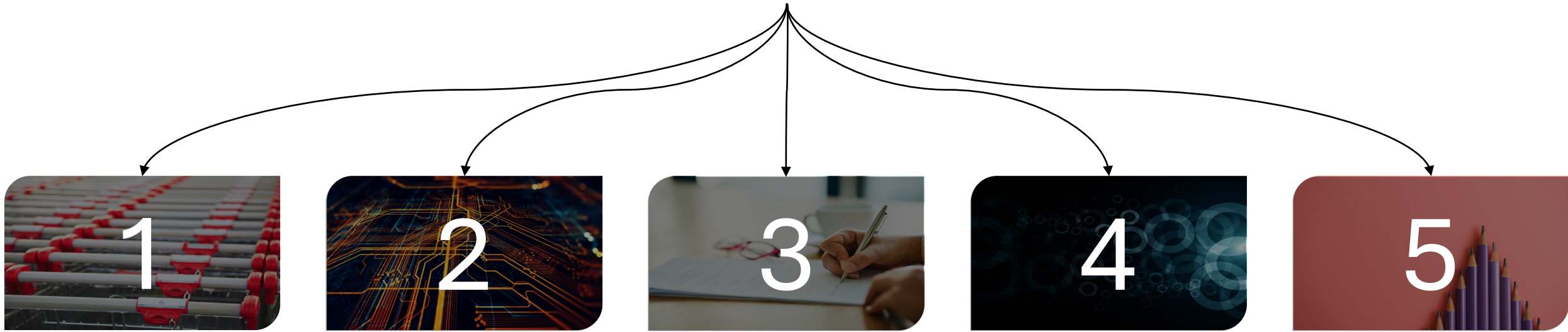


Progress towards significant orders finally achieved at EID

MCL back to a more normal performance level after exceptional 22/23

ITS acquired

Strategic Position Further Improved



Robust demand picture.

Investing in technology for growth – R&D expenditure up 26%.

Record order book and increased longevity.

Encouraging start to 2024/25, growth expectations maintained with upside from ITS.

Significant further progress targeted for 2025/26 and beyond.

Financial Review

Simon Walther, Finance Director



Income Statement

Year ended 30 April 2024

	2024		2023	Variance
	£m		£m	%
Revenue	202.5		182.7	11%
Gross profit	76.3	37.7%	65.0	35.6%
Overhead	(55.2)		(45.9)	
Adjusted operating profit	21.1		19.1	11%

- Record trading performance.
- As expected, gross margin improved.
- Increased overhead as growing order book drives higher headcount.
- Operating margin unchanged at 10.4%. Targeting gradual improvement over medium term.

Sensors and Effectors

	2023/24	2022/23
Revenue (£m)	119.6	96.5
Adjusted operating profit (£m)	12.8	9.3
Operating margin	10.7%	9.6%

- Higher division revenue driven by SEA, which also had record order intake.
- Improved operating profit was mostly due to Chess, with past difficulties resolved.
- ELAC secured the third shipset under the Italian sonar contract and has entered early production on shipset one.
- Order cover for 2024/25 is currently over 95%. Expect growth in 2024/25 and continued operating margin improvement.



CHES 

ELAC 
SONAR

SEA 

Communications and Intelligence

	2023/24	2022/23
Revenue (£m)	82.9	86.2
Adjusted operating profit (£m)	12.8	14.9
Operating margin	15.5%	17.3%

- MCL back to more normal performance after exceptional 2022/23.
- MASS delivered a stronger result than last year.
- EID faced delays and some slippage of work into 2024/25. Small loss but improved on last year.
- Growth expected in 2024/25 on strength of order book and recent contracts with over 95% of revenue now on-contract.



Progress on ELAC SONAR's New Facility in Kiel, Germany

December 2023

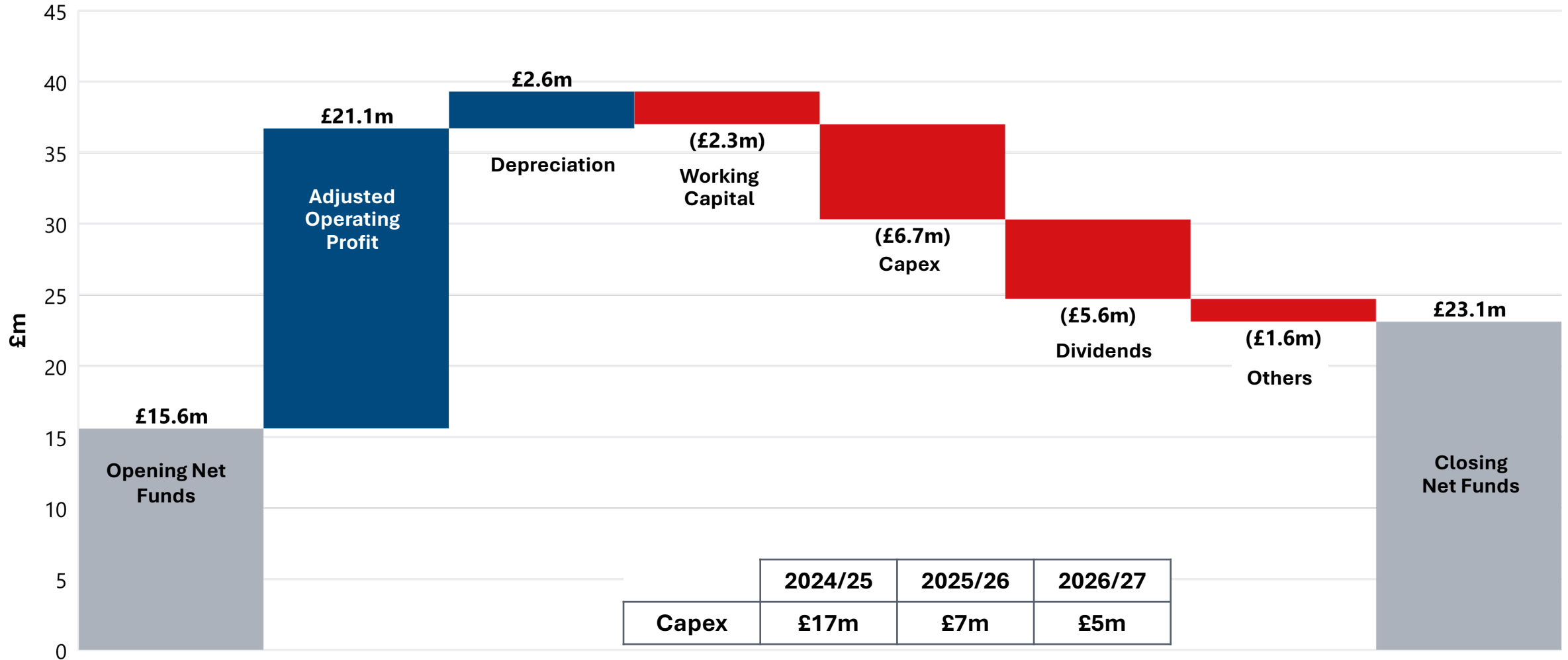


Progress on ELAC SONAR's New Facility in Kiel, Germany

July 2024



Net Funds Bridge 2023/24



Outlook

Andrew Thomis, Chief Executive



Robust Demand Picture

Big picture

- Continued conflict in Central/Eastern Europe
- SE Asia/Indo Pacific allies facing increased security challenge



Domestic markets

- UK remains our most important domestic market – even more so with Ancilia
- Germany valuable but modest in size for ELAC
- Strong recent order intake from Portugal



Export markets

- New and existing NATO members reacting to Ukraine crisis – air defence/counter-drone, reconnaissance, electronic warfare, communications
- Naval systems demand in Asia and Australasia

Investing In Technology For Growth

26% increase in research and development with spend now over £14.5m.

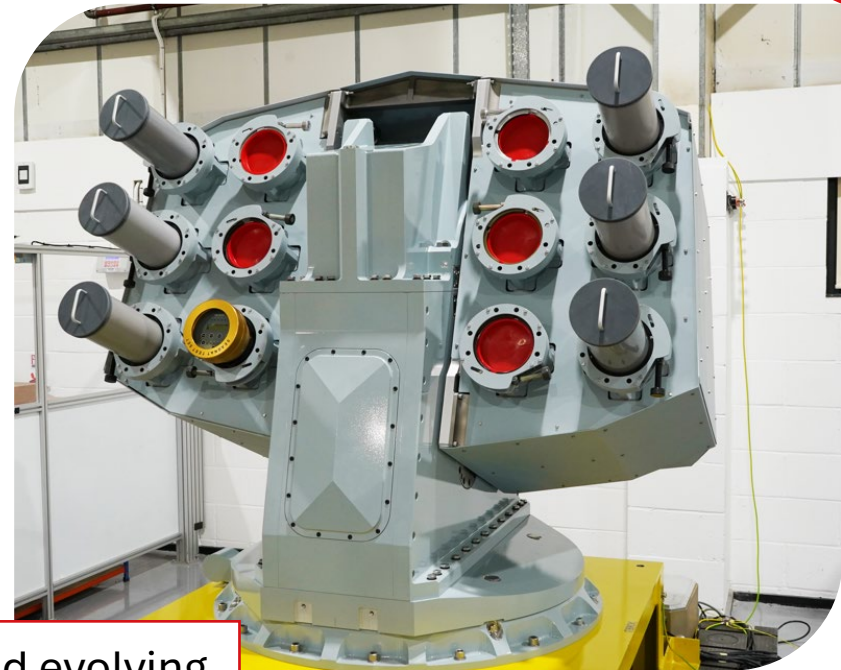
Countering drone threats

Battlefield surveillance and target tracking

Improved range and accuracy of submarine tracking

Sensors for uncrewed systems

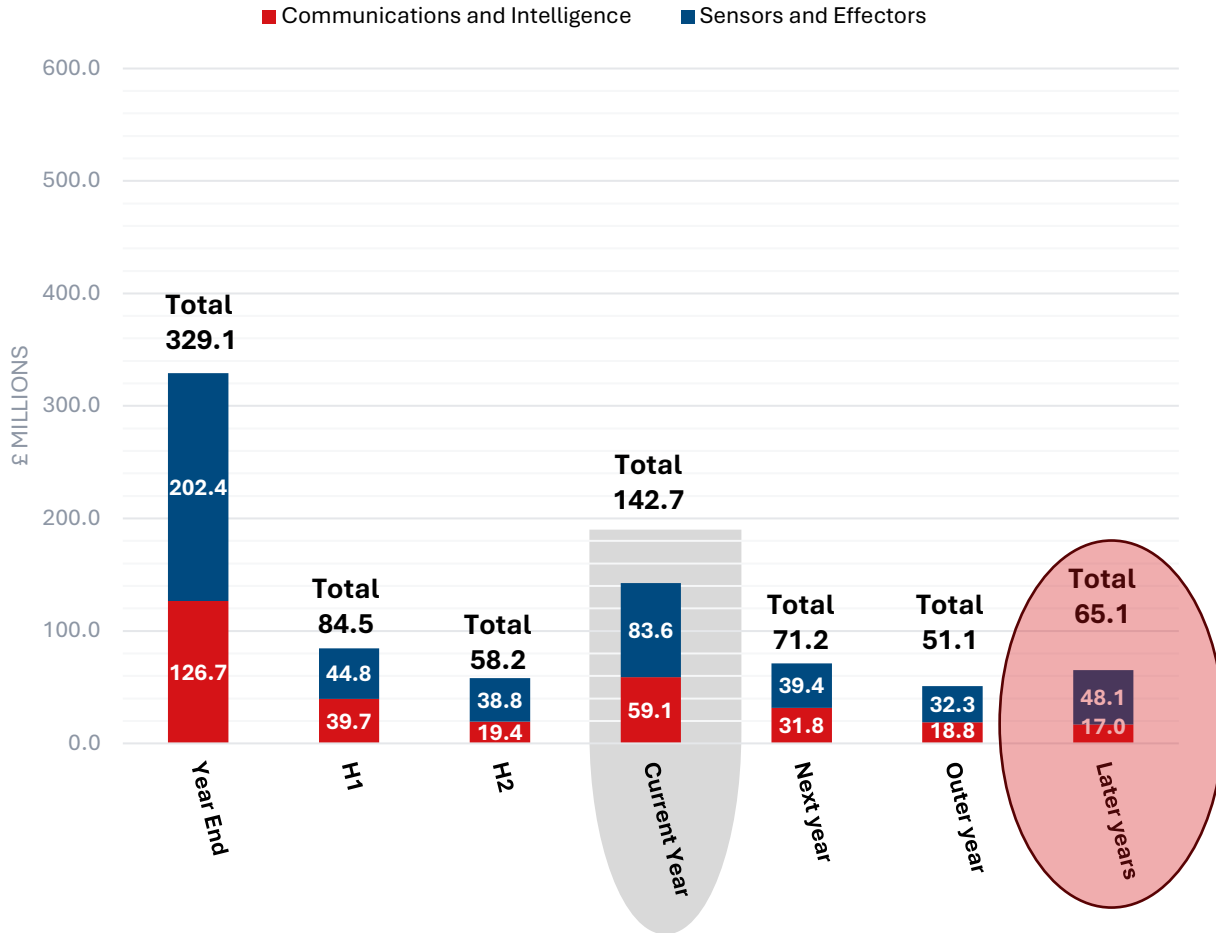
Enhancing naval vessel survivability



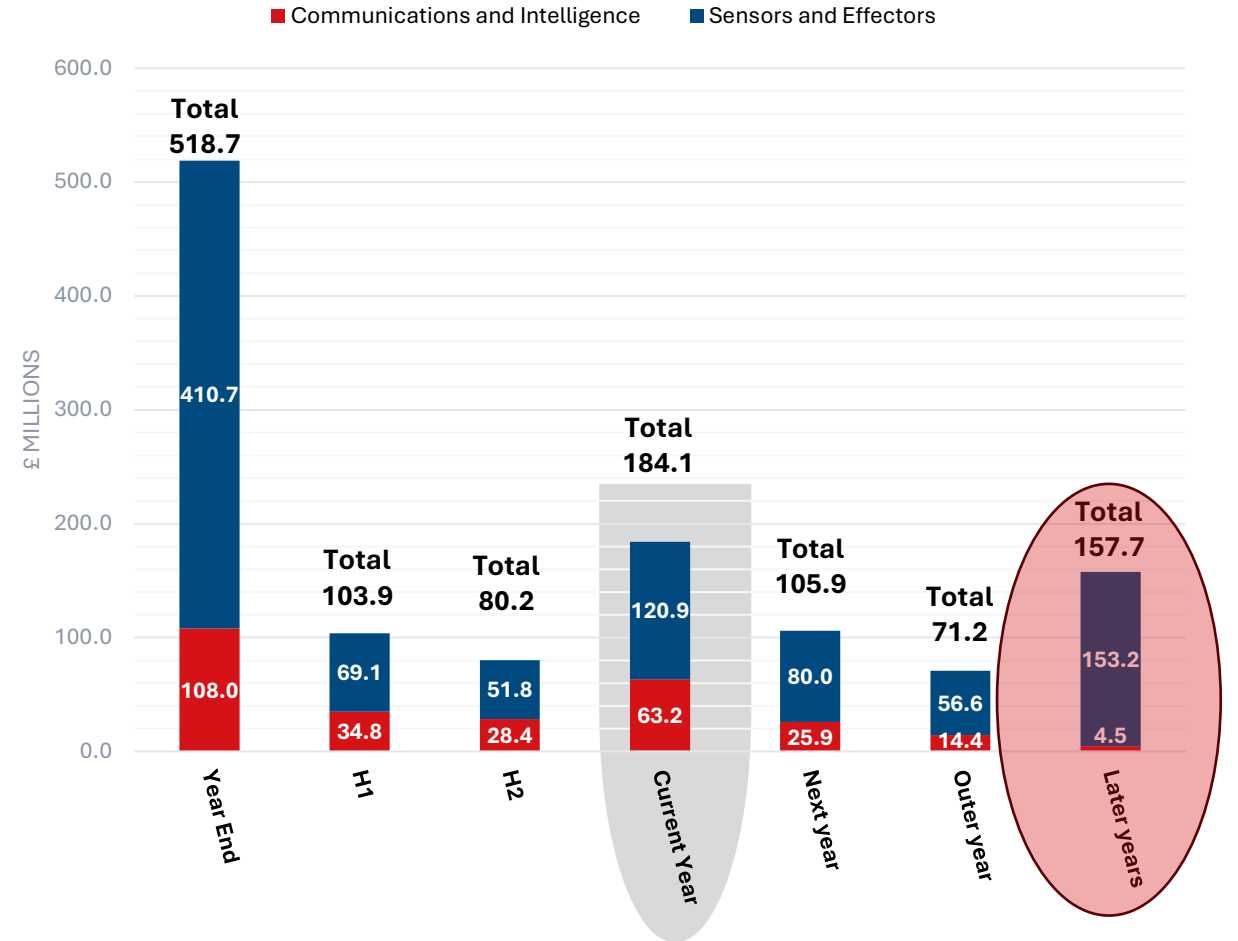
Well positioned to meet current and evolving customer requirements

Order Book Run-off Comparison

At 30 April 2023



At 30 April 2024



Good Underpinning for Coming Year

Order Book	30 April 2024 £m	To be delivered 2024/25 £m	30 April 2023 £m	Last year's to be delivered £m
Communications and Intelligence	108.0	63.2	126.7	59.1
Sensors and Effectors	410.7	120.9	202.4	83.6
	518.7	184.1	329.1	142.7

- Over £70m of new order wins since year end notably at MCL and EID.
- Order book at end June grown to over £560m.
- Over 95% of 2024/25 consensus revenue forecast now on order.
- Communications and Intelligence orders to be delivered in 2024/25 now stands at over £85m.

Summary and Outlook



Continued growth in revenue and profit



Record order book and strong pipeline of opportunities




Strong balance sheet for investing in product development, capacity and targeted acquisitions



Encouraging start to 2024/25 – growth expectations maintained with upside from ITS



Significant further progress targeted for 2025/26 and beyond



**Another step towards our exciting
long-term future as a major independent
UK defence technology group offering
world-class systems to domestic and
export customers alike**

Questions



Appendix



Cohort Business Model

Subsidiaries enjoy a significant degree of operational autonomy in order to develop their potential fully:

- ✓ Enables streamlined decision-making and focus on solving customer's immediate problems
- ✓ Provides competitive advantage over larger rivals where the decision-making process can be more extended
- ✓ Attractive model for high calibre employees

Group operates a light-touch but rigorous financial and strategic control regime:

- ✓ Cost-effective as avoids need for additional layers of management and a large HQ team



Being part of Cohort brings significant advantages compared to operating individually

Applying advanced technology to protect and secure

We create solutions to keep people safe. Acting with agility to find a better way, make smart decisions and meet customers' needs. Where independent subsidiaries are free to grow and deepen relationships with the support of a steady hand. Bringing the expertise of the Group to the ingenuity of our businesses.

To deliver purposeful innovation that protects us all.

Our Engagement Principles

We hold **innovation at our core**
We nurture **agile partnerships**
We commit to **mission critical effectiveness**

Our Values

We believe in **playing our part**
We believe in **being results driven**
We believe in **independent thinking**

Environment

We keep the environmental impact of our activities under review in order to improve resource efficiency and reduce waste. As part of our commitment to minimising the impact of its business operations on the environment we work with our suppliers, customers and communities to improve standards of environmental protection.

Society

We maintain strong relationships across all our stakeholder groups.

- Diversity & inclusion
- Leadership Development Programme
- STEM outreach activities
- Community & charitable engagement

Governance

We are committed to maintaining high standards of corporate governance and managing the Group in a flexible and effective manner.

- Business Ethics Policy
- Modern Slavery Statement
- Anti-bribery policy

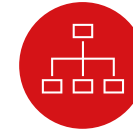
Acquisition Strategy

Continue to see opportunities to accelerate growth by making targeted acquisitions in the UK and overseas



Stand-alone acquisitions

- Likely to be operating in defence and security markets
- Ready to join a larger public group
- Growth potential and sustainable competitive advantage

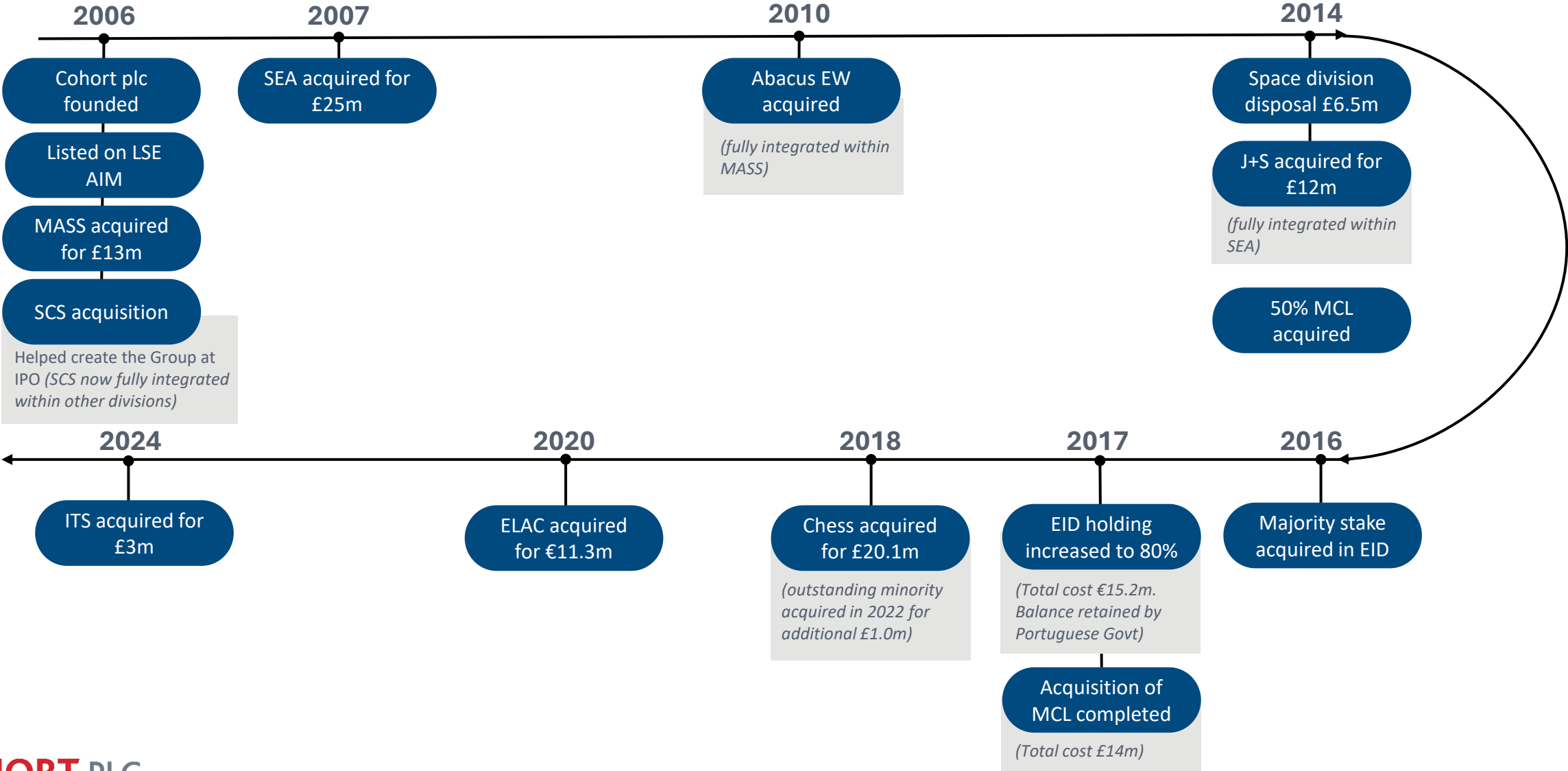


Bolt-in acquisitions

- To be integrated with an existing group business
- Closely-linked capabilities and/or customer relationships

Disciplined and cautious approach – experienced team

Corporate History



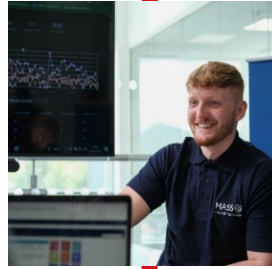
Divisional Breakdown

Communications and Intelligence



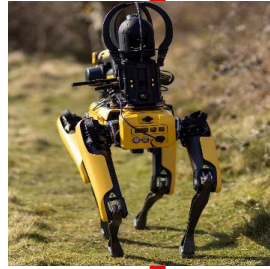
EID

Advanced communications systems for the defence and security markets



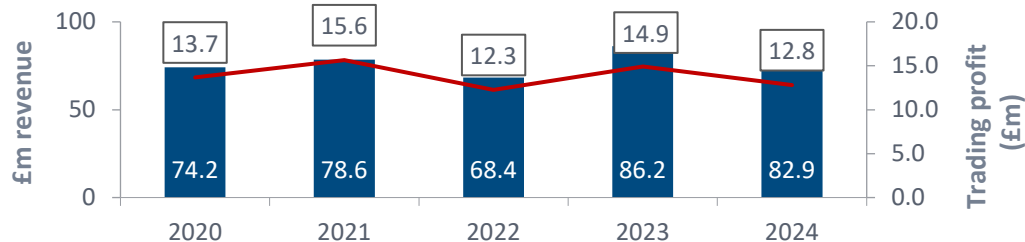
MASS

Advanced digital services that manage data and keep information safe



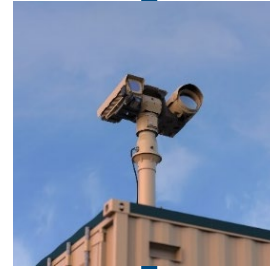
MCL

Designing, sourcing and supporting advanced electronic and surveillance technology



Trading History

Sensors and Effectors



CHES

Surveillance, fire control, and special projects for demanding environments.



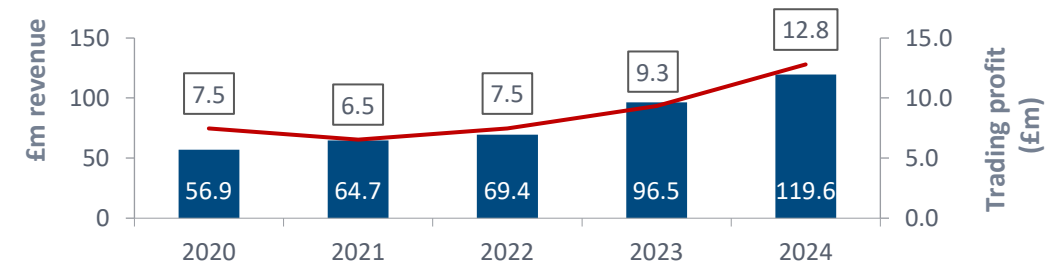
ELAC SONAR

Supplying global navies with innovative, advanced sonar systems and underwater communications



SEA

Advanced defence and transport management solutions for a safer, cleaner and more efficient world



Trading History

Net Cash Flow

Year ended 30 April 2024

	2024	2023
	£m	£m
Adjusted operating profit	21.1	19.1
Working capital	(2.3)	(7.1)
Depreciation and share based payments	3.8	3.9
Net funds inflow from operations	22.6	15.9
Acquisition of Chess minority	-	(1.0)
Capital expenditure	(6.7)	(5.2)
Net (purchase)/sale of own shares	(0.4)	0.5
Dividends	(5.6)	(5.1)
Other (including tax, interest and FX)	(2.4)	(0.5)
Net funds inflow	7.5	4.6
Opening net	15.6	11.0
Closing net funds	23.1	15.6

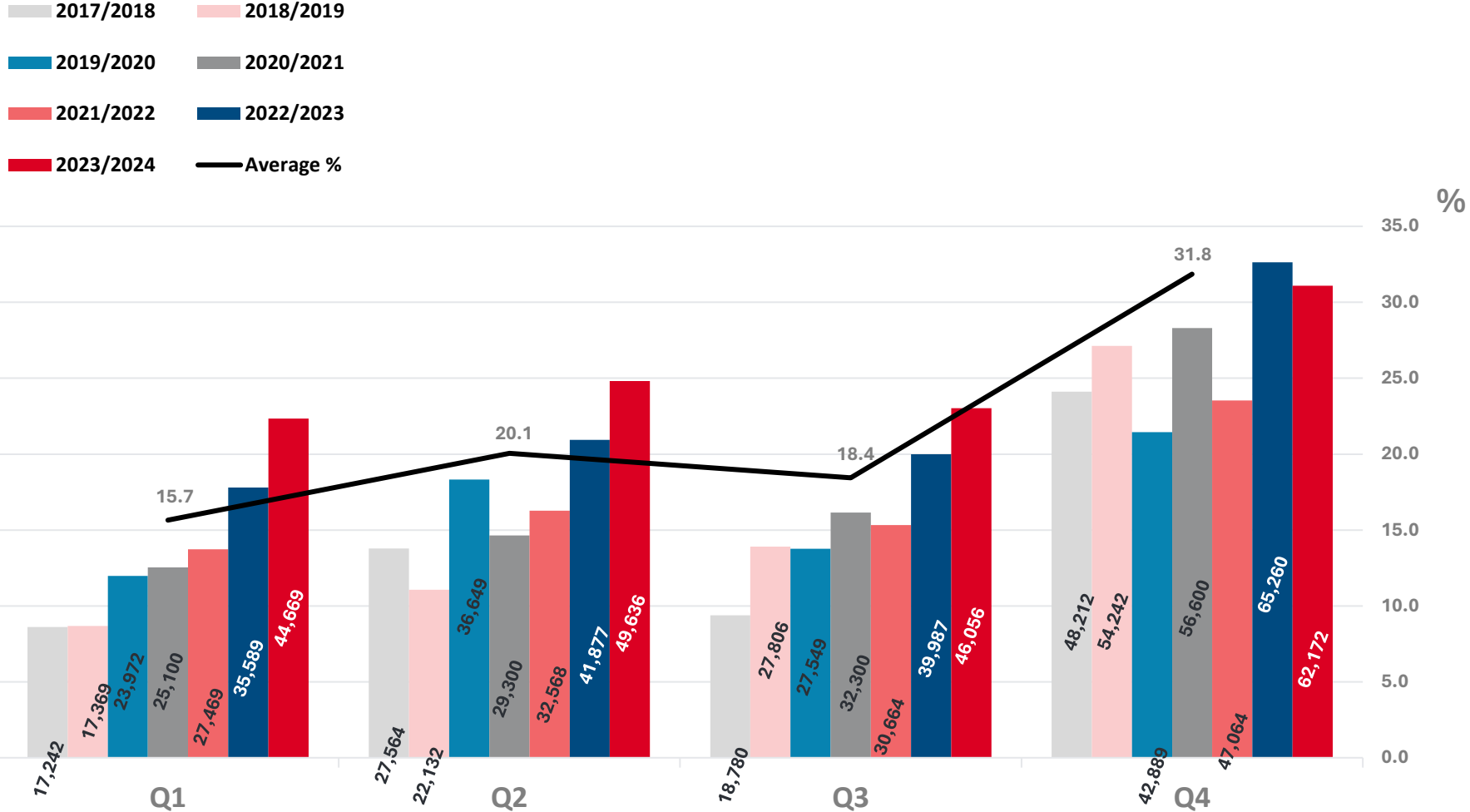
Earnings Per Share

- 18% increase in adjusted earnings per share from 11% growth in adjusted operating profit

Reconciled as follows:

	<i>Adjusted operating profit</i> £m	<i>Adjusted earnings per share</i> Pence
2023	19.1	36.48
100% owned businesses throughout the year	1.4	3.02
Impact of businesses with minority holding	0.6	1.04
Tax	-	0.93
Other (incl. dilution and interest)	-	1.42
2024	21.1	42.89

Quarterly Profile Of Group Revenue



Thank You

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COHORT PLC
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