

11 December 2024

COHORT PLC
("Cohort" or "the Group")

HALF YEAR RESULTS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

Record first half performance; strong growth in adjusted* operating profit, revenue and order book; further progress expected

Cohort plc, the independent technology group, today announces its half year results for the six months ended 31 October 2024.

Financial highlights

- Revenue, adjusted* operating profit and net funds all ahead of recent guidance.
- Revenue up 25% to £118.2m (2023: £94.3m).
- Adjusted* operating profit up 69% to £10.1m (2023: £6.0m). A net margin of 8.5% (2023: 6.4%).
- Adjusted* earnings per share of 20.00 pence (2023: 10.36 pence) reflecting the marked improvement in performance.
- Order intake of £139.2m (2023: £119.1m), 1.2x the period's revenue (2023: 1.3x).
- Record closing order book of £541.1m (30 April 2024: £518.7m).
- Interim dividend increased by over 10% to 5.25 pence per share (2023: 4.70 pence per share) continuing the Group's long standing track record of progressive dividend growth.
- Net funds of £37.9m at 31 October 2024 (31 October 2023: £13.3m net funds; 30 April 2024: £23.1m net funds), well ahead of expectations due to working capital flows that included strong customer advances.

Operational highlights

- Increased revenue was driven by higher UK MOD sales within both divisions but particularly from within the Communications and Intelligence division.
- Both divisions achieved strong growth in adjusted* operating profit with the Sensors and Effectors division more than doubling last year's reported result.
- Order intake benefited from a strong performance within the Communications and Intelligence division, with significant orders being received at EID.

Looking forward

- The order book of £541.1m includes over £120m of revenue deliverable in the second half:
 - Taking into account revenue recognised in the first half, this covers over 99% of consensus forecast revenue for the full financial year.
 - Revenue deliverable in future years from committed orders continues to grow, with the duration of the order book extending to the mid-2030's.
- The current year outlook for the Group remains unchanged:
 - In line with previous experience, we anticipate a stronger Group performance in the second half.
 - Increased delivery in the Sensors and Effectors division is expected to drive the expected full-year growth in Group profit performance.
- We continue to see a positive outlook for organic growth in the medium term.

* Adjusted figures exclude the effects of marking forward exchange contracts to market value (£100k charge; 2023: £6k charge), amortisation of other intangible assets (£1.0m; 2023: £1.6m) and acquisition costs (£199k; 2023: £nil).

Acquisitions

- The Group announced the conditional agreement to acquire the entire issued share capital of EM Solutions Pty Ltd on 21 November 2024, post reporting date. This acquisition is expected to complete shortly and be materially accretive to adjusted EPS in the first full financial year of ownership (2025/26) and thereafter.
- The Group also completed the acquisition of Interactive Technical Solutions Limited which has been integrated within the C&I division where it will continue to provide technical support and services both externally and to other members of the Group.

Commenting on the results, Nick Prest CBE, Chairman of Cohort, said:

“Cohort delivered a much stronger performance in the first half compared to the same period last year, with growth in both revenue and adjusted operating profit. Continued strong order intake has driven a record closing order book which underpins most of the second half of this financial year. In line with previous experience we anticipate a stronger performance in the second half and we remain on track to achieve our expectations for the full year.”

“The continued expansion of the order book is a strong indicator that we are offering competitive products in a growing market. On-order revenue is now deliverable out to the mid-2030’s. The pipeline of order opportunities for the remainder of the year also looks strong. Demand for our solutions and services continues to be driven by heightened international tensions in the Asia-Pacific region as well as conflict in Europe and the Middle East. This backdrop is driving increased spending on defence and security. Overall, we continue to see a positive outlook for organic growth in the years ahead.”

Dividend timetable:

Interim dividend announcement date	11 December 2024
Record date	10 January 2025
Dividend payment date	18 February 2025

A Dividend Reinvestment Plan (‘DRIP’) is provided by Equiniti Financial Services Limited. The DRIP enables the Company’s shareholders to elect to have their cash dividend payments used to purchase the Company’s shares. The latest election date is 27 January 2025. More information can be found at www.shareview.co.uk/info/drip.

Analyst Presentation

A meeting is being held today, for analysts, hosted by Andy Thomis, Chief Executive, and Simon Walther, Finance Director, at 09:15 for a 09:30 start. Please contact MHP via cohort@mhpgroup.com if you wish to attend.

For those unable to attend in person, a recording of the presentation will be made available on Cohort’s website: <https://www.cohortplc.com/investors/results-reports-presentations>

Investor Presentation

Andy Thomis (Chief Executive) and Simon Walther (Finance Director) will be giving an investor presentation hosted by Equity Development at 2.30pm on Friday 13th December. The webinar is open to all existing and potential shareholders. Questions can be submitted during the presentation, or sent beforehand by email to info@equitydevelopment.co.uk

Please register to attend the event via the following link: [Cohort: Investor Presentation \(Interim Results\) - 13th December 2024 \(equitydevelopment.co.uk\)](http://equitydevelopment.co.uk)

For further information please contact:

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NOTES TO EDITORS

Cohort plc (www.cohortplc.com) is the parent company of six innovative, agile and responsive businesses based in the UK, Germany and Portugal, providing a wide range of services and products for domestic and export customers in defence and related markets.

Cohort (AIM: CHRT) was admitted to London's Alternative Investment Market in March 2006. It has headquarters in Reading, Berkshire and employs in total over 1,400 core staff there and at its other operating company sites across the UK, Germany, and Portugal.

The group is split into two divisions - Communications and Intelligence, and Sensors and Effectors:

Communications and Intelligence (“C&I”)

- EID designs and manufactures advanced communications systems for naval and military customers. Cohort acquired a majority stake in June 2016. www.eid.pt
- MASS is a specialist data technology company serving the defence and security markets, focused on electronic warfare, digital services, and training support. Acquired by Cohort in August 2006. www.mass.co.uk
- MCL designs, sources, and supports advanced electronic and surveillance technology for UK end users including the MOD and other government agencies. MCL has been part of the Group since July 2014. www.marlboroughcomms.com

Sensors and Effectors (“S&E”)

- Chess Dynamics offers surveillance, tracking and fire-control systems to the defence and security markets. Chess has been part of the Group since December 2018. www.chess-dynamics.com
- ELAC SONAR supplies advanced sonar systems and underwater communications to global customers in the naval marketplace. Acquired by Cohort in December 2020. www.elac-sonar.de
- SEA delivers and supports technology-based products for the defence and transport markets alongside specialist research and training services. Acquired by Cohort in October 2007. www.sea.co.uk

Chairman's statement

I am pleased to announce that Cohort delivered a much stronger performance for the six months ended 31 October 2024 compared to the same period last year.

Overall, the Group's adjusted operating profit grew by 69% to £10.1m (2023: £6.0m) on 25% higher revenue of £118.2m (2023: £94.3m). The net margin of 8.5% (2023: 6.4%) is a material improvement and we expect the second half net margin to be stronger again, moving the Group towards the mid-teen target we have set ourselves in the medium term.

The Group has maintained the increased order intake tempo that began last year, once again securing orders in the period that significantly exceeded revenue. The international focus on defence spending continues, driven by events in Ukraine and the Middle East, together with persistent tensions in the Asia Pacific region. We believe that these increasingly entrenched geopolitical forces are likely to have an impact on defence spending for the foreseeable future.

We again increased our employee headcount, this time from 1,243 last October to 1,418 this October. This increase is a result of the higher order book and our confidence in the pipeline of opportunities we see across all our businesses. It also reflects the success of the Group's apprentice and graduate schemes, our focus on employee engagement and the support of STEM initiatives.

The improvement in the Group's adjusted operating profit was driven by the Group's UK and German operations as UK MOD work increased, work on the Italian sonar project continued and German government R&D incentive payments were received for sonar technology development work. This was partly offset by delays to orders and deliveries within the Group's Portuguese business, EID. Some of these orders have now been secured but too late in the reporting period to impact EID's performance. This will improve in the second half of the year, and we expect EID to deliver a profit for the whole year, albeit below target net margins.

The Group's order intake was strong at £139.2m (2023: £119.1m), and the closing order book of £541.1m was a record high for the Group. On-contract revenue stretches out to the mid-2030s. We saw particularly strong order intake within Communications and Intelligence of around £80m as long-awaited orders with the Portuguese Navy were secured.

At 31 October 2024, net funds were £37.9m, compared to net funds of £23.1m at 30 April 2024. We expect a net cash outflow in the second half of the year, a result of planned capital investment, working capital build and the acquisition of EM Solutions.

Governance

The Board regularly evaluates and reviews the Group's environmental, social and governance (ESG) activity and is committed to maintaining appropriate standards. We continue to make good progress with a wide range of initiatives at subsidiary level with Chess, EID and SEA being ISO 14001 accredited and MCL working towards accreditation. Each UK subsidiary has published its net zero carbon plans. The Group's values, customer engagement principles and governance policies are all outlined on Cohort's website and in the Annual Report and Accounts. The Board's commitment to open communications with investors was recognised this year by a shortlisting at the AIM awards and winning the Small Cap Network's award for Investor Relations Success.

Key financials

For the six months ended 31 October 2024 the Group's revenue was £118.2m (2023: £94.3m), comprised of £55.2m in Communications and Intelligence (2023: £43.9m) and £64.2m in Sensors and Effectors (2023: £51.0m).

The Group's adjusted operating profit in the period was £10.1m (2023: £6.0m). Central costs were £3.7m (2023: £2.3m). Cohort made an operating profit after recognising amortisation of intangible assets (£1.0m), acquisition costs (£0.2m) and a charge on marking forward exchange contracts to market value (£0.1m) of £8.8m (2023: operating profit of £4.4m, after amortisation of intangible assets of £1.6m).

Adjusted earnings per share for the six months ended 31 October 2024 increased to 20.00 pence (2023: 10.36 pence). The tax rate in respect of the adjusted operating profit was 20.0% (2023: 20.0%). Basic earnings per share were 17.55 pence (2023: 7.46 pence). The higher growth in adjusted earnings per share when compared with adjusted operating profit was due to losses attributed to minority shareholders.

The cash inflow from operations of £34.7m (2023: inflow of £10.5m) is significantly higher than last year's equivalent period due to timing of working capital movements. Advanced payments were received, notably within Sensors and Effectors, ahead of project work deliverable in the remainder of this financial year. The Group made payments in respect of dividends (£4.1m) and capital expenditure (£6.7m) resulting in net funds at 31 October 2024 of £37.9m (30 April 2024: net funds of £23.1m). The capital expenditure included a further spend of £3.6m on ELAC SONAR's new facility. The total spend for this project is expected to be around £20m over the three years from 2022 to 2025.

Communications and Intelligence

Driven largely by increased UK MOD spend, particularly at MCL, the Communications and Intelligence division posted an improved trading profit of £8.5m for the six months to 31 October 2024 (2023: £6.0m) on revenue of £55.2m (2023: £43.9m), a net margin of 15.5% (2023: 13.7%). A major factor in the improved net margin was the stronger performance at MCL. The division's order book increased to £134.3m (30 April 2024: £108.0m), a result of long-awaited orders from the Portuguese Navy. These should enable EID to deliver an overall profit for the year, following a loss in the first half.

Sensors and Effectors

Revenue of £64.2m (2023: £51.0m) within Sensors and Effectors, drove a trading profit of £5.3m more than doubling that achieved last year (£2.3m) with a net margin of 8.4% (2023: 4.5%). This was a result of strong trading at both ELAC SONAR and SEA, both delivering trading profit double that for last year on c50% revenue growth. This was partially offset by a weaker performance at Chess due to mix and delays of key deliverables.

The division's closing order book was £406.8m (30 April 2024: £410.7m) with £59.4m of order intake in the first half of the year, slightly behind revenue. The pipeline of opportunities for this division remains strong with order intake in the second half of the year currently expected to exceed revenue.

Dividend

The Board has declared an interim dividend of 5.25 pence per share (2023: 4.70 pence per share), an increase of more than 10%. The interim dividend is payable on 18 February 2025 to shareholders on the register at 10 January 2025.

Outlook

The Group's order book at 31 October 2024 stood at £541.1m (30 April 2024: £518.7m), underpinning most of the second half of this financial year. In line with previous experience, we anticipate a stronger Group performance in the second half and remain on track to achieve our profit expectations for the full year, albeit on weaker revenue mix.

The continued expansion of the Group's order book is a strong indicator that we are offering competitive products in a growing market. Demand for our solutions and services continues to be driven by international tensions in the Asia-Pacific region and Europe, resulting in a robust pipeline of order opportunities. We remain confident in our forecast for continued organic business growth both now and in medium term.

Post balance sheet event

On 21 November 2024 the Group announced the proposed acquisition of EM Solutions in Australia, in line with our strategy to accelerate growth by making targeted acquisitions in the UK and overseas. Australia is an increasingly important strategic market, reflecting the increased security challenges in the Indo Pacific, highlighted by the creation of the AUKUS alliance.

This would be our largest acquisition to date, which, when completed will add Cohort's seventh standalone business, thereby creating a materially larger Group. With the strong momentum being reported by Cohort and EM Solutions, together with the substantial combined order book, the acquisition is expected to be materially enhancing to adjusted EPS in the first full financial year (2025/26) and onwards.

We expect to complete this acquisition shortly.

Nick Prest CBE

Chairman

11 December 2024

**Consolidated income statement
for the six months ended 31 October 2024**

	Notes	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Revenue	2	118,238	94,304	202,533
Cost of sales		(79,986)	(63,154)	(126,260)
Gross profit		38,252	31,150	76,273
Administrative expenses		(29,436)	(26,721)	(55,086)
Operating profit	2	8,816	4,429	21,187
Operating profit comprises:				
Adjusted operating profit	2	10,111	5,996	21,141
Amortisation of other intangible assets (included in administrative expenses)		(996)	(1,561)	(3,121)
(Charge)/credit on marking forward exchange contracts to market value at the period end (included in cost of sales)		(100)	(6)	297
Acquisition related costs		(199)	—	—
Research and development expenditure credits (RDEC) (included in cost of sales)		—	—	2,870
Operating profit		8,816	4,429	21,187
Finance income		318	227	500
Finance costs		(628)	(988)	(1,863)
Profit before tax		8,506	3,668	19,824
Income tax expense	3	(1,701)	(734)	(4,532)
Profit for the period		6,805	2,934	15,292
Attributable to:				
Equity shareholders of the parent		7,102	3,017	15,316
Non-controlling interests		(297)	(83)	(24)
		6,805	2,934	15,292
Earnings per share				
		Pence	Pence	Pence
Basic	4	17.55	7.46	37.87
Diluted	4	17.34	7.44	37.72

All profit for the period is derived from continuing operations.

**Consolidated statement of comprehensive income
for the six months ended 31 October 2024**

	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Profit for the period	6,805	2,934	15,292
Foreign currency translation differences on net assets of overseas subsidiaries	(193)	(49)	(450)
Changes in retirement benefit obligations	—	—	(426)
Other comprehensive expense for the period, net of tax	(193)	(49)	(876)
Total comprehensive income for the period	6,612	2,885	14,416
Attributable to:			
Equity shareholders of the parent	6,973	2,957	14,463
Non-controlling interests	(361)	(72)	(47)
	6,612	2,885	14,416

**Consolidated statement of changes in equity
for the six months ended 31 October 2024**

	Attributable to the equity shareholders of the parent							
	Share capital £'000	Share premium account £'000	Own shares £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 May 2023	4,146	31,484	(3,601)	2,116	62,876	97,021	2,757	99,778
Profit/(loss) for the period	—	—	—	—	3,017	3,017	(83)	2,934
Other comprehensive (expense)/income for the period	—	—	—	—	(60)	(60)	11	(49)
Total comprehensive income/(expense) for the period	—	—	—	—	2,957	2,957	(72)	2,885
Transactions with owners of the Group and non-controlling interests recognised directly in equity:								
Issue of new shares	3	127	—	—	—	130	—	130
Equity dividend	—	—	—	—	(3,697)	(3,697)	—	(3,697)
Vesting of Restricted Shares	—	—	—	—	202	202	—	202
Own shares purchased	—	—	(1,917)	—	—	(1,917)	—	(1,917)
Own shares sold	—	—	115	—	—	115	—	115
Net loss on disposal of own shares	—	—	159	—	(159)	—	—	—
Adjustment to non-controlling interest	—	—	—	—	1,556	1,556	(1,556)	—
Share-based payments (including deferred tax)	—	—	—	420	—	420	—	420
At 31 October 2023 - unaudited	4,149	31,611	(5,244)	2,536	63,735	96,787	1,129	97,916
At 1 May 2023	4,146	31,484	(3,601)	2,116	62,876	97,021	2,757	99,778
Profit/(loss) for the year	—	—	—	—	15,316	15,316	(24)	15,292
Other comprehensive expense for the year	—	—	—	—	(853)	(853)	(23)	(876)
Total comprehensive income/(expense) for the year	—	—	—	—	14,463	14,463	(47)	14,416
Transactions with owners of Group and non-controlling interests, recognised directly in equity:								
Issue of new shares	15	673	—	—	—	688	—	688
Equity dividends	—	—	—	—	(5,598)	(5,598)	—	(5,598)
Vesting of Restricted Shares	—	—	—	—	209	209	—	209
Own shares purchased	—	—	(1,917)	—	—	(1,917)	—	(1,917)
Own shares settled	—	—	802	—	—	802	—	802
Net loss on settling own shares	—	—	147	—	(147)	—	—	—
Adjustment to non-controlling interest	—	—	—	—	1,544	1,544	(1,544)	—
Share-based payments	—	—	—	1,278	—	1,278	—	1,278
Deferred tax adjustment in respect of share-based payments	—	—	—	184	—	184	—	184
Transfer of share option reserve on vesting of options	—	—	—	(719)	719	—	—	—
At 30 April 2024 - audited	4,161	32,157	(4,569)	2,859	74,066	108,674	1,166	109,840
At 1 May 2024	4,161	32,157	(4,569)	2,859	74,066	108,674	1,166	109,840
Profit/(loss) for the period	—	—	—	—	7,102	7,102	(297)	6,805
Other comprehensive expense for the period	—	—	—	—	(129)	(129)	(64)	(193)
Total comprehensive income/(expense) for the period	—	—	—	—	6,973	6,973	(361)	6,612
Transactions with owners of the Group and non-controlling interests recognised directly in equity:								
Issue of new shares	26	1,356	—	—	—	1,382	—	1,382
Equity dividend	—	—	—	—	(4,095)	(4,095)	—	(4,095)
Vesting of Restricted Shares	—	—	—	—	133	133	—	133
Own shares purchased	—	—	(3,998)	—	—	(3,998)	—	(3,998)

Own shares sold	—	—	889	—	—	889	—	889
Net loss on disposal of own shares	—	—	267	—	(267)	—	—	—
Share-based payments (including deferred tax)	—	—	—	440	—	440	—	440
At 31 October 2024 - unaudited	4,187	33,513	(7,411)	3,299	76,810	110,398	805	111,203

**Consolidated statement of financial position
as at 31 October 2024**

	31 October 2024 Unaudited £'000	31 October 2023 Unaudited £'000	30 April 2024 Audited £'000
Assets			
Non-current assets			
Goodwill	51,513	50,145	50,145
Other intangible assets	3,725	4,409	2,848
Right of use asset	7,487	8,053	7,818
Property, plant, and equipment	24,285	17,177	19,370
Deferred tax asset	2,572	1,531	2,543
	<u>89,582</u>	<u>81,315</u>	<u>82,724</u>
Current assets			
Inventories	39,271	33,831	33,310
Trade and other receivables	70,451	61,060	79,377
Current tax assets	3,263	1,793	1,823
Derivative financial instruments	103	78	105
Cash and cash equivalents	75,368	54,608	55,157
	<u>188,456</u>	<u>151,370</u>	<u>169,772</u>
Total assets	<u>278,038</u>	<u>232,685</u>	<u>252,496</u>
Liabilities			
Current liabilities			
Trade and other payables	(98,977)	(62,945)	(80,967)
Current tax liabilities	(2,789)	(2,876)	(2,150)
Derivative financial instruments	(431)	(766)	(399)
Lease liabilities	(1,794)	(1,541)	(1,781)
Bank borrowings	(26,127)	(18,514)	(15,490)
Provisions	(10,953)	(10,378)	(8,914)
	<u>(141,071)</u>	<u>(97,020)</u>	<u>(109,701)</u>
Non-current liabilities			
Deferred tax liability	(1,115)	(1,100)	(887)
Lease liabilities	(6,322)	(7,154)	(6,708)
Bank borrowings	(11,341)	(22,779)	(16,530)
Provisions	(2,356)	(1,449)	(3,204)
Retirement benefit obligations	(4,630)	(5,267)	(5,626)
	<u>(25,764)</u>	<u>(37,749)</u>	<u>(32,955)</u>
Total liabilities	<u>(166,835)</u>	<u>(134,769)</u>	<u>(142,656)</u>
Net assets	<u>111,203</u>	<u>97,916</u>	<u>109,840</u>
Equity			
Share capital	4,187	4,149	4,161
Share premium account	33,513	31,611	32,157
Own shares	(7,411)	(5,244)	(4,569)
Share option reserve	3,299	2,536	2,859
Retained earnings	76,810	63,735	74,066
Total equity attributable to the equity shareholders of the parent	<u>110,398</u>	<u>96,787</u>	<u>108,674</u>
Non-controlling interests	805	1,129	1,166
Total equity	<u>111,203</u>	<u>97,916</u>	<u>109,840</u>

Bank borrowings and cash and cash equivalents have been restated (note 9).

**Consolidated cash flow statement
for the six months ended 31 October 2024**

	Notes	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Net cash generated from operating activities	6	31,407	7,598	23,017
Cash flow from investing activities				
Interest received		318	227	500
Purchases of property, plant and equipment		(6,655)	(2,720)	(6,659)
Acquisition of subsidiary (net of cash acquired)	7	(2,989)	—	—
Net cash used in investing activities		(9,326)	(2,493)	(6,159)
Cash flow from financing activities				
Issue of new shares		1,382	130	688
Dividends paid		(4,095)	(3,697)	(5,598)
Purchase of own shares		(3,998)	(1,917)	(1,917)
Sale of own shares		889	115	802
Repayment of borrowings		(5,000)	(3,000)	(9,000)
Repayment of lease liabilities		(1,114)	(1,006)	(1,892)
Net cash used in financing activities		(11,936)	(9,375)	(16,917)
Net increase/(decrease) in cash and cash equivalents		10,145	(4,270)	(59)
Represented by:				
Cash and cash equivalents brought forward		39,667	41,454	41,454
Net increase/(decrease) in cash and cash equivalents		10,145	(4,270)	(59)
Exchange losses		(571)	(1,090)	(1,728)
Cash and cash equivalents carried forward		49,241	36,094	39,667

Net funds/(debt) reconciliation

	At 1 May 2024 £'000	Effect of foreign exchange rate changes £'000	Cash flow £'000	At 31 October 2024 £'000
Cash and bank	43,999	(673)	20,061	63,387
Short-term deposits	11,158	103	720	11,981
Bank borrowings	(15,490)	—	(10,637)	(26,127)
Cash and cash equivalents	39,667	(570)	10,144	49,241
Bank borrowings	(16,530)	189	5,000	(11,341)
Net funds	23,137	(381)	15,144	37,900

The above analysis excludes IFRS 16 leases which are disclosed on the face of the statement of financial position.

Notes to the interim report for the six months ended 31 October 2024

1. Basis of preparation

The financial information contained within this Interim Report has been prepared applying the recognition and measurement requirements of UK-adopted International Accounting Standards expected to apply at 30 April 2025. As permitted, this Interim Report has been prepared in accordance with the AIM Rules for Companies and is not required to comply with IAS 34 'Interim Financial Reporting'. This Interim Report is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

For management and reporting purposes, the Group, for the period just ended, operated through two divisions, each containing three of our six small and medium-sized businesses, operating primarily in defence and security markets, and with a strong emphasis on technology, innovation and specialist expertise.

These divisions are the basis on which the Company, Cohort plc, currently reports its primary segmental information and are as follows:

- Communications and Intelligence, comprising EID, MASS and MCL, and;
- Sensors and Effectors, comprising Chess, ELAC SONAR and SEA.

Going concern

The Group meets its day-to-day working capital requirements through a facility which was renewed in July 2022 and recently extended to July 2027. The facility is for a £35m revolving credit facility with an accordion (option) to draw another £15m. The accordion was converted into the revolving credit facility on 6 December 2024 and the revolving credit facility now stands at £50m. Both the current domestic economic conditions and continuing UK Government budget pressures create uncertainty, particularly over the level of demand for the Group's products and services, specifically in respect of UK defence spending (UK MOD represents 56% of the Group's 2024/25 first half revenue – 2023: 52%). The current heightened international security situation, especially the ongoing conflict in Ukraine, has increased the focus of governments, particularly in NATO, on defence capability and how this should be enhanced, including increased investment. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance for a period of at least 12 months from the date of signing this Interim Report, show that the Group should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this Interim Report.

(A) Statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the year ended 30 April 2024. RSM UK Audit LLP has reported on these accounts; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis, or material uncertainty, without qualifying its report and (iii) did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006. In accordance with Section 434 of the Companies Act 2006, the unaudited results do not constitute statutory financial statements of the Company. The six months results for both years are unaudited.

(B) Statement of compliance

The accounting policies applied by the Group in this Interim Report are consistent with its Consolidated financial statements for the year ended 30 April 2024 and are in accordance with UK-adopted International Accounting Standards. The accounting policies have been applied consistently to all periods presented in the Consolidated financial statements of this Interim Report.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities.

Estimates and judgements as applied to items, including goodwill, revenue recognition, recoverability of trade and other receivables, provisions and taxation have not materially changed since the year end.

The Interim Report was approved by the Board for issue on 11 December 2024.

2. Segmental analysis of revenue and adjusted operating profit

	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Revenue			
Communications and Intelligence	55,206	43,888	83,382
Sensors and Effectors	64,184	50,990	120,489
Inter-segment revenue	(1,152)	(574)	(1,338)
	118,238	94,304	202,533
Operating profit comprises:			
Adjusted operating profit of:			
Communications and Intelligence	8,484	5,998	12,842
Sensors and Effectors	5,324	2,295	12,787
Central costs	(3,697)	(2,297)	(4,488)
Adjusted operating profit	10,111	5,996	21,141
(Charge)/credit on marking forward exchange contracts to market value at the period end	(100)	(6)	297
Costs of acquisitions	(199)	—	—
Amortisation of intangible assets	(996)	(1,561)	(3,121)
Research and development expenditure credits (RDEC)	—	—	2,870
Operating profit	8,816	4,429	21,187

All revenue and adjusted operating profits are in respect of continuing operations.

The operating profit as reported under IFRS is reconciled to the adjusted operating profit as reported above by the exclusion of marking forward exchange contracts to market value at the period end, the amortisation of other intangible assets, RDEC and costs of acquisitions.

The adjusted operating profit is presented in addition to the operating profit to provide the trading performance of the Group as derived from its constituent elements on a comparable basis from period to period.

The Group's adjusted operating profit includes the cost of share options of £945,000 for the six months ended 31 October 2024 (six months ended 31 October 2023: £393,000; year ended 30 April 2024: £1,278,000).

The chief operating decision maker as defined by IFRS 8 has been identified as the Board.

Revenue analysis by sector and type of deliverable

	Six months ended 31 October 2024 Unaudited		Six months ended 31 October 2023 Unaudited		Year ended 30 April 2024 Audited	
	£m	%	£m	%	£m	%
By sector						
UK defence	66.2	56	49.4	52	96.8	48
UK security	2.4	2	1.1	1	3.6	2
UK other	4.0	3	4.2	5	8.3	4
Total UK	72.6	61	54.7	58	108.7	54
Portuguese defence and security	3.5	3	3.7	4	10.3	5
German defence and security	1.6	1	2.9	3	9.0	4
Home market revenue	77.7	65	61.3	65	128.0	63
Export defence and security	38.0	32	29.3	31	71.9	36
Export other (non-defence and security)	2.5	3	3.7	4	2.6	1
Total revenue	118.2	100	94.3	100	202.5	100

The Group's total revenue in terms of type of deliverable is analysed as follows:

	Six months ended 31 October 2024 Unaudited		Six months ended 31 October 2023 Unaudited		Year ended 30 April 2024 Audited	
	£m	%	£m	%	£m	%
Product	88.2	75	70.2	74	148.4	73
Services	30.0	25	24.1	26	54.1	27
Total revenue	118.2	100	94.3	100	202.5	100

3. Income tax expense

The income tax expense comprises:

	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
UK corporation tax: in respect of this period	967	1,878	6,388
UK corporation tax: in respect of prior periods	—	—	(252)
German corporation tax: in respect of this period	509	(354)	528
German corporation tax: in respect of prior periods	—	—	(354)
Portugal corporation tax: in respect of this period	26	(488)	(442)
	1,502	1,036	5,868
Deferred taxation: in respect of this period	199	(302)	(1,292)
Deferred taxation: in respect of prior periods	—	—	(44)
	199	(302)	(1,336)
	1,701	734	4,532

The income tax charge for the six months ended 31 October 2024 is based upon the anticipated charge for the full year ending 30 April 2025.

4. Earnings per share

The earnings per share are calculated as follows:

	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Earnings			
Basic and diluted earnings attributable to owners	7,102	3,017	15,316
Charge/(credit) on marking forward exchange contracts to market at the period end (net of income tax)	75	5	(223)
Cost of acquisitions	199	—	—
Group's share of amortisation of intangible assets (net of income tax)	716	1,165	2,254
Adjusted basic and diluted earnings	8,092	4,187	17,347

	Number	Number	Number
Weighted average number of shares			
For the purposes of basic earnings per share	40,467,776	40,419,052	40,445,297
Share options	478,853	113,791	156,639
For the purposes of diluted earnings per share	40,946,629	40,532,843	40,601,936

The weighted average number of ordinary shares for the six months ended 31 October 2024 excludes 1,215,927 ordinary shares held by the Cohort plc Employee Benefit Trust (which do not receive a dividend) for the purposes of calculating earnings per share (six months ended 31 October 2023: 1,048,353; year ended 30 April 2024: 913,308).

	Six months ended 31 October 2024 Unaudited Pence	Six months ended 31 October 2023 Unaudited Pence	Year ended 30 April 2024 Audited Pence
Earnings per share			
Basic	17.55	7.46	37.87
Diluted	17.34	7.44	37.72
Adjusted earnings per share			
Basic	20.00	10.36	42.89
Diluted	19.76	10.33	42.72

5. Dividends

	Six months ended 31 October 2024 Unaudited Pence	Six months ended 31 October 2023 Unaudited Pence	Year ended 30 April 2024 Audited Pence
Dividends per share proposed in respect of the period			
Interim	5.25	4.70	4.70
Final	—	—	10.10

The interim dividend for the six months ended 31 October 2024 is 5.25 pence (six months ended 31 October 2023: 4.70 pence) per ordinary share. This dividend will be payable on 18 February 2025 to shareholders on the register at 10 January 2025.

The dividend paid during the year ended 30 April 2024 was 13.85 pence per ordinary share, comprising 4.70 pence of interim dividend for the six months ended 31 October 2023 and 9.15 pence of final dividend for the year ended 30 April 2023.

6. Net cash generated from operating activities

	Six months ended 31 October 2024 Unaudited £'000	Six months ended 31 October 2023 Unaudited £'000	Year ended 30 April 2024 Audited £'000
Profit for the period	6,805	2,934	15,292
Adjustments for:			
Tax expense	1,701	734	4,532
Depreciation of property, plant and equipment	1,603	1,281	2,648
Depreciation of right of use assets	1,075	901	1,952
Amortisation of intangible assets	996	1,561	3,121
Net finance expense	310	761	1,363
Derivative financial instruments and other non-trading exchange movements	100	6	(297)
Share-based payment	235	393	1,106
Increase in provisions	180	1,740	2,213
Operating cash flow before movements in working capital	13,005	10,311	31,930
Increase in inventories	(5,952)	(1,567)	(1,371)
Decrease/(increase) in receivables	5,603	(5,738)	(24,726)
Increase in payables	22,072	7,513	23,769
	21,723	208	(2,328)
Cash generated from operations	34,728	10,519	29,602
Income taxes paid	(2,693)	(2,068)	(4,722)
Interest paid	(628)	(853)	(1,863)
Net cash generated from operating activities	31,407	7,598	23,017

7. Acquisition of Interactive Technical Solutions Limited ("ITS")

On 31 May 2024, the Group's wholly owned subsidiary Marlborough Communications Limited ("MCL"), acquired 100% of the share capital of ITS. ITS is based in Knaresborough, United Kingdom. This business will be integrated within MCL where it will continue to provide technical support and services to both MCL and external customers, including other members of the Group.

The provisional acquisition accounting is as follows:

	Book value Unaudited £'000	Provisional fair value Unaudited £'000
Recognised amounts of identifiable assets and liabilities:		
Property plant and equipment	31	31
Other intangible assets	—	1,872
Trade and other receivables	308	308
Cash	777	777
Trade and other payables	(114)	(114)
Deferred tax	(8)	(476)
	994	2,398
Goodwill		1,368
Total consideration (all satisfied by cash) transferred		3,766
Net cash outflow arising on acquisition:		
Cash consideration paid		3,766
Cash acquired		(777)
		2,989

The fair value adjustment comprises intangible assets consisting of:

	Book value Unaudited £'000	Provisional fair value Unaudited £'000	Estimated life Years
Contracts	—	710	2
Customer relationships	—	1,162	6
Other intangible assets	—	1,872	

A deferred tax liability of £468,000 has been recognised on the other intangible asset balance and is recognised as part of the deferred tax liability.

The consideration of £3,766,000 represents purchase of 100% of the shares of ITS and there are no contingent considerations within the purchase agreement.

The goodwill of just below £1.4m arising from the acquisition represents customer contacts, supplier relationships and know-how to which no certain value can be ascribed. None of the goodwill is expected to be deductible for tax purposes.

Acquisition costs of £99,000 were incurred and have been disclosed as an exceptional item in the income statement.

ITS's contribution from acquisition was £627,000 of revenue and £112,000 of trading profit for the period from 31 May 2024 to 31 October 2024.

8. Post balance sheet events

On 21 November 2024 Cohort plc announced that it had entered into a conditional sale and purchase agreement to acquire the entire issued share capital of EM Solutions Pty Ltd which holds all of the issued share capital in EM Solutions (Europe) B.V. (together "EM Solutions") for an enterprise value of AUD\$144.0 million (c.£74.2 million), subject to customary post-completion adjustments.

The completion of the acquisition is expected shortly following satisfaction of certain conditions. The Australian Government's approval, the most significant condition, has already been received.

Acquisition costs of £100,000 were incurred to 31 October 2024 and have been disclosed as an exceptional item in the income statement. We expect the overall acquisition costs for EM Solutions to be just over £3 million.

The acquisition was part funded through a placing and retail offer by issuing 4,685,713 New Ordinary Shares at £8.75 per ordinary share and raising gross proceeds of £41m.

9. Restatement

A disclosure restatement has been made for the comparative period ended October 2023 as explained below. This restatement has had no impact on the way the Group is operated, the profit reported, the retained earnings held, earnings per share reported, net funds held, or any other key metric reported and/or used by management in assessing the performance of the business.

Restatement of Statement of financial position: Bank overdrafts managed on a net basis in combination with cash held at bank and reported and managed on a net basis as part of quarterly bank covenant arrangements with the banking syndicate have, in accordance with IAS 32, been disclosed as bank borrowings separately from cash held with banks where it was previously reported net (October 2023: £18,514,000 borrowings). This is due to the Group not having a legal right of offset in the bank facility contract irrespective of the Group holding a practical ability to offset within its single Group-wide facility.

Conclusion

We have been engaged by Cohort PLC ('the Company') to review the condensed set of financial statements of the Company and its subsidiaries (the 'Group') in the interim financial report for the six months ended 31 October 2024 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Cash Flow Statement and accompanying notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent material misstatements of fact or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31 October 2024 is not prepared, in all material respects, in accordance with the presentation, recognition and measurement criteria of UK-adopted International Accounting Standards and the AIM Rules for Companies.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ('ISRE (UK) 2410') issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the presentation, recognition and measurement criteria of UK-adopted International Accounting Standards.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Responsibilities of Directors

The interim financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim financial report in accordance with the presentation, recognition and measurement criteria of UK-adopted International Accounting Standards and the AIM Rules for Companies.

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

Auditor's Responsibilities for the Review of the Financial Information

In reviewing the interim financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the interim financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

RSM UK Audit LLP
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11 December 2024